

Procedures for the Due Diligence Review of Donations

A. Introduction

1. The University of Edinburgh Development Trust is a charitable body tasked with receiving, administering and applying any funds and properties donated for the benefit of the University of Edinburgh. Trustees may accept, hold and apply any sums of money, funds, investments or property of any kind, for furthering the aims of the University generally; for maintaining, improving and developing the facilities for the teaching of undergraduates; for postgraduate work; for research; or for any other object of the University of Edinburgh, provided that such objects are exclusively charitable or educational.
2. All donations offered to the University of Edinburgh must be received and administered through the University of Edinburgh Development Trust.
3. A donation is defined as:

A donation is a voluntary transfer of money by a donor, made with philanthropic intent. After receipt, the donation must be owned in full by the receiving institution, and the recipient institution must retain complete ownership of any resultant work or project. The donor may not retain any explicit or implicit control over a donation after acceptance by an institution.

4. No individual, School, College or department should request or seek a donation on their own initiative without first consulting Development and Alumni (D&A), on behalf of the Development Trust, at an early stage.
5. The University's selection criteria for student admissions are fully independent of philanthropic support of the institution. In addition any donation will not affect the academic record of any current or future students nor have a bearing on any dispute between a student and the University about the outcome of his/her programme of study. The University's selection criteria for the recruitment of its staff and any research agendas are also fully independent of philanthropic support of the institution.
6. The University of Edinburgh has established an Ethical Fundraising Advisory Group (EFAG), a sub-group of the Central Management Group (CMG). The principal purpose of the EFAG is to consider and advise on whether the sources and purposes of prospective donations, fundraising and other funded activities are ethically acceptable.

B. Assessment of the sources of donations

1. In principle, trustees of a charity are expected to accept money given to that charity for purposes consistent with the charity's objects, but the trustees have discretion to consider other factors relevant to the charity's best interests.

2. For any donation, members of the University, and in particular staff in D&A, will balance the benefits of funding against reputational risks, taking into account the legal framework and other considerations which will inform the potential decisions of the EFAG.
3. The University of Edinburgh Development Trust, on behalf of the University, receives and administers donations on the clear understanding that the funder can have no influence over the academic freedom and independence of the University. This principle covers decisions relating to student admissions, supervision and examinations, staff recruitment, and where relevant, the conduct and agenda of research and publications of results.

Within this context the assessment of the sources of donations will be:

4. All proposed donations of £5,000 or more will be subject to due diligence of some form. The extent of due diligence and of oversight applied will increase in line with an assessment of the risk associated with the potential donor and potential size of the donation.
5. All proposed donations from sources which together with prior donations received by the University of Edinburgh Development Trust amount to between £5,000 and £99,999, as recorded on the D&A database, will be subject to an initial research process and, in certain cases, a risk assessment to determine whether a more formal review is required. In some cases, no further action will be required; other cases will be referred to the Executive Director of D&A, who will decide whether the donation can proceed or whether the case should be referred to the EFAG.
6. All proposed donations from sources which together with prior donations received by the University of Edinburgh Development Trust total between £100,000 and £499,999, as recorded on the D&A database, will be subject to a full due diligence review and risk assessment. Depending on the outcome of the risk assessment, the case will be either passed to the Executive Director of D&A for review (who may in turn decide to refer the case on to the EFAG for a decision) or will automatically be referred to the EFAG.
7. All proposed donations from sources which together with prior donations received by the University of Edinburgh Development Trust amount to more than £500,000, will be subject to a full due diligence review and risk assessment and should automatically be referred to the EFAG by the Executive Director of D&A. Care should be taken to consider whether there are any secondary funders (the 'funder behind the funder') that may require scrutiny.
8. Appendix 1 (Procedure by Level of Donation and Risk Assessment) sets out the procedure that will be followed according to the level of the potential donation, noting in what circumstances a risk assessment and scoring will be needed, and the possible outcomes. The table also notes who is responsible for the different parts of the process.
9. If there is concern over the ethical implications of a potential donation, regardless of the value of the donation, University staff are requested to notify the Executive Director of D&A who will be responsible for bringing the matter to the EFAG if appropriate. The

Executive Director of D&A will also be responsible for bringing such matters to the EFAG's attention with regards to donations received by the University of Edinburgh Development Trust.

10. D&A will record all research it undertakes on sources of funding, and any decisions made on the basis of that research, against the record of the source held on the D&A database that D&A manages on behalf of the University and the University of Edinburgh Development Trust.
11. Consideration will also be given to the extent and timing of due diligence applied to previous donors (see section D.2 below), depending on assessment of whether the circumstances may have changed and the lapse of time from the previous donation.

C. Due Diligence Procedures

1. £5,000 - £99,999 (by D&A). During the initial research process and, in certain cases, a risk assessment, the aim is to explore whether there are any concerns that raise issues of ethical or reputational risk. A standardised search is used on the D&A database (and/or any subsequent product or news database), and an online search is designed to highlight potential areas of concern. The research screening and the decision making process are stored and logged on the D&A database. Attempts will also be made to establish whether a donor has any links to an application to study at the University; the objective here is to ensure full transparency that admission as a student and acceptance of donations are kept entirely separate.
2. £100,000 + (by D&A and the EFAG, and potentially the CMG). The University does not have a written set of guidelines as to what is acceptable, but considers each donation individually. The full due diligence review involves a checklist agreed by D&A that addresses the background of the donor and their relationship with the University.
3. Appendix 2 (Research Undertaken for Full Due Diligence Process) shows, for each category of donor, the areas of research focus and the sources that will be used in undertaking the research.
4. Appendix 3 (Risk Assessment Scoring) provides the basis for scoring the level of risk involved, in terms of the source of the donation and also whether there is a question of a potential conflict of interest, e.g. whether there might be a perception that academic freedom might be compromised if the source of funding suggests a bias towards a particular point of view.
5. Depending on the level of risk, the University Secretary, on behalf of the EFAG, will also identify two members of University staff with relevant expertise to evaluate the proposed donation based on three key principles:
 - a) Must support the aims of the University;
 - b) Must not damage the integrity and reputation of the University;
 - c) Must not impinge on academic freedom.

This will also provide an opportunity for the staff to raise any potential issues or concerns. Responses will be sought within 1 week. This evaluation will only take place with proposed donations that have a risk score of 2 and above.

6. The process for risk assessment scoring can be summarised as follows:
 - a) Where the donation is between £5,000 and £99,999 and no risks are identified, the case would proceed without reference to the Executive Director or the EFAG.
 - b) Where the donation is between £5,000 and £99,999 and some level of risk is identified, the case would be referred to the Executive Director, who would decide whether to approve or refer to the EFAG.
 - c) Where the donation is between £100,000 and £499,999 and there was no risk or a moderate level of risk, the case would be referred to the Executive Director, who would decide whether to approve or refer to the EFAG. A moderate level of risk would be a risk score of 0 – 2, provided the risk score for the source of the donation is less than 2. Cases approved by the Executive Director would be reported in summary form to the EFAG for information (and potential challenge).
 - d) Where the donation is £500,000 or more, including when no risks have been identified, or where the donation is between £100,000 and £499,999 and involves a potentially significant level of risk, a template is completed and submitted, with the risk score, to the EFAG for a decision. A significant level of risk would be a risk score of 3+, or a risk score for the source of the donation of 2+.
 - e) For oversight purposes, the EFAG also receives a summary table of all cases that have been referred to the Executive Director and which he has approved (and will have access to review the completed templates, or a sample, if desired).
 - f) All donations that have a risk score of 2 and above, irrespective of size, will be automatically referred to the EFAG.

7. Depending on the potential size of the donation and the level of risk, the EFAG will review the report and consider whether the responses raise serious issues of ethical or reputational risk. The EFAG shall refer to the CMG any matter on which it is unable to reach agreement, any matter which raises particular difficulties setting out its recommendation and any matter which it considers raises issues falling outside its terms of reference.

D. Additional criteria to be drawn to the attention of the EFAG

1. In presenting cases to the EFAG the following criteria will also be taken into account:
 - a) any possibility that the funding under consideration is or is alleged to be associated with illegal activities by the potential donor under the Proceeds of Crime Act, the Bribery Act or anti-terror financing legislation. In such cases, the potential donation will not proceed and will be passed to the Executive Director of D&A to confirm the validity of the research. The EFAG will be advised of such cases for information purposes.

 - b) any possibility that acceptance of the funding or any of its terms may not be in the best interests of the University on account of any one or more of the following:

- i. where the activities of a funder are in conflict with the objectives and agreed policies of the University or its beneficiaries;
 - ii. where conditions imposed by a funder run counter to standard practice or would impose on the University objective contrary to those already agreed by the University;
 - iii. where there is evidence that the reputational cost to the University of accepting the funding will be disproportionate to the value of the donation itself;
 - iv. where the offer of support is dependent on the fulfilment of conditions placed upon the University which are perceived to be too onerous or counter to the University's objectives;
 - v. where acceptance would be unlawful or otherwise counter to public interest;
 - vi. where the money derives from a source counter to the University's objectives;
 - vii. where acceptance of the funding is likely to deter a significant number of supporters from future support;
 - viii. where a funder has had their reputation compromised in some way, and the behaviour which led to this has clearly not ceased or the reputation remains compromised.
 - ix. where for any of the above or some other reason the acceptance of the funding would involve an unacceptable risk of reputational damage to the University.
2. Where the funder has previously been approved, there will be an assumption that any subsequent funding will also be approved unless:
 - a) the proposed funding will reach the threshold requiring due diligence; or
 - b) in the interim there has been a change in circumstance that might affect the University's decision as to whether to accept the subsequent funding.

E. Procedure if donation requires withdrawal

1. In recognition of the need to be aware of existing as well as proposed donations, withdrawal of an existing donation may be required in exceptional circumstances.
2. If there is concern over the ethical implications of an existing donation, regardless of the value of the donation, University staff are requested to notify the Executive Director of D&A who will be responsible for bringing the matter to the EFAG if appropriate. The Executive Director of D&A will also be responsible for bringing such matters to the EFAG's attention with regards to donations received by the University of Edinburgh Development Trust.
3. In this scenario, the full due diligence review will be undertaken as outlined in section C.2 above. The need for a prompt and proportionate response will be highlighted to all those undertaking the full review, as it is likely that an urgent decision will be required. The EFAG will then submit a recommended course of action to the CMG.

Appendix 1: Procedure by Level of Donation and Risk Assessment

Level of Potential Donation	Procedure	Outcome	Risk Template
Level One: £5,000 to £99,999	Newspaper database and internet search on key words to identify potential reputational risk (<i>F or R</i>)	If no risk found, no further action If potential risk found, risk scoring and template to be completed (<i>F, R</i>) Review and refer to the EFAG if appropriate (<i>ED</i>)	Not required To be completed (<i>R</i>) Submitted to the EFAG if referred
Level Two: £100,000 to £499,999	Full due diligence process including risk scoring (<i>F, R</i>)	If risk score is 0, confirm and approve; if risk score is 1, review and refer to the EFAG if appropriate (<i>ED</i>) If risk score is 2+, refer to the EFAG	To be completed (<i>F, R</i>) Submitted to the EFAG if referred Submitted to the EFAG
Level Three: £500,000 plus	Full due diligence process including risk scoring (<i>F, R</i>)	Referred to the EFAG	To be completed and submitted to the EFAG (<i>F, R</i>)

Responsibilities are shown in brackets in italics (F = Fundraiser; R = Research team; ED = Executive Director).

In each case, ThankQ will be updated by the Research team to record that the relevant check has been completed.

Appendix 2: Research Undertaken for Full Due Diligence Process

Research Focus	Individuals (and associated organisations)	Companies	Foundations/ Trusts
Self	✓	✓	✓
Source of Funding	✓	✓	✓
History of Philanthropy	✓	✓	✓
Partnerships with peer groups (e.g. Universities, Research Institutes)	✓	✓	✓
Circle of friends/associates	✓	-	✓
CSR policies	-	✓	-
Office-bearers	-	Directors & Executives	Trustees

Sources	Individuals (and associated organisations)	Companies	Foundations/ Trusts
Factiva and Lexis-Nexis (UK) news databases and the internet*	✓	✓	✓
Mint Global company information database	✓	✓	✓
Companies House	✓	✓	✓
Companies House UK/US State Business Records	✓	✓	✓
Companies House list of Disqualified Directors	✓	✓	✓
Financial records/annual reports	✓	✓	✓
Own or organisation's website/s, including associated organisations	✓	✓	✓
Academics with knowledge of subject	✓	✓	✓
Corporate Watch	-	✓	-
UN Global Compact	-	✓	-
Business and Human Rights Resource Centre	-	✓	-
Ethical Consumer	-	✓	-
Charity Commission/OSCR/Foundation Center USA	-	-	✓
Other sources as relevant	✓	✓	✓

*Search terms to include: *allegation, accusation, bankrupt(cy), bribe, controversy, corruption, court, crime, donation(s), dissolve(d), equality, fraud, human rights, (il)legal, investigat(e/ion), prosecut(e/ion), protest, (un)ethical, sanction, scandal, terrorism*

Appendix 3: Risk Assessment Scoring

The source of the donation is scored on a scale of one to three. The risk attached to the purpose of the gift, in terms of the potential for a conflict of interest, is also assessed and a further point added if a risk is identified.

Risk rating	Score	Source of Donation: Description
Low	1	Minor rumour/speculation/protest at behaviour by the proposed individual or organisational donor, considered by some to be unethical (but legal)
Medium	2	Significant rumour/speculation/protest at behaviour by the proposed individual or organisational donor, which is considered by some to be unethical (but legal) Or Allegations of illegal or unethical activity by an individual or organisation which is <i>not</i> the direct source of funding, but is nonetheless closely associated with that source
High	3	Unproven allegations or rumour/speculation of illegal activity by the proposed individual or organisational donor, where the illegal activity relates directly to the source of funding for the donation, or can be reasonably assumed to be a significant underlying source of funding for the donation Or Proven (in court of law) allegations of illegal activity by a proposed individual or organisation which is <i>not directly connected to the source of funding</i> , but is nonetheless closely associated with that source

Score	Purpose of Donation: Description
1	The risk score will be increased by one point where there are concerns over a threat to academic independence or another potential conflict of interest between the source of the funding and the proposed purpose of the donation.

A score of 0 will be allocated where there is no known current risk (i.e. where none of the description applies).