Going Global: Lessons Learned in Creating Overseas Offices

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Overview

Objectives:

• Understanding the importance of institutional and stakeholder buy-in for establishing international NGOs
• Understanding the balance between institutional risk with institutional opportunity
• Understanding key steps required for registering and establishing international NGOs
Impetus for Opening Offices

- Increase in volume of global projects
- Recognition of risks to campus
- Complexity of managing subcontracts
- Human resources issues
- PEPFAR funding
Risks vs. Rewards

Rewards
- Enables UC and individual campuses to coordinate foreign operations according to UC policies and procedures
- Reduces liability to UC by avoiding risk of not complying with local business, employment, and other regulations
- Provides an avenue for obtaining work permits for UC in-country expatriate faculty and staff
- Facilitates in-country banking, procurement, and vendor contracts
- Makes it possible to legally hire local citizens and lease office space
- Allows for safety standards for overseas UC personnel and assets to be more easily established and monitored
Risks vs. Rewards

Risks/Challenges

- Time consuming:
  • additional management and coordination to ensure registered entity is in compliance with UC policies and local laws

- Projects must bear the costs of registration and set-up

- Increased risks of unlawful termination lawsuits

- Sustainability
  • fixed Country Office costs rely on available funding for international projects that can fluctuate annually
Approval Process for Foreign Offices

- Need for foreign offices initially not identified by UCOP

- UCSF: GHS and UCSF legal counsel initiated request to UCOP for approval to set up foreign offices

- Determining UC entity with approval authority was initial challenge

- Scope of request strategically scaled down to PEPFAR countries in Africa

- Approval for offices granted in 2011
Creating Foreign Offices

• After approval to establish foreign offices was granted, the next challenge was making them operational.

• The “how-to” for HR, Accounting, Legal/Contracts issues, and other components of foreign operations was not yet established.
International Operations Working Group (IOWG)

Working Group Participants Included:

- IOWG formed to bring together key decision makers and advisors from across the campus and UC system
International Operations Working Group (IOWG)

Working Group Participants Included:

• UCSF Office of General Counsel
• Controller’s Office
• Risk Management
• Office of Sponsored Research
• Human Resources
• UCSF Budget Office
• UCSF School of Nursing
• UCOP Office of Research
• UCOP Banking Office
• UC Education Abroad Program
• UCSF Educational Programs
IOWG Subcommittees

• Legal Compliance / Governance
• HR / Risk Management
• Research / Education
• Finance / Banking
• Funding
Lessons Learned from IOWG

• Many gray areas identified and brought to light

• Offices across campus were eager to address long-standing questions

• The hardest questions do not always have answers
Opening an NGO Office
Key Steps

- Formation of Board of Directors
- Legal Registration
- Local Bank Account
- Accounting/Payroll Services
- Lease of Office Space
- Insurance/Risk Management
- HR and Finance Policies and Procedures
Case study: Kenya

Global Programs for Research and Training (UC Affiliate NGO)

• Registration approved in February, 2014
• Full NGO operations will begin November, 2015 in Nairobi
Lessons Learned: Taxes and Compliance

• Engage experienced accounting firm:
  - Handle tax withholding
  - Financial reporting on a timely basis to avoid penalties

• Consult with local legal counsel:
  - Determine whether there is a tax treaty in effect, otherwise need to institute payroll tax withholding obligations for expat employees
Lessons Learned: Office space and risk management

• Identify appropriate office space:
  - Location
  - Size of the office: allow for growth
  - Cost
  - Security

• Engage University Real Estate Office and local legal counsel:
  - Review and negotiate the lease terms; propose appropriate language under the laws of the country

• Engage University Risk Management:
  - Determine the necessary liability insurance
Lessons Learned: Human Resources

• Work with University HR and legal counsel:
  - Integrate HR policies with local labor laws
  - Review HR manuals and employment contracts to ensure adherence to local labor laws

• Confer with similar NGOs in country:
  - Confirm that employment benefits are competitive and consistent with best practices
  - Make sure salary levels for local hires are consistent with similar positions in other organizations
Lessons Learned: Financial Management Systems

• Make sure there is appropriate delegation of authority for financial transactions
• Engage an experienced Director of Finance and Operations
• Develop a detailed Finance Manual
• Coordinate with University Controller’s Office to ensure that procedures are consistent with University and funder requirements for financial oversight
• Develop process for transferring foreign office costs to the GL for the parent grant
Paving the Bumpy Road

• Lessons learned from Kenya to be used for foreign office setup in Namibia, Uganda, South Africa and Mozambique
• New challenges in every country
• Critical to have stakeholder buy-in across campus to ensure consistency and sustainability of office setup and maintenance