

# 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

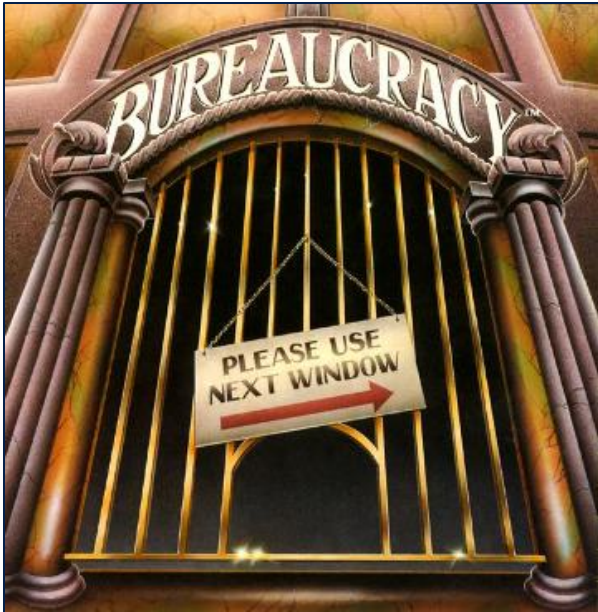
- Enables UC and individual campuses to coordinate foreign operations according to UC policies and procedures
- Reduces liability to UC by avoiding risk of not complying with local business, employment, and other regulations
- Provides an avenue for obtaining work permits for UC in-country expatriate 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

