

## Subrecipient Risk Analysis Glossary

### 1. Foreign or Domestic:

- a. Foreign: Work is being assigned to a public or private organization located in a country other than the United States and its territories that is subject to the laws of the country in which it is located, irrespective of the citizenship of project staff or place of performance (2 CFR 200.47).
- b. Domestic: Work is being assigned to a public or private organization located within the United States and its territories.

*Note: If work is being conducted outside the United States, please note the location(s) of work in the comments box.*

### 2. Maturity of Subrecipient's Organization:

- a. Mature: A company that is well-established in its industry, with a well-known product and loyal customer following with average growth. Mature firms are categorized according to the business stage it is currently in. These types of firms have passed the stage of rapid growth and tend to grow at the same rate as the overall economy. They also tend to have several equally well-established competitors, making price competition a significant factor in their ability to increase profits.
- b. Startup: A startup company is an entrepreneurial venture in the first stage of its operations, which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service. These companies are often initially bankrolled by their entrepreneurial founders as they attempt to capitalize on developing a product or service for which they believe there is a demand.

### 3. Percentage of Award Subawarded: If the proposed Subawardee will be receiving 50% or more of the total award amount, they should be flagged as high risk. The 50% threshold can apply either to either annual allocations or the total award amount.

### 4. Established Accounting Systems (EAS): Generally Accepted Accounting Principles (GAAP) defines the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards. An EAS keeps track of financial transactions, including purchases (expenses), sales (invoices and income), liabilities (funding, accounts payable) and is capable of generating financial reports. The EAS can be automated, computer-based, or can use specialized software (QuickBooks, BillQuick, Intacct, NetSuite, Microsoft Dynamics GP, etc.), or even cloud-based services. If the sponsor indicates the organization uses an accounting system as indicated here, or if all financial matters are handled by a Certified Public Accountant (CPA), that is evidence of an EAS.

### 5. Prior Experience with Subrecipient: SPS staff should verify information in the Subrecipient Portal (under development) to confirm prior experience with the Subrecipient--and if the prior experience noted risks that should be mitigated in future subagreements.

### 6. Relationship of Subrecipient to PI and potential for Conflict of Interest: Situations where the PI is in a relationship with an outside person or organization (including the subrecipient), and they are in a position to influence the University's business, research or decisions in ways that could lead directly or indirectly to financial gain for the Employee, the Employee's Dependents or give an improper advantage to the Subrecipient to the detriment of the University. This type of relationship must be disclosed by the PI so a management plan can be approved by the Conflicts Committee.

### 7. Special Considerations

- a. Export Controls; Humans Subjects and Vertebrate Animals:

Export Controls: Foreign institutions must not receive contracts for export-controlled work without explicit approval by the EVPRP Export Controls Office (exportcontrols@purdue.edu). Notify this office immediately and cease contract negotiation.

Entities who decline or attempt to negotiate terms related to restrictions on publication that were accepted by Purdue as the prime (check COEUS Special Review Tab and prime negotiation for assistance), must have any of these terms negotiated through Purdue as the prime recipient.

Any party, person, institution, entity appearing on a federal debarment or other excluded party list via the SAM database or export.gov consolidated list must receive explicit approval by the EVPRP Export Control Office prior to a subcontract being issued.

Human Subjects: Entities who do not provide a Department of Health and Human Services/Office of Human Research Protections (DHHS/OHRP) Federalwide Assurance (FWA) number as a part of the proposal submission process. An FWA is an agreement between the institution and the US Government to review human subjects research in a manner consistent with defined standards and recognized ethics. Without this confirmation, federal funds may not support human subjects research at the subrecipient institution. Note: Most major accredited domestic institutions will confirm this status; while foreign entities present more frequency of risk.

Vertebrate Animals: Entities who do not provide a Department of Health and Human Services/Office of Lab Animal Welfare (DHHS/OLAW) Animalwide Assurance (AWA) number as a part of the proposal submission process. An AWA is an agreement between the institution and the US Government to review research with vertebrate animals in a manner consistent with defined standards and recognized ethics. Without this confirmation, federal funds may not support research with vertebrate animals at the subrecipient institution. Note: Most major accredited domestic institutions will confirm this status; while foreign entities present more frequency of risk.

b. Unique Terms and Conditions in the Prime Agreement:

These may include, but are not limited to:

- i. Overhead/fee submitted directly to sponsor due to proprietary reasons.
- ii. Advance payment fee Requirement (seen when subbing to DOE labs, for example, requiring a \$50,000 advance fee).
- iii. "Unique Reporting" – such as Manpower reporting.
- iv. Fee vs IDC rate.
- v. Disallowance of fringes and/or fee remits.
- vi. Milestone payment schedule, especially if final payment is large percentage of total award amount.
- vii. Approval of milestone reports and the final report before payment will be issued. This happens rarely but is difficult to deal with as they may have the PI revise the report multiple times until it is to their "liking" before payment is issued.
- viii. Unique reporting issues—for example, mandatory reporting forms where expense line items do not line up with how expenses are charged/reported here at Purdue.

If you have a question about a term or condition included in a contract or award that seems unique but not listed above, elevate it to your Research Administration Manager for further discussion.

c. Unfavorable advance payment terms: Please note if the Subawardee will require advance cash payments for its operations in lieu of a more traditional cost reimbursement payment schedule.

d. Human Trafficking

[https://www.purdue.edu/business/sps/preaward/menu/1.gettingstarted/pi\\_role/trafficking.html](https://www.purdue.edu/business/sps/preaward/menu/1.gettingstarted/pi_role/trafficking.html)

Human trafficking is defined as the act of recruiting, harboring, transporting, providing, or obtaining a person for labor services or commercial sex acts through force, fraud, or coercion, for the purpose of exploitation, involuntary servitude, peonage, debt bondage or slavery. It includes any commercial sex involving a minor.

Purdue University complies with the Federal Acquisition Regulation (FAR) for Combating Trafficking in Persons, Subpart 22.1703(a), in which "the United State Government has adopted a zero tolerance policy regarding trafficking in persons."

Purdue University, in accordance with Federal and State laws prohibits human trafficking and has a zero tolerance policy. **In all federal contract activities to which Purdue University is a party, and the estimated value of the supplies acquired or services required to be performed outside the United States exceeds \$500,000, it is required by federal law that an anti-trafficking compliance program be in place for the university and any subcontractors or subawardees to prevent activities described above.**