

09.8

DUE DILIGENCE PROCESS

TEMPLATE: TNE

COLLABORATION

Due Diligence Process Template: TNE Collaboration

Step	Activity	Responsibility	Action Completed	Notes
1	Preliminary business case to be completed and include: <ul style="list-style-type: none"> Alignment of geo-political context and values of the institution Alignment with strategic plan priorities Potential for on – campus recruitment opportunities 	GED/School		
2	Inform Secretariat that a new partner is being considered for contractual preparation purposes.	GED/School		
3	Local In-country Ministry Approval guidelines and associated regulations suitably evidenced and reputation of proposed institution sourced by British Council.	GED		
4	In discussion with Finance, complete the Finance TNE Business Case checklist.	GED/School		
5	All supporting documentation and preliminary business case to be submitted to PDC for approval.	GED/School/ PDC		
6	Subject to PDC approval IVV to take place and report submitted to PDC for further approval.	GED/School/ PDC		
7	Outline academic case submitted to PEG for approval.	School		
8	QED notified of approval and officer assigned to take forward approval event.	GED/QED		
9	Validation event held and: <ul style="list-style-type: none"> Academic approval given Academic approval given with conditions Programmes not approved 	GED/School/ QED		
10	Any outstanding in-country approval/ministry requirements met.	GED/School		
11	Completion of draft contract by Procurement. Contractual terms to be decided by Secretariat in liaison with collaborative instigator.	GED/School/ Secretariat		

Finance TNE Business Case Checklist

Global Engagement Directorate and School to work in partnership to complete the following steps:

1. Due Diligence for new partners

- 1.1. GED/School to contact Director of Finance and Head of Procurement to action a review of the financial standing/confidence in the proposed partner. GED to get appropriate documents from proposed partner.
- 1.2. Follow the same for existing partner name changes.

2. Income

- 2.1. QED/School to discuss fee/income structure with the Financial Systems & Exchequer Manager and set out where the activity will take place, the expected income and where applicable the estimated number of students per year.
- 2.2. Finance to agree the method(s) and frequency of payment(s) to Cardiff Met.

3. Staff Costs to be considered are as follows and must include all NI and pension costs.

- 3.1. QED/School to discuss costs of staff with HR and seek approval from HRPD if appropriate. The discussion to cover:
 - 3.1.1. Direct costs of new Cardiff Met staff employed - UK based and/or overseas.
 - 3.1.2. Notional staff costs (existing staff) – for Cardiff Met staff involved in direct delivery.
- 3.2. Discussion with Assistant Director of Finance to ensure all tax implications of staff are considered

4. Non-staff related costs to be identified by GED/School for all of the above – to include;

- 4.1. Travel, accommodation, subsistence and other travel expenditure (within CMet and HMRC rules)
- 4.2. Insurance
- 4.3. Visas
- 4.4. Translation costs
- 4.5. Budgeted business related/authorised hospitality (within CMet and HMRC rules)
- 4.6. Any other costs which Cardiff Met will incur as a result of entering into the partnership, i.e. agent's commission, books, printing, licences, and equipment.

5. Legal and professional costs to be identified by Assistant Director of Finance in consultation with GED/School –

- 5.1. Cost of obtaining tax advice in relation to Cardiff Met employees working overseas – estimate at £5,000 for the 1st member of staff and £3,000 for each additional member of staff.
- 5.2. Cost of obtaining professional advice for tax liabilities arising in country – estimate at £10,000 per project application.
- 5.3. Cost of obtaining professional advice on the impact of the new activity on our existing activities in the country. In certain situations a new activity may change how all our in country activities are viewed, this arises if for example a Permanent Establishment is created (can happen inadvertently). Independent professional advice will, if asked, comment on this. Check with Global Engagement if there are other activities taking place in country. Estimate at an additional £7,000 but include only if there are other Cardiff Met activities already taking place in the country.

5.3.1. On-going tax advice – estimate at £5,000 per annum (prudent, but will not always be required).

5.3.2. Tax costs of doing business

- VAT, Corporation, withholding, enterprise taxes, local taxes etc. – Estimate at 20% of income per year (or exclude if income is franchise only).
- Assessment of additional tax liabilities in the UK i.e. reverse charges, employment taxes. Add 20% to the costs to be paid in the UK for overseas based agents' commission.
- Income tax / employee taxes overseas – where applicable estimate @30% of in country employee costs to cover all the points below.
 - After what period of work do these become liable?
 - Who is paying them?
 - Is there a Double Tax Treaty in place?
 - Does a payroll provider need to be sought in country?
 - How frequently do income tax returns need to be filed by employees i.e. China = weekly? Who will do this?
 - Are UK staff working overseas for >183 days in a tax year? – if yes has Form 85 been requested from HMRC
 - Has HMRC form A1 / CA3822 / CA9107 been completed in advance of travel? This can reduce the liability of paying social security payment/personal taxes in 2 countries.

5.3.3. Royalty payments due – i.e. on franchise fees – estimate at 10% of franchise income (if there is only franchise/royalty income exclude other corporation/business taxes – see above)

5.3.4. Tax filing in country – who does this? How? Language barriers? – estimate at £3,000 per annum

5.3.5. Estimates for all the above costs should be included, where applicable in the business plan.

6. Human Resources

6.1. Notify Deputy/Head of HR of intention to locate staff overseas or to bring overseas staff/visitors into the UK (long & short term). Discussion needs to consider HR procedures and timescales; Visa, costs of HR legal advice

7. Finance Overseas Business Case Form

7.1. Ensure that the form has been completed and has been reviewed by Finance (at least a week before PDC meets).

7.2. The reviewed form must be signed by the Head of TNE, Dean of School and Assistant Director of Finance

7.3. When signing the Business Case Form the Assistant Director of Finance will approve the Finance section of the PDC workflow and will send a copy of the form to PDC admin.

Once PDC has approved the application the following must be actioned

8. Insurance

- 8.1. If staff are working overseas (other than short term business travel) contact the Finance Department who will verify insurance cover with the University's insurance provider.
- 8.2. It is important that staff are advised to take out their own medical and indemnity cover for holiday and other non-work periods whilst overseas.

9. Human Resources

- 9.1. Where Cardiff Met staff are to be employed/work overseas - contact HR and Finance/Payroll asap and **prior to travel**.
- 9.2. Where staff from the Partner will work with us in the UK (and will be paid by the Partner) contract HR & Finance as there may be social security liabilities owed to HMRC.

10. Contracts

- 10.1. The contract must be reviewed by the Head of Procurement
- 10.2. No contract should be signed without consideration of the tax implications of trading with the partner. All contracts must clearly state where each type of tax liability lies.
- 10.3 The contract must be signed in accordance with the authorised signatory limits set out in the University's [Financial Regulations](#)**
- 10.4 It can take @6+ weeks to obtain professional advice. This timescale needs to be factored into the planning stage and contract negotiations.**