



UCLA

Office of Research Administration

Research Administrators Forum

March 10th, 2016

Welcome!

Marcia Smith
Associate Vice Chancellor for Research

Agenda

- **Welcome and Announcements** - *Marcia Smith*
- **Billing and Collecting on Awards in Foreign Currency** – Jen Ear
- **Managing Funds in International Research** – *Scott Monatlik, Director of Tax Services, CFS, Richard Yamashita, Director of Treasury Services, CFS*
 - Paying Foreign Workers -Tax Implications
 - Resources for Operating Abroad
 - Travel Advances
 - Coordination of Global Support
- **International Contract Negotiations, Case Study** – *Heather Winters*
- **Accessing Your Research Data for Analysis and Decision Support**- *Harry Yang*
- **Questions and Discussion**



Billing and Collecting Awards in Foreign Currency

March 10th, 2016

Jen Ear

When you get your money...



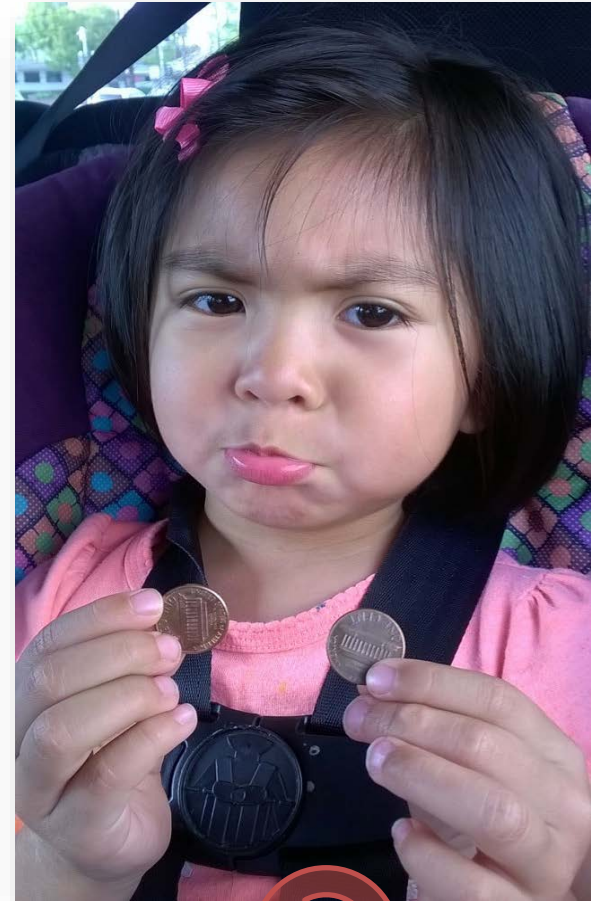
When you go to exchange it...



When the exchange rate was...



Favorable



Unfavorable

■ **Background**

- Some awards from Foreign Sponsors require the acceptance of foreign currency
- Fluctuations in currency exchange rates creates uncertainty regarding the final award amount
- Departments must monitor the actual amount received to avoid potential financial loss that may result from unfavorable exchange rates.

Know Your Award and Your Risks

- Is the sponsor willing to make payments in U.S. currency?
 - Fluctuations in exchange rates can have significant effects on the payments for sponsored research projects. There is a potential loss of dollars involved in agreements containing payment terms in foreign currency.
- If not, is the sponsor willing to agree to advanced payments?
 - Advanced payments help to eliminate some of the risks associated with fluctuations in exchange rates. The conversion will only have to take place once upon receipt of up front payment.

Know Your Award and Your Risks, cont'd



- If paid in foreign currency, how is the sponsor expecting gains or losses to be handled?
 - Defining the disposition of gains or losses may help mitigate the potential loss from conversion or allow the PI to identify unrestricted resources that will help to absorb losses, if necessary
 - Normally sponsor's do not expect to recover gains or cover losses
- If being paid through wire transfer, was the wire transfer fee built into the budget or did the sponsor indicate they would cover the cost for wire transfer?
 - If the wire transfer fee has not been included in the approved budget or otherwise stated in the terms and conditions, the department is responsible for covering those costs
 - Wire fees can be paid upfront by the remitter (sponsor). Normally, they are not paid upfront by the sponsor

- **Foreign currency**

- **Billing**

- EFM will bill based on expenses in U.S. Dollars from the closed ledger, but convert them into foreign currency using well-established currency converter
 - Revenue and Accounts Receivable will be setup for amount recorded on the ledger in U.S. Dollars
 - Invoice will be prepared in foreign currency based on the converted amount

- **Payments**

- Foreign currency received will be converted into U.S. Dollars upon deposit of payment
 - Depending on the conversion rate at the time of deposit, gains or losses can be realized

Effects of Rate Changes

■ Case A - £100,000 Awarded

When:	Conversion Rate	Value in U.S. Dollars	Gain/(Loss)
Award received	1.1	\$110,000	
Invoice prepared	1.2	\$120,000	\$10,000
Payment Collected	1.3	\$130,000	\$20,000

Cumulative Effect in U.S. Dollars	
\$110,000	Original Value
<u>\$130,000</u>	Payment Collected
\$ 20,000	Cumulative Gain

■ Case B - ~~£~~100,000 Awarded

When:	Conversion Rate	Value in U.S. Dollars	Gain/(Loss)
Award received	0.90	\$90,000	
Invoice prepared	0.80	\$80,000	(\$10,000)
Payment Collected	0.50	\$50,000	(\$40,000)

Cumulative Effect in U.S. Dollars	
\$90,000	Original Value
<u>\$50,000</u>	Payment Collected
(\$40,000)	Cumulative Loss

- Departments must monitor the actual amount received to avoid potential financial loss that may result from unfavorable exchange rates.



QUESTIONS

UCLA CORPORATE FINANCIAL SERVICES

OPERATING ABROAD – TAX AND OTHER ISSUES

Scott Monatlik
Director of Tax Services

Hiring Independent Contractors Abroad

- To minimize risk
 - Work with with a local university and use their employees, or
 - local employment agency.
- Avoids local employment tax issues since the local university or agency assumes the responsibility for payroll administration and reporting.
- If the above options cannot be identified, hiring a foreign contractor directly may be necessary. However, the degree of risk posed to the University in the foreign country should be considered.

Hiring Independent Contractors Abroad - Risks

- Improper classification of an employee as an independent contractor
 - Laws regarding what constitutes a contractor may vary by country. Improper classification can result in penalties and fines from the local government and claims from the contractors for employment benefits, insurance etc.
- Compliance with local income tax withholding, tax filing and tax reporting requirements.
 - Laws vary as to whether the paying agent or the contractor must make the required income tax payments.
 - Payments to human subjects may be subject to withholding and reporting requirements.
- Although not advisable, cash payments may be necessary in remote areas where banking facilities are not available. Employees making cash payments should maintain adequate documentation and account for expenses timely, to avoid being subject to income tax liability.

Permanent Establishment

- University activities conducted in a foreign country will be subject to taxation and other regulatory requirements in that country if the University has a taxable presence or permanent establishment
 - The University does not automatically enjoy non-profit status in a foreign country).
- Tax treaty Countries - In general, PE is created when the entity conducts operations through a fixed place of business
 - Hiring an independent contractor who does not have the ability to conclude contracts will not likely create PE.
- If the U.S. does not have a tax treaty with the country, then the local laws will determine whether the University's activities are subject to the taxing jurisdiction of the country.

Resources

- UC System wide contract with outside consulting firm that advises on international operations issues.
 - If a department wants advice on a particular country you can work with UCLA Tax Services and our outside consultants. UCOP may cover a portion of the charges and the rest would be charged to the department.

UCLA CORPORATE FINANCIAL SERVICES

TRAVEL ADVANCES

Scott Monatlik

Qualification for Travel Advance

- **Travel advances made via EFT to employee's bank account. Also, we can issue a check.**
- **Employees**
Employee's on payroll that meet one of the following criteria
- **Long term travel**
Travel 30 days or more
- **Student groups**
Group leader's for student groups
Group leader's must be on payroll
Group leader's must travel with the student group
- **Last minute business travel for new employees**
Travel within 5 business days
** T&E visa cards can typically be issued and delivered within 3 business days.

TRAVEL ADVANCE POLICY

- **G-28 Travel Regulations, page 11, 3.b**
<http://policy.ucop.edu/doc/3420365/G-28>
- **Issuance of an advance**
No more than 7 days prior to trip
- **Reconciliation**
Travel advances must be received in travel accounting within **21** days from the return date of the trip. Outstanding travel advances exceeding **45** days or more will be charged to the FAU listed on the travel advance and the employee will be taxed for the entire amount issued in the travel advance.
- **Department Approval**
Travel advances must be approved by the funding departments
CAO/CFO

Expenses

- **Approved Travel Expense**

Hotels, apartment rentals, non-commercial facilities

*camp grounds

Meals, incidentals and tips

Taxi, bus, train, shuttles

- **Approved Non-Travel Expenses** (expenses incurred while on travel)

Hosting Entertainment events

Miscellaneous business items such as printing and office supplies

Day labors – not advisable but *maximum \$20 per day per person

Museums tickets, event tickets *business purposes only

UNAPPROVED EXPENSES

- Airfare
- Salaries
- Electronic items such as computers, camera's, printers
- Building materials
- Donations and sponsorships
- Travel expenses for family members who are not on business travel

REQUESTING ADVANCE

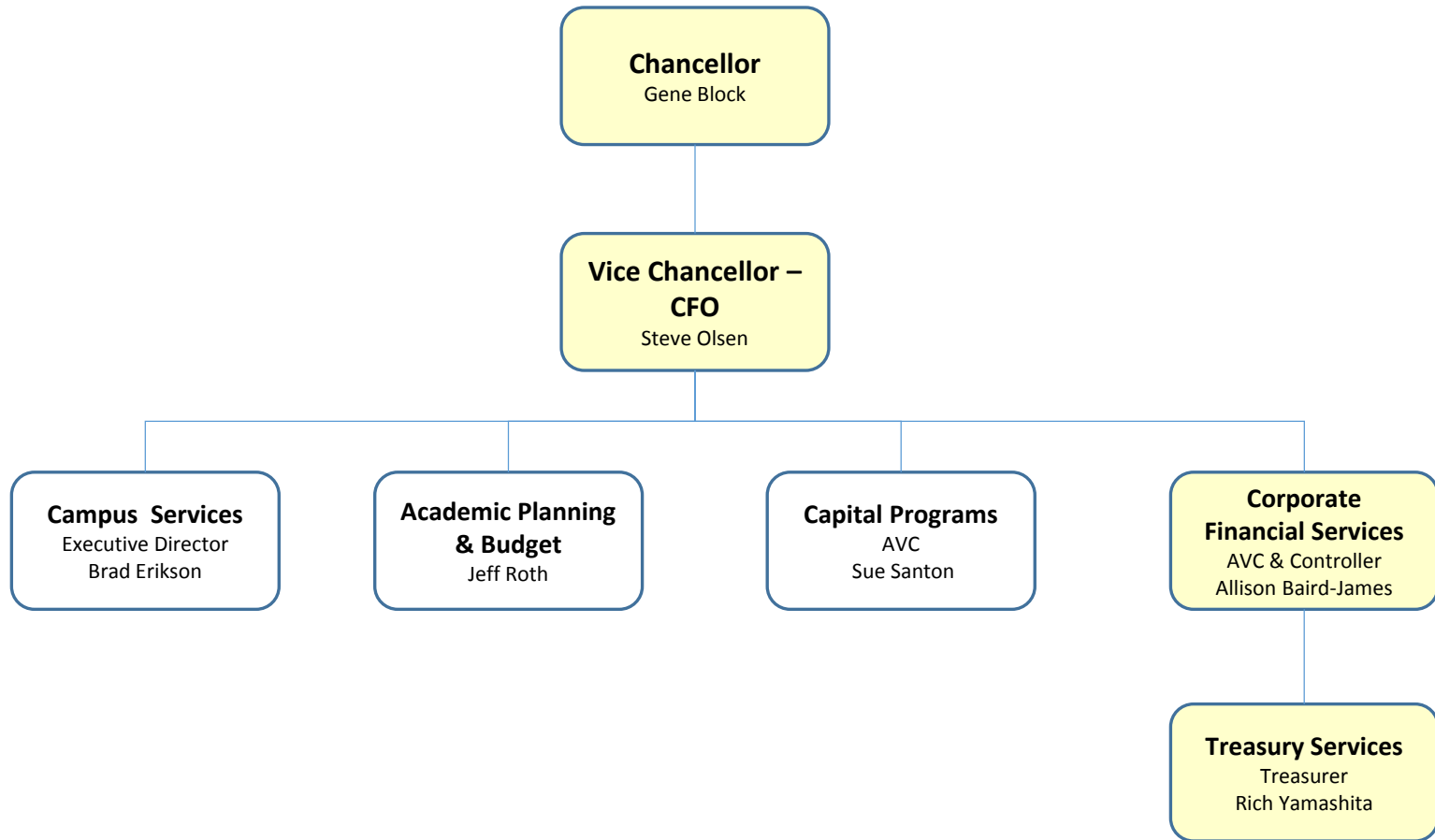
- Email travelacct@finance.ucla.edu a copy of your anticipated expenses and budget.
- Upon approval you will receive a Travel Advance form to complete
- Please be sure the advance form is approved by the funding department's CAO/CFO or higher.

UCLA CORPORATE FINANCIAL SERVICES

OPERATING ABROAD –
UCLA TREASURY AND GLOBAL
OPERATIONS SUPPORT

Rich Yamashita
Treasurer

UCLA Treasury is Under the Vice Chancellor & CFO as Part of Corporate Financial Services



Treasury Provides a Forward Looking Perspective to Influence Strategy and Capital Structure

Treasury's vision...

- A bridge between external Stakeholders and UCLA's internal businesses
- A provider of decision support from an economic and cash perspective
- An advocate of an enterprise approach (UCLA and system wide perspective)
- A fiduciary and collaborative business partner across business, functional and campus boundaries



... and approach toward objectives

- Influence strategic and tactical decisions through the refinement of liquidity projections and appropriate KPI's
- Use analytics to influence investment (portfolio) asset and debt allocations
- Collaborate with Campus and UC leadership on financial strategy and delivery of efficient banking services
- Enable domestic and global campus and faculty initiatives while mitigating financial risks to UCLA and the UC

We will provide a strategic framework to enable faculty, students and staff to execute on the University's mission across the globe

**“China, Fighting Money Exodus, Squeezes Business
Trying to slow capital outflow, Beijing makes life
tougher for companies and investors” Wall St. Journal;**
3/8/2016

“Venezuelan travelers take 1,400% forex hit”Barrons;
3/9/2016

UCLA is a Global Business Requiring Support at a Local Level

Key Considerations center on the reduction of risk:

- Minimize risk to human life and liberty
- Minimize risk to the University
- Minimize potential for friction and fraud in financial transactions
- Optimize cost and efficiency

Examples	Initial Approach	Potential / Agreed Approach
Establishment of a research center in Cameroon	Construction and ownership of facility	Local construction and ownership / special use
Funding Operation during Greece Crisis	Wire advance / check	Quickly move to cash based solution (only solution at time)
Establishment of China Entity	Entity set up with potential capital commit	Continue research / potential use of loan structure
Grant Funding in USD, Spend in Local Currency	PI waiting to convert at an 'opportune' time	Relieve FX risk through hedge process

Realities of the “Last Mile”

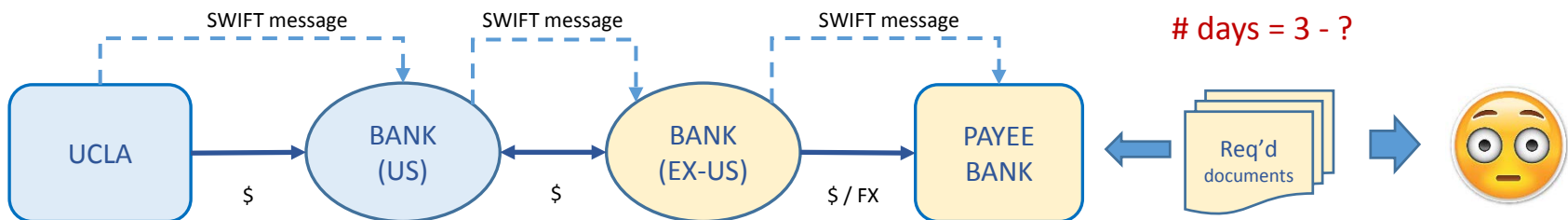


While we can be Innovative in our Approach, our Current Financial “Tool Kit” Requires Planning

Anatomy of a Foreign Funds Transfer - Perception



Anatomy of a Foreign Funds Transfer – Reality Example



CURRENT PAYMENT CHANNELS	RECEIVE	PAY
CHECKS (USD)	Y	Y
WIRE / ACH	Y	Y
PAYMENT CARD	Y	limited
CASH	Y	Very limited

Update: Greece debt crisis and potential impact on UCLA faculty member(

Update from
June 29, 2015

What we know now

- Currently stationed in Greece:
 - UCLA faculty member Dr. Sarah Morris
 - 14 UCLA students will be there as of July 10th and have been advised of the Greek situation
 - UC Merced faculty member (currently investigating)
- Greece implemented capital controls to limit cash outflow. Initial term set of June 29 – July 6
- Greece local bank accounts are limited to EUR 60 per day of withdrawals
- Foreign accounts are exempt from the withdrawal limits
- Credit cards are currently accepted
- Western Union retail services are closed for at least one week

What we do not know

- Financial needs of Prof. Morris and the students
- Their cash vs non-cash expenditures
- A foreign national's ability to exceed withdrawal limits from local bank account

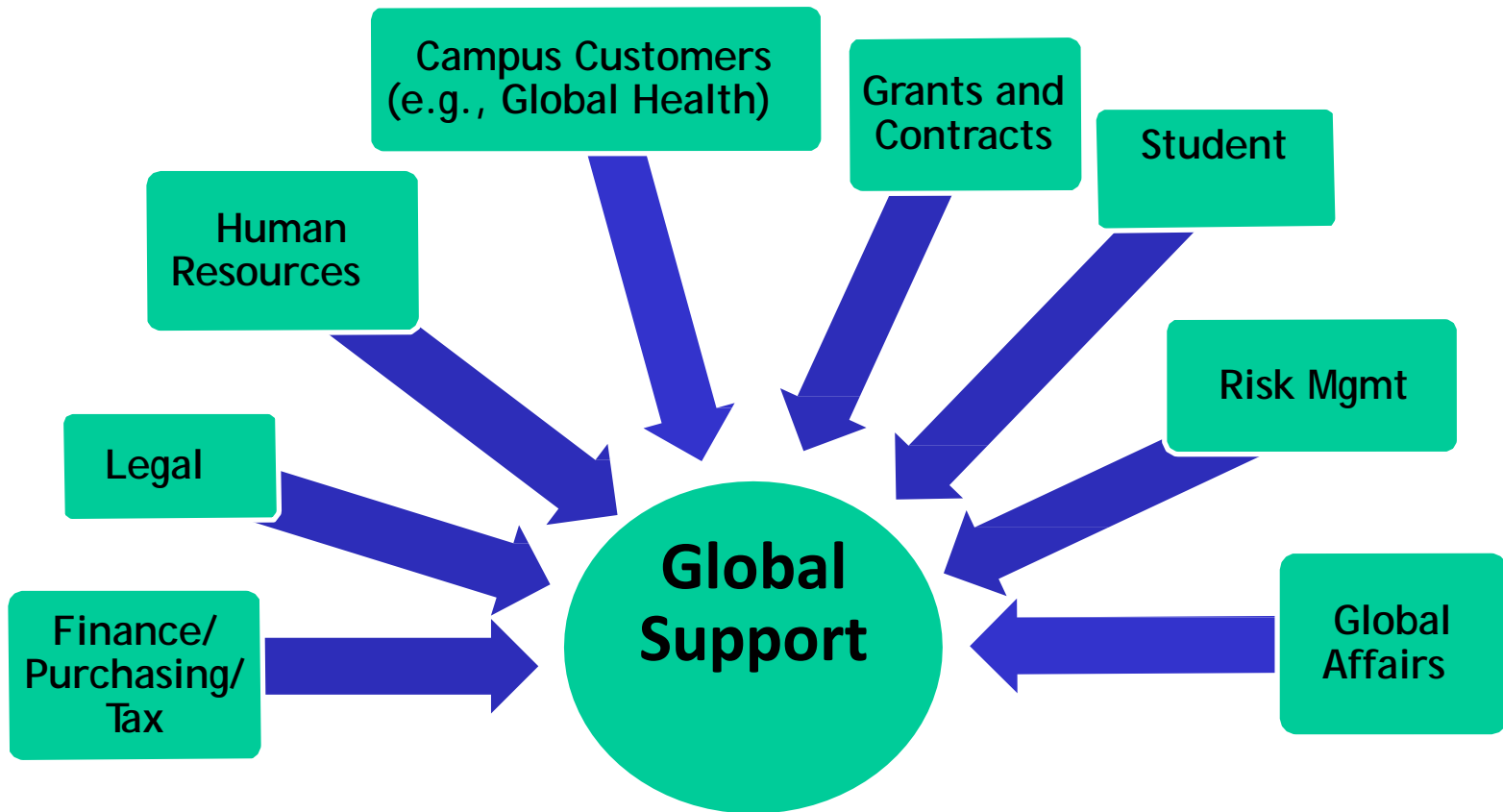
What we can do

- Issue foreign (non-Greek) based credit cards (if not already done)
- Consider potential for Prof. Morris to open a Euro account in London
- Consider cash advances for new faculty/ staff travel to Greece

Our “Toolkit” will Evolve, Driven by A Look Forward in Anticipation of Your Needs

PAYMENT CHANNELS	TODAY	FUTURE (potential)
CHECKS (USD)	Y	Y
WIRE / ACH	Y	Y
PAYMENT CARD	Y / limited	Y
CASH	Limited / very limited	Very limited
CASH VIA AGENT (Western Union)	Not available	Available
PAYPAL	Not available	Available
MOBILE PAYMENT/ACCEPTANCE	Not available	Available
CHECKS FOREIGN CURRENCY	Not available	Limited available
WIRES FOREIGN CURRENCY	Limited	Available
BITCOIN / CRYPTOCURRENCY	Not available	Research needed

We are Building a Collaborative Framework to Proactively Support Global Initiatives



Collaboration with our Faculty and Supporting Teams will Help Anticipate Need and Focus Effort

We can build the bridge ahead of time so it will be ready when you get there.....

But it will be helpful to first know where to build the bridge.....



The Bridge to Nowhere.... San Gabriel Mountains, CA

What we Need from you and Next Steps



We need your help to collect information to determine where we have critical mass of activities



Next Steps: Interviews with Faculty/PIs and Support teams

Topic / Area	Concern	Investment
Banking services	BUS-49 (credit quality), service breadth, accessibility	Consider sovereign rating and leverage UC relationships
Movement of funds	Timing, cost, effectiveness	Alternative payment methods (e.g. mPesa, MTN, boleto, etc)
Country presence	Permanent establishment, tax, statutory requirements	Leverage consultant expertise on retainer

International Negotiations A Case Study

Heather Winters

Assistant Director – Contracts

OCGA

heather.winters@research.ucla.edu



Previous *vs.* New agreement

PRO's

- UCLA had an existing relationship with sponsor
- Both parties eager to continue relationship and project
- Provided a position to start from

Previous *vs.* New agreement

CON's

- Existing and new agreement vastly different
- Three UC campuses received differing terms from one another

Previous *vs.* New agreement

CON's

- Staggered contracts (Campuses couldn't coordinate a response)
- Problematic language due to the evolution of the scope of work

External Challenges

- Sponsor took offense to “standard” language for US institutions
 - “help facilitate” = “lack of competency”

External Challenges

- Returned multiple times with signatures and made changes which had not been agreed upon
 - more casual approach than US institutions

External Challenges

- C&G counterpart changed multiple times – difficult to establish a working relationship
- Appearances of conflict of interest
- Lack of transparency

Internal Challenges

- Multiple interpretations of IP language within UC
- Too many “cooks in the kitchen” (27 distinct individuals involved during negotiation)

Internal Challenges

- Pressure from highest levels at School/Dept.
 - Interjected themselves into negotiation process
- Divisive tactics
 - PI was threatened with loss of funding
 - Campuses were pitted against each other

Final Outcome.....

What works?

- PI involvement
 - Face-to-face interaction
 - Relating problematic terms to their project and in 'lay' terms
 - Faculty may have established relationships

What works?

- PI's 'negotiating' on behalf University
 - Facilitator versus obstructionist
- Detailed budget and scope of work
 - Not US centric
 - US dollars

What works?

- Risk Assessment and Management
 - Ensure safeguards and protections for faculty and students
 - Proper and sufficient insurance
- Recognize Differing Expectations
 - Pomp and circumstance – signing ceremonies

Questions?

UCLA

Research Administration

Research Administrators Forum (RAF)

Accessing Your Research Data for Analysis & Decision Support

March 10, 2016

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Jackie Robinson



UCLA Athletics



\$1,033,159,101

FY 2015 Total Research Awarded Dollars

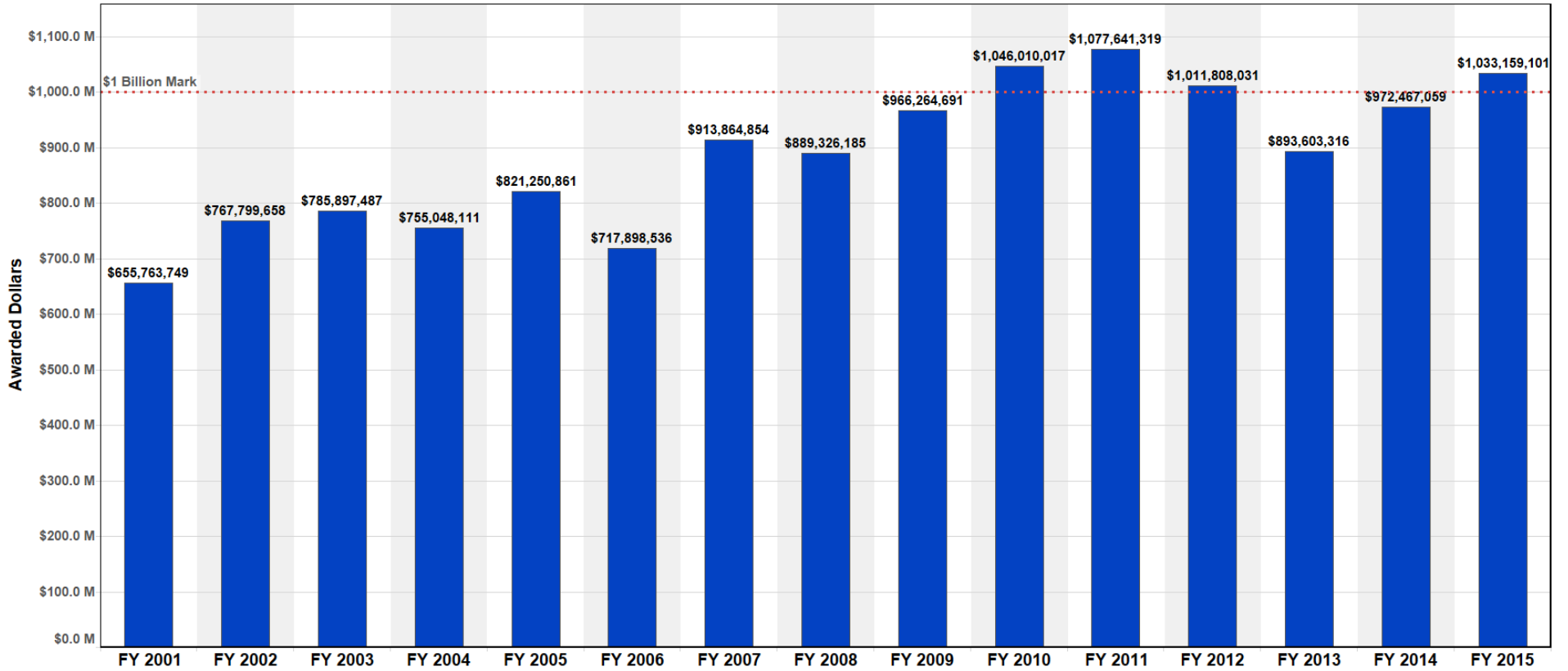


UCLA Research



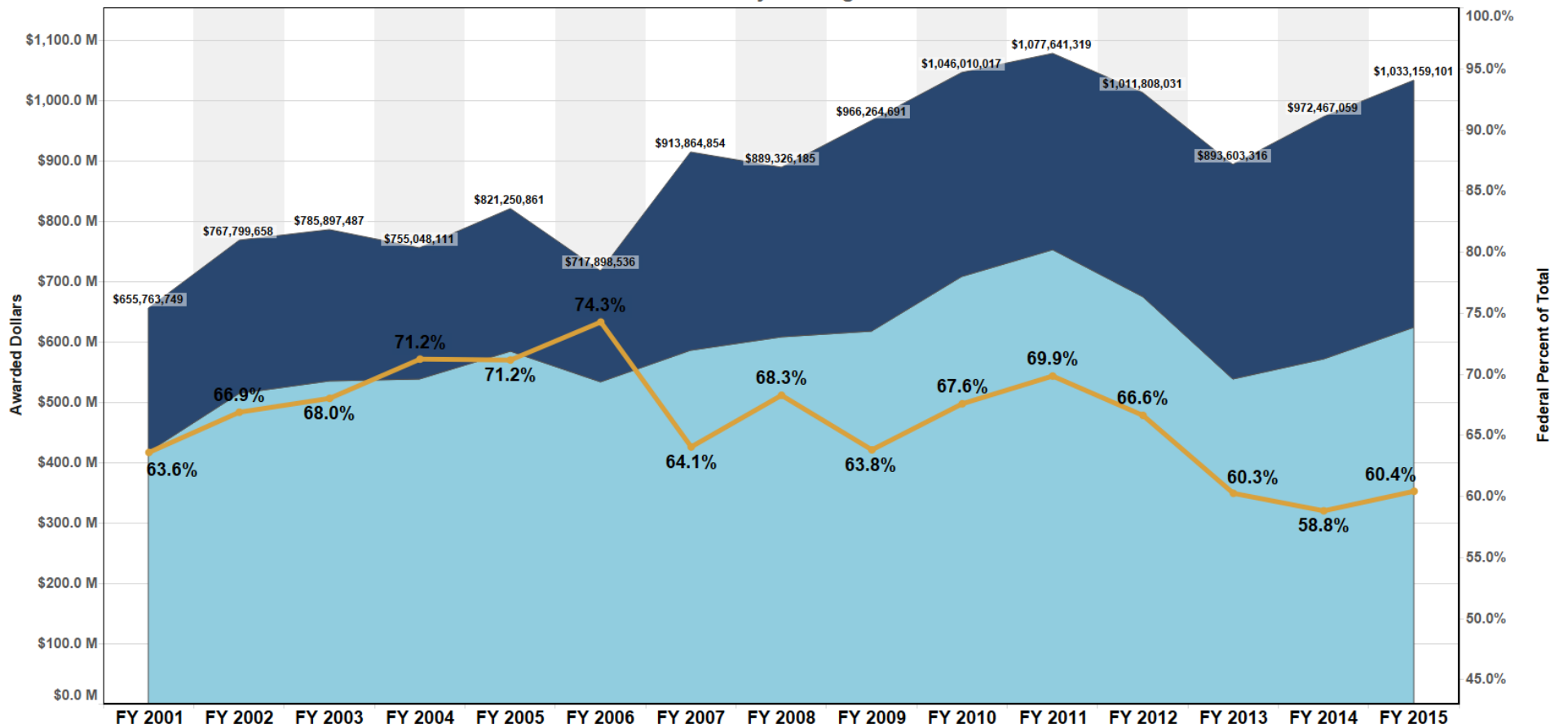
UCLA Research Awarded Dollars, FY 2001 to FY 2015

Fiscal Year July 1 through June 30

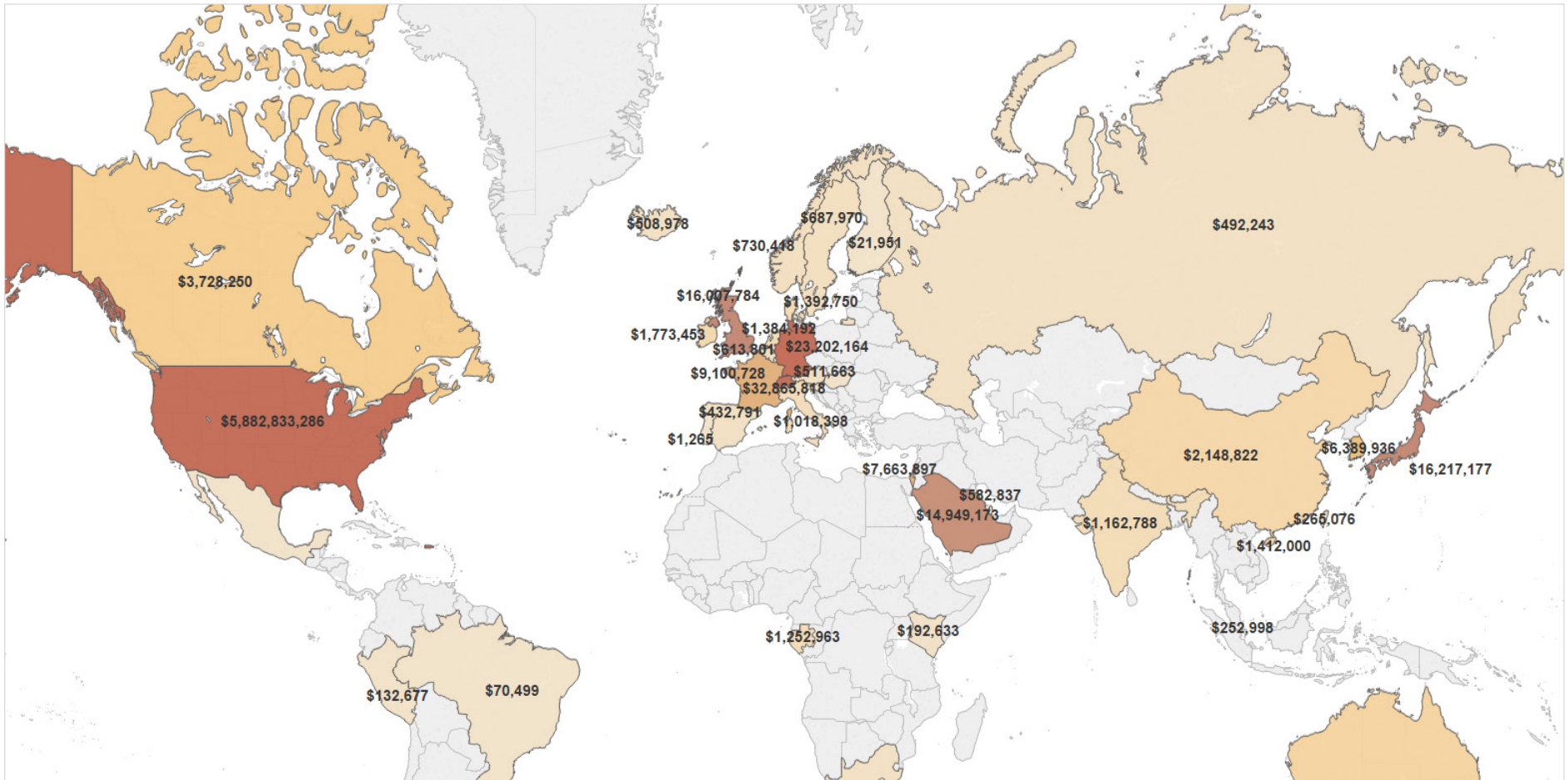


UCLA Research Awarded Dollars by Federal/Non-Federal Sources, FY 2001 to FY 2015

Fiscal Year July 1 through June 30

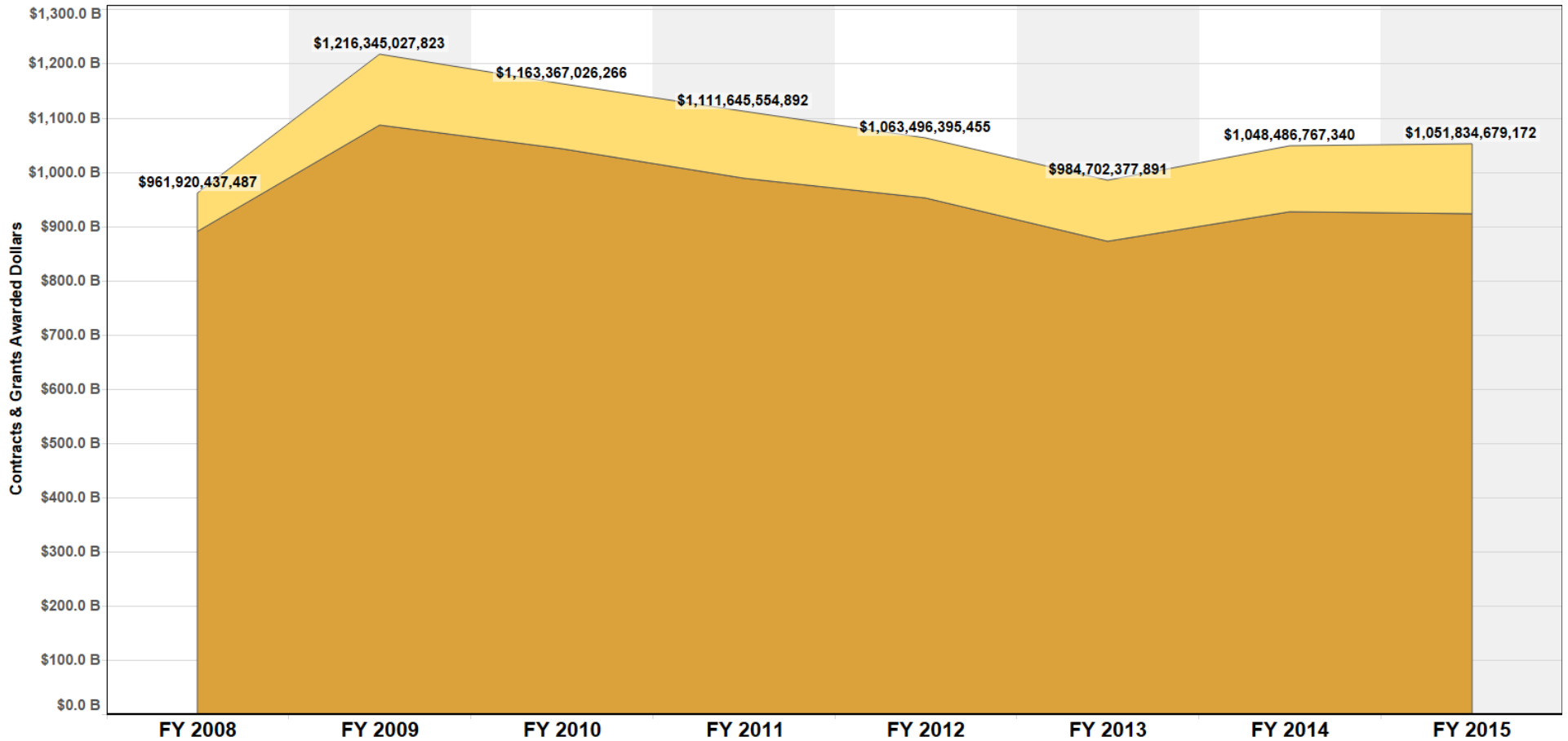


Awarded Dollars from around the World, FY 2010 to FY 2015 Combined



Federal Contracts & Grants Awarded Dollars, FY 2008 to FY 2015

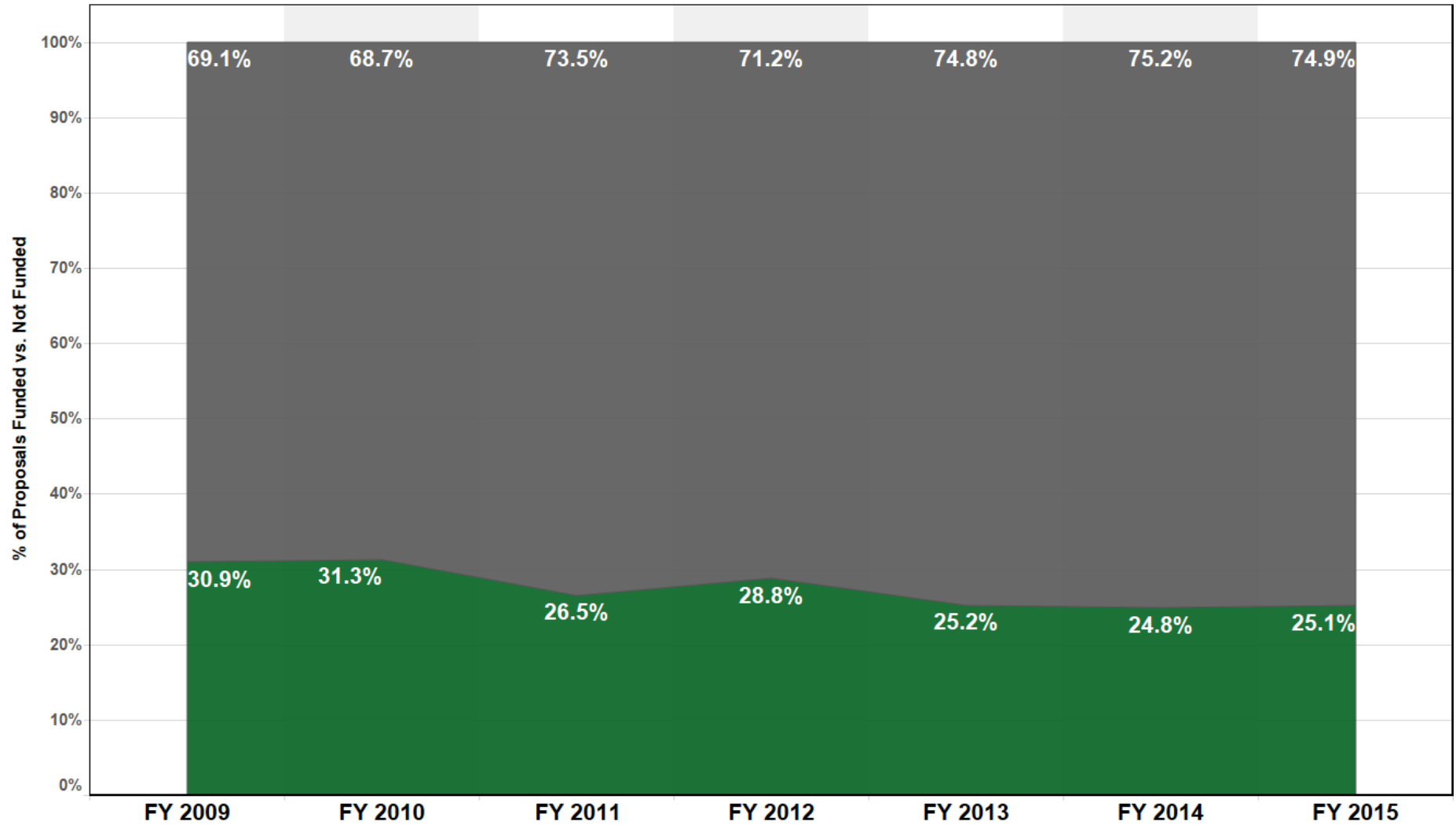
Federal Fiscal Year October 1 through September 30, usaspending.gov



Please note: Contracts & Grants include Research, along with Non-Research Related Contracts & Grants

UCLA Competitive Proposal Success Rates, Federal Direct Funding Sources

Fiscal Year July 1 through June 30



portal.research.ucla.edu

The screenshot displays the UCLA Online Resource Center website. The header includes the UCLA Research Administration logo and the title 'ORA Online Resource Center'. Below the header, there are navigation tabs for 'General Statistics', 'Pre-Award', 'Post-Award', and 'Compliance'. The main content area is divided into two columns. The left column, under the 'REPORTS' heading, lists several report categories: 'Award Data Reports' (Current Year Award Stats by Dept, PI; Prior Year Data Download by Dept; Advanced Search & Snapshot Report), 'Proposal Data Reports' (Current Year Proposal Data by Dept, PI; Prior Year Proposal Data Download by Dept; Advanced Search Tool), 'Awarded Dollars for Last 12 Months', 'Award Statistics by Sponsor' (marked as 'UNDER MAINTENANCE'), 'IRB Statistics' (Approval Counts; Review Cycle Times; Award Dollars), and 'ARC Statistics' (Approval Counts; Review Cycle Times; Award Dollars). The right column, under the 'LATEST STATISTICS' heading, provides key performance indicators: '\$617.1 million awarded YTD for FY 2015-2016', '\$1.03 billion awarded for FY 2014-2015', '\$972.5 million awarded for FY 2013-2014', '561 awards received for proposals submitted in FY 2015-2016', '4761 IRB approvals completed for FY 2014-2015', and '558 ARC approvals completed for FY 2015-2016'. A large green dollar sign and a bar chart are positioned to the right of the statistics. At the bottom of the page, there is a section for 'ORA RESEARCH PROPOSAL & AWARD REPORT' with links for 'Fiscal Year 2014-2015' and 'Prior Year Annual Reports'.

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ReportHelp@research.ucla.edu