

Considerations regarding financial transactions between SCOSS-supported infrastructure and financiers

Introduction

The purpose of this document is to provide advice to SCOSS-supported infrastructures on conducting financial transactions with financiers, otherwise called investors.

SCOSS, The Global Sustainability Coalition for Open Science Services, seeks to ensure the sustainability of ongoing development and provision of key non-commercial Open Science infrastructure by assessing, prioritising and publicly supporting infrastructure, encouraging the crowdfunding of them by research libraries, library consortia, institutions, funders, governments and other investors.

SCOSS is managed by a SCOSS Board of SPARC Europe officers and global volunteers. The SCOSS initiative is co-funded by one €25,000 payment received by each crowdfunding campaign for each supported infrastructure to cover SCOSS costs across 3 years. SCOSS undertakes the call for infrastructure proposals (Expressions of Interest and full applications), assessment, prioritisation, and a communications campaign. It also provides a governance and operational framework within which supported infrastructures work, including monitoring and reporting of progress against the infrastructure work plan.

Supported infrastructures (hereafter, 'infrastructures') are responsible for developing proposals and the work plan, implementing marketing and promotion of their campaign, invoicing investors and transacting payments, and undertaking development work in accordance with the work plan.

Issues

SCOSS Board members have good working relationships with actual and potential consortia and have insights into local circumstances and opportunities that may affect crowdfunding, perceptions and the success of the SCOSS programme.

Both SCOSS and infrastructures want to maximise the amount of crowdfunding received to support their work plan. Infrastructures may wish to offer a range of flexible investment options, while also ensuring that operating workflows are as efficient as possible.

A number of issues have been identified for attention:

1. Meeting the financial procurement requirements of investors
2. Options for engagement and investment
3. Efficacy of financial transactions

It is necessary that infrastructure seek advice and service provision from their relevant legal counsel and finance department.

Consortia of investors (libraries) may intermediate financial transactions between infrastructure and investors, thereby minimizing the number of transactions. In this case some of the following steps and considerations will be managed by the consortium and the infrastructure should liaise and transact with the consortium directly.

Discussion

1. Meeting the financial procurement requirements of investors

To date, some funds have been from consortia of academic libraries, with libraries paying funds, aggregated by the relevant consortium and invoiced by the infrastructure. In some other cases, the consortium puts the Expression Of Interest out and individual libraries pay the infrastructure directly. Some investors are governments.

SCOSS and infrastructure need to provide mechanisms to ensure that the greatest number of investors possible, whether academic libraries or governments, can invest by complying with the financial procurement requirements of investor organisations.

Some potential and current investors have provided feedback that their financial procurement policy requires them to test the market, or they require a contract for example. SCOSS and infrastructure need to be mindful of providing financial procurement solutions and options which allow the broadest range of institutions to invest.

In each case, libraries and library consortia would likely want to know the benefits of financially supporting the infrastructure. It is recommended that infrastructure make available their:

Workplan - agreed with SCOSS - this will highlight what development work will be performed with the funding, together with benefits

Usage - both contributor usage and end user usage - for the service as a whole and also for the geographic region if possible

Supporting statement - you may have been working with researchers, globally and from the geographic region, and could consider making supporting statement from researchers available

Although procurement requirements are institution specific, they can be summarised by general principles:

- **Duty of care** - Financial delegates (officers) have a professional duty to comply with policies and procedures, the institution receives value for money, and there are no conflicts of interest.
- **Requirements** – There is generally a requirement to develop specifications or requirements – what is the need? - prior to purchase.
- **Test the market** – There is generally a requirement to test the market before procuring goods and services.
- **Threshold** – Financial policies and procedures usually include thresholds. There may be a financial value threshold at which no quote is required, another threshold at which one quote is required; another when multiple quotes are required; and finally a threshold when a competitive tender for Request for Offer style approach is required. The recommended SCOSS investment of between €500 and €8,000 is relatively low so it is more likely to fall under the minimum threshold for institutional procurement guidelines, or a library may require a quote.
- **Contract** - Terms and conditions, licence or contract are required for procurement of goods and services. These are usually negotiated or made available before a payment can be made. Some libraries may require infrastructure to provide at least a Terms & Conditions document on its website or by correspondence. Verbal agreements and email correspondence can be considered a contract. As invoicing and payment is between the infrastructure and the financial contributor, any contracts will be between these parties. The investor parent organisation e.g. the university, is usually the legal entity, and the library is not the legal entity. Legal jurisdiction would generally be aligned with the jurisdiction of the infrastructure providing the goods and services. SCOSS provides investors with a memo that outlines the arrangement between infrastructure and financial contributors.

Also for consideration is:

- **Level of investment** - The SCOSS recommended investment levels for investors are recommendations only. It is recommended that infrastructure do not normally engage consortia and investors directly on the level of financial investment and that these advocacy and negotiation tasks are best left to the SCOSS Board members or the consortium representative.

Investors are asked to pledge for up to three years, though some may prefer to pledge for only one or two years. Consortia may arrange to pledge on an annual basis. Pledges are solid indications of intent but are not binding. SPARC Europe will add up pledges from around the world to make a global pledge figure available.

Many investors may be working with difficult financial circumstances and any new funding request adds to those pressures. For example, academic libraries are under constant financial pressure from various forces: 9% annual growth in global publishing; ever-increasing faculty need for more information resources to support teaching and research; constant price rises from publishers; university budget reductions; and the global pandemic financial crisis.

2. Options for engagement and investment

Some potential and current investors have provided feedback that they are unable to make donations and would seek other options such as payment of a subscription or membership.

- **Donations** are not for the receipt of goods or services. Many institutions will regard donations as gifts. Donations / gifts policies vary widely between institutions and how they are handled fiscally per country. There is a particularly close relationship between duty of care and donations. If donations are allowed, they are usually approved at a senior level. Many institutions do not allow for donations to be made; political donations or otherwise. The Supported Infrastructure needs to explore this therefore on a case by case basis were other forms of financing to be inappropriate.
- **Investments** – are considered a payment for the return of value or financial gain via a project, initiative or collaboration. Institutions may expect a specific return to the institution in terms of ownership, influence or governance. A contract and the involvement of legal counsel would almost always be required. Although libraries may consider they are investing in Open Science, it is a different meaning from the financial meaning.
- **One-off payments** for goods and services are usually made after the goods and services are received on a single occasion.
- **Subscriptions** are recurring pre-payments which libraries are accustomed to paying for continuing information resources before the goods and services are received. Infrastructure may wish to invoice for a subscription if the information service is already available for use (whether it be open access or otherwise). Subscriptions are usually invoiced as pre-payments, prior to the delivery of the goods and services. Subscriptions can apply equally to open access and closed access information services and resources.

- **Memberships** can be one-off or recurring / subscription payments which libraries are also accustomed to paying for a period of engagement and/or provision of services. Memberships bring expectations of engagement, opportunity to influence or voice at meetings, attendance at training events or receipt of regular news and updates. They are usually invoiced as pre-payments. Supported Infrastructure may benefit from establishing a membership framework and engaging investors on strategic direction, service design, and digital user experience for example, via a User Group with online meetings or a Member Newsletter or similar.

3. Efficacy of financial transactions

The following information is provided to infrastructure to assist with efficacy of financial transactions including quoting, purchase orders, invoicing, payments and receipting. Infrastructure should aim at providing a systematized service to avoid problems and delays. Infrastructure should be aware that generally it is the financial delegate of the department undertaking the procurement e.g. Librarian in the Library approving the purchase, and it is the finance department of the parent organisation e.g. the university, which transacts the payment.

- **Quote** – some investors may require a written quote to meet procurement requirements before payment can be considered. A quote could be formatted in an email or provided as a MS Word or PDF document. Infrastructure could also provide any terms & conditions at this time via a document or a link to a relevant web page.
- **Purchase Order** – some investors will require a Purchase Order with a specific PO number to be used to match the Quote to an Order for example. This is done to ensure the procurement is required and the institution is not paying unrequired or randomly sent invoices. In many cases the consortium (of libraries) will implement POs with the investors.
- **Invoice** – In many cases the infrastructure will invoice the consortium and the consortium will in turn invoice its individual library members. This reduces the number of transactions. An invoice will be required for every investor or consortium making a purchase / payment. Standard fields include:
 - Invoicing organisation name, address, contact details
 - Paying organisation name, address, contact details
 - Purchase Order number (if required, may be blank)
 - Details of goods and services
 - Period of service e.g. January – December 2020
 - Date invoice was issued

- Date payment is due (note: investors will not pay before this date)
 - Currency of payment e.g. USD, Euro, GBP
 - Value of payment
 - International bank account details for online payment
 - You may choose to include or link to Terms & Conditions or any Warranties
 - You may choose to include that this document constitutes a receipt upon payment
- **Receipt** – most investors will not require a physical receipt after payment, however electronic receipt of payment is usually required.

Although not constituting a part of the financial transaction as such, SCOSS and infrastructure will work together to undertake reviews of progress against the Supported Infrastructure work plan and provide financial contributors with updates on progress and completion of Supported Infrastructure work plans to ensure investors are able to ascertain the work completed, value for money and benefit to open research.