International Issues for Auditors to Consider

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INSPIRATION

Genius is one percent inspiration and 99 percent perspiration, which is why engineers sometimes smell really bad.
风险
AMBITION

The Journey of a Thousand Miles Sometimes Ends Very, Very Badly.
International Cases – Tip of Spear

Medical Advice / Referrals to Qualified Providers

73%

Outpatient
14%

Hospitalization
10%

Evacuation
3%

Source: International SOS
Shared Responsibility to Manage Risk

- International Travel Oversight Committee (ITOC)
- Risk Management
- General Counsel
- Export Controls
- Office of Global Strategy & Programs
- Human Resources
- Public Relations
- Schools, departments, units and programs
- Travel Manager, Others
- Insurance
- Environmental Health and Safety
- Police & Research Security
TRADITION

Just because you’ve always done it that way doesn’t mean it’s not incredibly stupid.
International Assignment Issues

• Employment Issues
  – PE: Permanent Establishment & Registration
  – Immigration
  – Labor
  – Tax

• Risk Management
  – Medical Insurance
  – Travel Assistance
  – Emergency Evacuation
  – US Security Issues
  – Workers’ Compensation/DBA
PE: Permanent Establishment
Fixed place of business?
Generate revenue?
IGNORANCE
It’s Amazing How Much Easier it is for a Team to Work Together When No One Has Any Idea Where They’re Going.
Expat, LCN, or TCN?
Employee or Independent Contractor?
Penalties for employee as IC

• US penalties
  • Back tax withholdings
  • Back SS contributions
  • Back state unemployment and WC
  • Back overtime
  • Back benefits
  • Interest & penalties

• If foreign—add to US
  • Back vacation & holidays
  • Back mandatory benefits
  • Severance pay, notice pay
  • Fines
PERSEVERANCE

THE COURAGE TO IGNORE THE OBVIOUS WISDOM OF TURNING BACK.
More Issues…

• Export Control
• IP: Intellectual Property
• Worker’s Compensation (DBA)
• Dependent &/or personal leave coverage?!
CHALLENGES

I expected times like this - but never
thought they'd be so bad, so long, and so frequent.
Case Study 1

Years ago, a U.S. university purchased a large building in a major European capital city. The building has dormitory space for 100 students, four classrooms, a kitchen and dining area, two apartments for faculty, and a suite for visiting administrators. The university houses students at the site year round for various study abroad programs. The university employs a cook, a custodian, and a building manager/maintenance worker. One morning the building manager answers a knock at the door and greets two officers of the host country Treasury Department. The officers ask to see the receipts for the previous year’s tax payment for the building.
Case Study 2

A university sponsors a summer study abroad program that offers 12 credit hours for a program that spends five weeks each in Singapore and China. The students pay their tuition and fees in the U.S., spend their first five weeks in Singapore, where they live in student housing, and attend classes each week day to complete their two Singapore-based courses. They also make a number of corporate visits while they are in Singapore. Upon completion of the program in Singapore, they travel to China and complete the two China-based classes in much the same manner. While in China, they take a recreational excursion to a far western section of the Great Wall for hiking and camping. The recreational program is lead by home institution recreation staff.
Case Study 3

Your institution wishes to open a branch campus overseas. You hope to enroll as many as 300 students a year from the home campus. You will own the buildings necessary, housing will be with local university housing, and the staff will be local. You will initially send faculty from the home campus to teach the courses, but as the program matures, you wish to hire full time faculty, who will also do research, and be part of the home campus tenure and promotion system.
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