

A Crash Course in...Subcontracts and Payments

Presentation will start at 13:02

Mary Ryan
International Development Research Manager

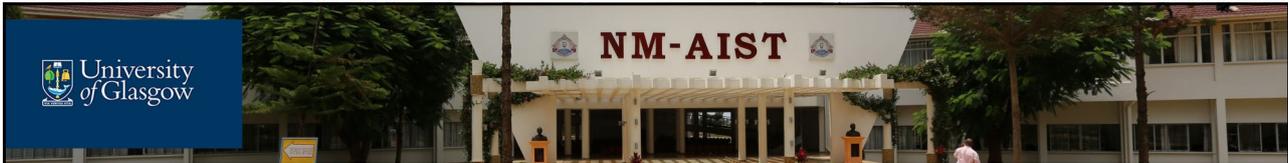
Roisin Donnelly, David Innes, Ben Kassous, Deirdre Kelliher, Jennifer Nimmo,
Gemma Watson, Victoria Wright

1

What will be covered

- What is the process?
 - Subcontracts
 - Payments
- What is the process (really this time)
 - Things to look for
 - Conversations to have

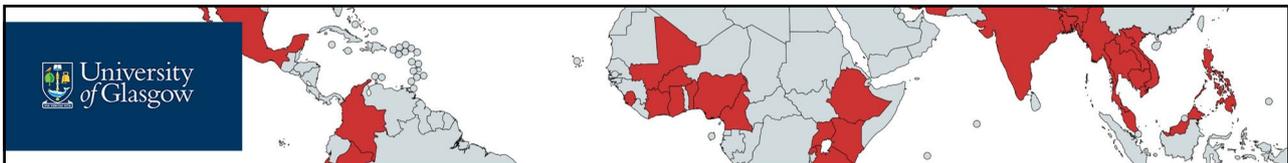
2



A caveat

- Research partnerships and the agreements and payment considerations that underpin them are not the same as commercial arrangements

3



Where this information comes from

- Internal Expertise
 - College Research Support Teams
 - Contracts
 - Research Assurance
- Partner Organisations
 - For the useful conversations bits

4



The Process

- Application
 - Partners are identified
 - Budgets are agreed
 - Responsibility for project delivery is agreed
 - Everyone understands the Terms and Conditions

5



The Process

- Award Stage
 - Due Diligence is completed on all partners
 - Risks are identified
 - Mitigating actions are identified
 - Collaboration agreements are drafted
 - Collaboration agreements are signed
 - Work begins
 - Invoices are sent
 - Invoices are paid
 - Everyone keeps perfect records and the audit trail is spotless...

6



The Process – really, this time.

7



Partners are identified

- Who/what is the legal entity?
 - Makerere University or Makerere University Lung Institute or Makerere Lung Institute?
 - What is their legal designation - name, incorporated number and registered address
- What “hat” is your collaborator wearing?
 - e.g. A Government of Canada employee or an adjunct Professor at University of Ottawa?
- Can UofG legally send funds to the identified partner?
 - Are there sanctions in place against the country? Do they have tobacco income?

8

Budgets are Agreed

- Is the application properly costed from an admin support perspective?
 - e.g. Are there staff to track expenditure at the partner institutions? At UofG?
- Are advance payments required?
 - Is the partner eligible? Does your PC know this is required? Do your partners know about the administrative requirements of advance payments (more to come)?
- Do you know how the money will get to where it needs to?
 - Will people be paying day workers in cash in country? Can partners receive international payments directly? Do partners need gov't permission to accept funds from outside the country?

9

Responsibility for Project Delivery is Agreed

- Where is new IP being developed?
 - Are confidentiality agreements likely to be needed?
- Can you spend the money in the way you expect?
 - Are your partners purchasing or hiring practices prohibitive? What is the local environment like?
- What are the consequences if something goes wrong?
 - Money being returned? Unable to work with the partner again?

10



Everyone Understands the T&C's

- LOL
- Requirements for Due Diligence
 - See a Crash Course in...Due Diligence
- Audit trail
 - Are you and your partners prepared for the level of record-keeping required?
- Policies
 - Are your partners aware of the policies they will be expected to adhere to?
 - Gender Equity, Safeguarding, Modern Slavery

11



A Crash Course in...Due Diligence

- Due Diligence is completed on all partners
- Risks are identified
- Risk Mitigation strategies are identified

12

Collaboration Agreements are Drafted

- Cannot happen until Due Diligence is completed
- Led by the Contracts Team
- Mitigating actions that need to be included in the contract feed in from the Due Diligence process
 - Advance payments? Maximum payment value? Record-keeping?
- Everything else
 - Adherence to T&C's, IP, type of currency, appropriate costing level (80% versus 100% FEC), force majeure
- Details, details, details
 - The right (and necessary) contract can take lots of time in the best of circumstances

13

Collaboration Agreements are Signed

- Led by the Contracts Team
 - Contracts will liaise directly with the institution.
- Who is the right person to sign?
 - Top Tip: Not the PI.
- Are your partners expecting the contract?
 - Who is the right person to send it to?
- Do your partners understand the contract?
 - UK-specific legal language. Newly introduced T&C's.

14



Work Begins, Invoicing Begins

- Quarterly Invoices in Arrears
 - Is the invoice in the right currency? Are the bank details clear? Is there a clear audit trail?
- PO raised
- Approvals
 - Do you know who your substitute is? If you don't have one, GET ONE!
- Payments made on Fridays
 - Via Bacs payment.

15



Work Begins – Advance Payments Begin

- Exceptional Circumstances Only – requests for advance must be approved by Head of Finance
- Request for advance submitted by partner
 - Forecast of expenditure
- If approved, funds sent
 - Bacs payment
- Invoice submitted by partner for used funds
 - Itemized transaction list and electronic copies of all receipts included.
- Advance reconciled, next tranche sent
 - 75% of current advance must be spent and reconciled with receipts for next tranche to be sent

16

Everyone Keeps Perfect Records

- ODA research funds are aid money
 - Transparency is critical.
 - Salary records
 - Receipts
 - Watch out for per diems
 - Receipts are generally still needed
- Audits
 - All expenditure at UofG is tracked on Agresso and UKRI auditors can drill down into any expense they wish. Are your partners prepared for that possibility?

17



Some Common Errors to Avoid

- Paying a partner as a supplier rather than setting up a collaboration agreement
 - Who owns IP? What happens if they breach what would have been in standard T&Cs?
- Signing or negotiating a contract as the PI
 - The contracts team have your back. Let them.
- Planning to start project work on Day 1
 - It can take months from award date to signed contracts.

18



Some Tips for Success

- Talk to your PC. A lot.
 - Flag things like: the legal entity, sanctions, who to send due diligence questionnaires to
- Bear in mind the complexity
 - Lots of moving parts. The funders are still grappling with issues of guidance on due diligence and funding assurance.
- Be open and honest with your partners
- Think through the admin requirements and build support into the project budget – at UofG and your partners

19



Questions?

Mary.Ryan@glasgow.ac.uk

20



Acronym Glossary

ARCP – UofG's Pre-Award Research Finance Management System

ARMA – Association of Research Managers and Administrators

Bacs – International payment system between banks

DAC – Development Assistance Committee

FCDO – Foreign, Commonwealth and Development Office

FIC – Fund for International Collaboration

GCID – Glasgow Centre for International Development

GCRF – Global Challenges Research Fund

GNI – Gross National Income

ICAI – Independent Commission for Aid Impact

IP – Intellectual Property

LMIC – Low and Middle Income Countries

NIHR – National Institute for Health Research

ODA – Official Development Assistance

PC – Project Coordinator

PO – Purchase Order Number

SDGs – Sustainable Development Goals

UKRI – UK Research and Innovation (formerly Research Councils UK)