

Appendix A: Checklist for International Contracts

Prior to approving a contract for an international project, administrators may find it useful to review items listed below. This checklist is provided to assist in the review and approval of contracts for international projects. The suggestions listed are not exhaustive but are intended to serve as the base of all discussions.

1. *Policies.* Does the institution have policies established to support the terms and conditions of award and the requested costs?

2. *Parties.* Have you done sufficient research to identify the parties in the relationship? What are the power-sharing relationships? Who holds a stake in the decision? Who wins? Who loses?

3. *Work statement.* Have you and the faculty member reviewed in detail the time commitments included in the work statement? Are the listed resources sufficient to complete the project, given the local conditions?

4. *Principals and scientific/programmatic direction.* How is the leadership divided? Are issues of national pride governing the direction? Is national security of the data (or other) a concern?

5. *Contract employees and independent contractor.* Are both employees and contractors involved in the project? Are they separated in the proposal? Are they separated in the awarded contract? Are the administrative lines clear on the handling of each? Are these anticipated to be local or third-country contractors or employees? What special costs may be incurred?

6. *Use of a subcontractor.* Will a subcontractor be used on this project? Have you received the following from the subcontractor: (a) scope of work, (b) budget and budget justification, and (3) description of key personnel and facilities? Do you anticipate any problems with the subcontractor's ability to perform the work? Are you satisfied with the reporting requirements of the subcontractor? Will this allow sufficient tracking of performance/nonperformance? Will an A-133 audit be required by the university of the subcontractor? If so, does the budget include reimbursement of these costs? (See additional questions under point 11 of this checklist.) In general, have you incorporated all the costs of the subcontractor, including the subcontractor's indirect costs, into the budget and agreement?

7. *Term.* What is the term of the agreement? What is the last date that the funds may be spent? If the date of the expenditure of funds is later than the end date of the term of the agreement, a request should be made to change the date of the term of the agreement to the last day that the funds may be spent.

8. *Costs.* Have you received an assurance that payment will be made? Have you received approval for the manner in which costs will be categorized on the invoice? Are any of the following sensitive items involved? If so, have appropriate costs been requested in the budget?

- Fees for extraordinary service
- Settling-in costs
- Make-ready costs
- Sunday pay
- Hardship payments
- Cost-of-living adjustments: Has the source of funds of nationally mandated COLAs been agreed upon?
- Dependent travel

- Educational allowances: Are tuition costs involved? If so, how will the tuition be paid? By whom? Are travel costs involved? If so, how will they be paid?
- Medical evacuation
- Evacuation during civil disturbances
- Insurance

9. *Payment.* What is the agreed-upon method of payment (letter of credit, certificates of deposit, imprest fund account or other)? Is the bank identified to handle the transaction experienced in international business? Does your bank have extensive international experience in the country in which the project will be performed? Will use of an international correspondent bank be required?

10. *Taxes.* Are goods being produced by infant and national industries? Are luxury or consumer goods to be imported at the project's conclusion? Are goods being produced by governmental industries, parastatals, or monopolies? Are any other products involved that might incur a tax (value added, tariff, fee or other)?

11. *Accounting and auditing.* What records are required under the contract? Is the requirement reasonable? Is there a problem with the sponsor's requirement of original business papers? Are certified copies acceptable? Is a field audit required of a subcontractor? Does your CPA firm have extensive experience and/or an AID-approved affiliate in the country? Is the amount budgeted consistent with your CPA's normal costs for an offshore audit *in that country*?

12. *Reports.* What reports are required under the contract? Is the requirement reasonable? Has the format for the report been agreed upon? What is the primary language acceptable for the report? Is translation required? If so, in what languages? Are the appropriate costs included in the budget?

13. *Warranties.* Is the contract specific that nothing is warranted? If not, language should be added to this effect.

14. *Termination.* Have provisions been made for the removal of the project personnel upon the project's completion? During a contentious or stressful situation?

15. *Arbitration and applicable law.* Has a mutually acceptable position been agreed upon, such as the rules of an accepted arbitration association or the rules used by the American Arbitration Association for international disputes?

16. *Property.* Has it been determined who will hold title to equipment purchased and property produced under the agreement upon the project's completion or termination?

17. *Intellectual property.* What is the disposition of copyrights? Who holds the copyright of works produced under the agreement? Is the development of intellectual property an expected outcome of the agreement? In the eventuality of its development, even if not expected, who will hold title to the intellectual property? Is the intellectual property likely to be of significant monetary value? What are the expected social or economic benefits of the intellectual property to the host country?

18. *Force majeure.* Is this clause included in the contract? Does it cover all possible reasons for work to be discontinued?

19. *Publication.* Is this likely to be a go/no-go decision? Is the government of the host country or the sponsor requiring review and *approval* of publications? Have you informed the faculty member that this may be a potentially go/no-go decision?

20. *Facilities.* Does the sponsor have facilities available for the project personnel? Is authorization to use these facilities included in the contract?

21. *Budget.* Does the sponsor mandate use of its forms? Has the budget been prepared using such forms? Have the following *direct costs*, if applicable, been included in the budget?

- Airfreight of personal items
- Storage costs of items not shipped
- Freight forwarder service company fees
- Expediter costs for clearing shipments and walking forms through government offices
- Surface shipment of household effects and auto
- Home leave (annual or biannual, per the institution's policy)
- Rest and recuperation leave (quarterly or annually)
- Temporary residence in-country (on arrival and on departure)
- Rent of residence (including renovation/repair)
- Domestic security personnel
- Maintenance agreements for major appliances
- Insurance (driving, household effects, liability)
- Driver (if driving presents unacceptable risks)
- License and fees (driving, work permit, etc.)
- Spare parts (vehicles, computers, research equipment)
- Medical examinations and vaccinations
- Orientation to the country and its culture
- Reorientation for reentry into the United States (after prolonged stay abroad)
- Language training
- Currency exchange and banking charges
- Airport and travel taxes or fees
- All the costs identified in Point 8 of this checklist
- Costs associated with the following processes/entities:
 - Contract employees
 - Independent contractors
 - Taxes
 - Preparation of accounting records
 - Preparation of reports
 - Early termination or evacuation costs
 - Shipment of property developed back to the grantee

With regard to *indirect costs*, ask the following:

- What indirect cost rate has been approved?
- Is the sponsor opposed to paying full indirect costs or paying indirect costs as a rate? If so, have the following costs been incorporated into the contract as direct costs?
 - Rent
 - Secretarial support
 - Executive contribution
 - Accounting and purchasing
 - Service center services