

# Industrial Contracting FAQ's

## Master Agreements

1. How do we find copies of master agreements?
  - a. Master agreements are kept in the contracting repository. If you would like to see one, please make a request to [spscontr@purdue.edu](mailto:spscontr@purdue.edu) and state the reason and for which PI you are working.
2. How do we overcome challenges finding what is in the master agreement?
  - a. Master agreements can be complicated. Also, there were internal memos and directives on how to apply some master agreements.
  - b. Know who your points of contacts are and reach out to them with questions after pulling the master up for reference.
  - c. When in doubt, do not attempt to interpret the terms in the master agreement for external parties.
3. How do we know the status of a company's negotiation under new master agreements?
  - a. Look in Coeus negotiations. Do a search by the PI or the title or the sponsor to see the status of a negotiation.
  - b. Know your point of contacts for each area within SPS and reach out if you need assistance.
  - c. Work with your PI to stay on the same page to ensure all parties have the same information.
4. How do you know you are operating under a master agreement?
  - a. If the project is under a "Research Project Funding Agreement", this document is an exhibit to the master agreement. The Research Project Funding Agreement usually references the master agreement and may also reference the amended version this would fall under.
  - b. Reach out to SPS if needed for guidance.

## Industrial Contracts

1. How can we minimize the amount of effort required to manage these grants? Every contract is different/unique.
  - a. Notes of non-standard terms in contracts will be included in the award notification so business offices are aware (travel, equipment, export control, foreign national restrictions, etc.)
  - b. Review/understand process for each party (different option)
  - c. Review terms in contract (payment etc.)
  - d. Communication on true industry where Pre-award, contracting & PI's have info to provide

- e. Industrial contracts should be administered with the same thought process as any other project that falls under the UG for consistency.
2. How do we handle deliverable and report monitoring?
    - a. Some sponsors notify faculty directly when they have upcoming quarterly, semi-annual, annual and final technical reports due. If the sponsor doesn't notify the faculty member directly, Post Award will notify the PI that a report is due on a semi-annual or annual basis as well as when final reports are due.
    - b. Report due dates can also be found in SAP and in AIMS.
  3. How do we educate staff so they understand how each contract is different?
    - a. Training within the department
    - b. Reach out to SPS to request training
  4. When does the University back a NTP?
    - a. The following information must be *confirmed* by the **fiscal office** of the sponsor:
      - i. The beginning and end date of the project
      - ii. The award amount
      - iii. Confirmation of the estimated receipt date of the fully executed agreement
    - b. Need to have an understanding of export controls or regulatory requirements that could be included in the contract. (for example: will there be ITAR restrictions?). In some cases, the PI can work with Regulatory to put a memorandum of understanding in place so that a NTP can be established even if all regulatory requirements are not complete.
    - c. When Purdue has received a contract from a sponsor, signed and agreed to all terms and conditions in the contract, an NTP could be established while waiting to receive the signed copy back from the sponsor
  5. What is the business office role in contractual compliance?
    - a. Assist with helping the PI understand what is needed/required
    - b. Ensure fiscal compliance with sponsor and university policies
    - c. Communicate any questions or concerns with SPS
    - d. Communicate any sponsor payment issues and alleged issues with PI performance to the Department Head and/or Dean

## New Contracts

1. What if the faculty member has a previous relationship with a company?
  - a. Refer the faculty member to EVPRP to disclose any financial interests in the company and has properly reported Outside Activity.
  - b. Ensure that the faculty member knows that all contractual negotiations and award establishment still needs handled through the SPS office as the PI is not a legally binding official of the university.
  - c. Work with the business office and faculty member to establish communication with the contacts in which the faculty member has been communicating with.

- d. Ensure this person is the correct person in which to be working. If not, advise that person and work with their contractual/financial personnel, while keeping them in the loop on the progress.
2. Why does the contract process take a long time?
- a. See a general outline of the contracting processes here:  
<https://www.purdue.edu/business/sps/pdf/contracting101.pdf>
  - b. Some contracts flow through smoothly. Ones that seem to take a long time often have these issues:
    - i. A mutual agreement has not actually been reached and additional discussions need to occur to ensure both parties agree to the terms
    - ii. Contractual language needs modification to protect university interests by reducing risks and reducing liability
    - iii. There are a variety of types of approval processes that may apply:
      - 1. Regulatory and Internal Review Board review
      - 2. Export Control review of export-related terms
      - 3. Information Assurance review of confidentiality terms
      - 4. Risk Management review of insurance terms
      - 5. Private Business Use to determine location and extent of activity as affecting tax-advantaged debt
      - 6. IT Security and other data-related issues to determine feasibility and costs
      - 7. Intellectual Property customization with OTC and IP counsel to address disclosures, background and Project IP
      - 8. Terms requiring elevated reviews within contracting, SPS Senior Director and to the Contract Review Board
    - iv. Contracting is waiting for a response from the sponsor, who may have similar reviews and approvals
3. How can we get consistent responses on allowability questions for contract/grants?
- a. Send questions to the Post Award generic email address for the area responsible for handling the specific grant you have questions about.
  - b. Use Coeus to your advantage. Often times this information comes directly from the agreement in the Negotiation Record. Take the time to look at the agreement and understand certain restrictions it may outline.
  - c. Understand that there are many different sponsors and all of them have different terms and conditions associated with their awards. Also note that just because it was allowable on one award from that sponsor, does not mean it will be on all awards. The funding mechanism a sponsor uses can also change the restrictions/requirements (i.e.: contract, cooperative agreement and grant).
  - d. Know that there are different areas in SPS and each area manages different sponsors.
  - e. Understand that the expense must also be allowable per University guidelines and not just the sponsor guidelines.

## Non-payment Issues

1. What are the overall roles and responsibilities?
  - a. [Collection of Sponsored Funds – Roles and Responsibilities](#)
2. What is our recourse with a sponsor who won't pay?
  - a. SPS will try to collect the outstanding balance. SPS does maintain a High Risk spreadsheet on sponsors who have collection issues. This is reviewed by Pre-Award and Contracting when new items are being worked on to identify if there may be any issues with the sponsor.
  - b. SPS will work with the department and PI to try and collect the balance. If this can't be worked out, then the item could be sent to our University Collections Office (UCO) or Legal Counsel to take over trying to collect. This could result then in a 3<sup>rd</sup> party being hired to try and collect the balance.
  - c. If balance is uncollectible then the sponsor is notated that way on the High Risk Log and any future efforts will be dealt with in terms of trying to collect that balance before any new contracts are entered into.
3. Why is there such a huge increase in backup documentation sponsors are requesting due to UG?
  - a. The UG is not a direct result of this, it is a combination of different items coming together resulting in stricter policies. This is resulted from SEC scandals, new awareness on government activities, etc.
4. Why don't contracts protect PU from providing the documentation?
  - a. Purdue will try it's best to negotiate out any unfavorable terms of the agreement but ultimately it is up to the sponsoring agency as to how strict they want to be and whether Purdue is willing to accept those terms in order to bring the funds in.

## Industry Contracting Models

1. What training material is available about Industry Contracting Models?
  - a. The following website will provide information about the contracting models: <http://www.purdue.edu/business/sps/contractmgmt/appliedresearch.html>
2. What questions do you ask when dealing with contract models?
  - a. In an ideal situation, Pre-award starts with the PI and get as much information as possible regarding the project and what the PI would like to have as the end result.
  - b. Pre-Award should bring in Contracting when needed.
  - c. Tell me about the project, is a good starting point. Also, if IP is involved, focus the PI to determine whether s/he:
    - i. (a) has background IP and if so, has disclosed background IP to OTC,
    - ii. (b) knows whether the project will have Project IP (foreground IP),

- iii. (c) if there will be Project IP, does the PI desire to license it or transfer ownership,
  - iv. (d) has the PI considered whether the PI will use the Project IP in the future and does the transfer of rights affect a future use?
3. How does the BO respond to faculty questions?
- a. Based on the BO's relationship with the faculty member, they may refer the PI to contracting (& Pre-award) or they may reach out to these groups on behalf of the faculty and help facilitate a meeting or understanding of the project.
4. How do Heads and Deans know what questions to ask?
- a. Sometimes they do not know and need to be guided with expertise.
  - b. The Industrial Contracting team can provide valuable information about this process and any specific areas of concern and can also bring in additional resources (such as OTC or IP counsel) to discuss highly technical areas.

5. Roles and Responsibilities:

<b>PI</b>	<b>Contracting</b>	<b>Pre-Award</b>	<b>Post Award</b>	<b>Business Office</b>
<i>*Relaying project details to the appropriate persons at Purdue</i> <i>*Overall project oversight</i> <i>*Technical reporting</i> <i>*IP related information</i>	<i>*Negotiation with industry partner</i> <i>*Ensure proper approvals and reviews</i> <i>*Obtain signatures</i>	<i>*Notify contracting if it is deemed an model 1-5 contract</i> <i>*Add this question to the proposal worksheet</i> <i>*Submit the proposal as directed by the PI</i>	<i>*Set up the award</i> <i>*Notify the appropriate business office</i> <i>*Advise the BO of any special T&amp;C's</i> <i>*Highlight in the notification that this is an "Option Contract"</i> <i>*Forward a copy of the contract to PRF</i>	<i>*Reach out to Post-Award if any clarification is needed</i> <i>*Manage the grant as appropriate</i>

6. What faculty resources are available?
- a. The following link provides a summary that can be provided to faculty:  
[http://www.purdue.edu/business/sps/pdf/IP\\_One\\_Pager.pdf](http://www.purdue.edu/business/sps/pdf/IP_One_Pager.pdf)
7. How are IP fees established?
- a. IP fees for model 2 and model 3 are set by university leadership involving EVPRP, OCGA, SPS, and Treasurer. Some agreements, especially master agreements, may have different fees that have been agreed upon that may vary from the standard terms.
8. How are IP fees transferred?
- a. IP fees are payable upon execution of the contract.

- b. PRF collects and distributes the IP fee to TRASK, Department and the PI.
  - c. No IP funding will be set up within a sponsored program account.
- 9. What happens when the contract terminates?
  - a. These are treated like any other contract termination for the PI IO's. The IP Fee that has been paid will be transferred from PRF to the TRASK/Department/PI.