

Philanthropy and Recognition Due Diligence Policy

Standards for due diligence into the sources of philanthropic gifts, grants and donations and the recipients of applicable honours, offices and recognition opportunities

Summary

- This policy is intended to ensure that the University has a clear, comprehensive and auditable approach to due diligence in place for philanthropy and recognition opportunities, including honours (e.g. honorary degrees) and naming opportunities (e.g. room or building names). **(Section 1)**
- Philanthropy and Recognition Due Diligence covers the consideration of any potential conflicts of interest, and any legal, ethical or reputational risks, attached to accepting a donation from / offering a recognition opportunity to an individual or organisation. **(2.2–2.3)**
- Individual staff, including academics and fundraisers, must use the [Framework for Ethical Consideration of Sources of Funding](#) to evaluate potential supporters and recognition recipients in the first instance. **(3.1)**
- A formal due diligence process carried out by OPPA is required for **(3.3)**:
 - donations totalling £25,000+ over five years from the same source;
 - lower-value or already-accepted donations where a potential conflict with the [Framework for Ethical Consideration of Sources of Funding](#) is suspected;
 - the recognition opportunities listed in Appendix 1.
- Other requests for due diligence will be considered by the OPPA Due Diligence Officer. **(3.4–3.5)**
- The outcome of a formal due diligence is a Due Diligence Document, which is submitted for approval to one of the following officers/groups, based on whichever is higher of the Value of Gift/Honour and the Level of Risk **(4–5, Appendices 1 & 4)**:

Value of Gift / Honour	Level of Risk	Due Diligence Authorised by	Escalation Point if Required	Final Gift Acceptance Decision
£500,000+ / Level 3 Honour	High / Critical	Due Diligence Approval Group	N/A	Vice-Chancellor
£100,000+ / Level 2 Honour	Low / Medium	Director of External Relations	Due Diligence Approval Group	Vice-Chancellor
Under £100,000 / Level 1 Honour	Minimal	OPPA Director / Associate Director	Director of External Relations	Registrar and Secretary

- Due Diligence Documents are strictly confidential and must not be shared without explicit approval. OPPA is responsible for associated data and record-keeping. **(6)**

1 Introduction

1.1 The Due Diligence Policy is informed by the importance of the identification, assessment and acceptance of philanthropic donations which are underpinned by ethical considerations. The Policy is therefore set in the context of the University's Strategic Vision and the public good purposes of the University espoused in the vision, and the development of an Ethics Framework for the University. This Policy is intended to ensure that the acceptance of philanthropic donations align to the University's values, and its commitment to developing positive, sustainable, respectful and ethical relationships with its donor community.

1.2 This Due Diligence Policy has been developed in accordance with the recommendations of the *Review of Philanthropy in UK Higher Education* (HEFCE 2012) that:

All universities should have clear processes and governance mechanisms for acceptance of gifts as part of their normal ethical and risk management frameworks.¹

It is intended to ensure that the University of York has a clear, comprehensive and auditable approach to philanthropic due diligence in place. This process is intended to confirm, within the reasonable capacity of the organisation, that philanthropic funding does not derive from any activity that is illegal; presents an unmanageable risk to the University and its reputation; or runs counter to its core values of impartial, independent research, scholarship and teaching.

1.3 In accordance with §4.2 of the University of York's [Philanthropic Gifts, Grants and Donations Policy](#), the University of York will therefore undertake all reasonable measures in order to:

- ascertain the sources of philanthropic donations² from individuals, corporate entities, and other organisations;
- ensure that such donations are made for purposes consistent with the University's ethical principles and strategic plan;
- determine that no legal or reputational issues are raised by the acceptance of such donations.

1.4 This policy should be read in conjunction with the following related University policies/codes:

- [Philanthropic Gifts, Grants and Donations Policy](#)
- [Framework for Ethical Consideration of Sources of Funding](#)
- [Our Pledge to our Supporters](#)
- [University of York Scheme of Delegation and Decision-Making Powers](#)
- [Code of practice and principles for good ethical governance](#)

¹ Recommendation 7: <http://www.hefce.ac.uk/pubs/rereports/Year/2012/philanthropyreview/Title.92282.en.html>, p10.

² Defined in [Philanthropic Gifts, Grants and Donations Policy](#), §2.

1.5 This policy is intended to conform with the ‘Know Your Donor’ principles developed by the Charity Commission.³

- Identify – know who they are dealing with
- Verify – where reasonable and the risks are high, verify this
- Know what the organisation’s or individual’s business is and can be assured this is appropriate for the charity to be involved with
- Know what their specific business is with the charity and have confidence they will deliver what the charity wants them to
- Watch out for unusual or suspicious activities, conduct or requests.⁴

1.6 This policy is intended to meet the requirements of the Fundraising Regulator’s *Code of Fundraising Practice* §§2.2–2.3⁵, specifically:

- (2.2.1) You must take reasonable steps to assess and manage any risks fundraising poses to your charitable institution’s activities, beneficiaries, property, work and reputation.
- (2.2.2) You must meet the Proceeds of Crime Act 2002.
- (2.3.2) If you decide to refuse a donation, you must keep a record of your decision and the reasons for it.
- (2.3.3) You must carry out due diligence, appropriate for the size and nature of the donation, on both the financial and reputational dealings of possible partners before accepting their donations.

1.7 Selected recognition opportunities at the University that require ethical and reputational due diligence – including naming of the campus estate and honours such as honorary degrees – are subject to this policy (see Appendix 1).

³ *Compliance Toolkit: Protecting Charities from Harm*, Chapter 2 ‘Due Diligence, Monitoring and Verification of End Use of Charitable Funds’, <https://www.gov.uk/government/publications/charities-due-diligence-checks-and-monitoring-end-use-of-funds>

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/346934/CT-2-sum.pdf, p4.

⁵ <https://www.fundraisingregulator.org.uk/code/all-fundraising/responsibilities-charitable-institutions>.

2 Scope and definitions

- 2.1 This policy applies to decisions to accept philanthropic gifts, grants and donations (hereafter 'donations') from a specific source, as well as decisions to offer or award offices, honours and recognition opportunities to which due diligence applies (hereafter 'applicable honours'). 'Donations' for the purposes of this *Due Diligence Policy* are defined by §2 of the [Philanthropic Gifts, Grants and Donations Policy](#).
- 2.2 This *Due Diligence Policy* is limited to ascertaining any potential conflicts of interest or legal, financial, ethical or reputational risks related to the source of a donation or the recipient of an applicable honour, and governance of resulting decision-making processes.
- 2.3 Due diligence into the purposes and activities to which a donation will be directed (e.g. the project or cause to be funded) is out of scope for this *Due Diligence Policy*, and will instead be carried out using the appropriate University of York processes.
- 2.4 This policy will be applied to legacy gifts during the process of final acceptance, not at the point of legacy pledging.
- 2.5 All philanthropic donations and applicable honours are subject to this *Due Diligence Policy*, regardless of whether OPPA is responsible for their solicitation, acceptance or management.
- 2.6 This policy applies to all members of staff who are faced with making decisions about whether to solicit or accept donations of any kind, or to offer or award applicable honours.

3 Initiation of due diligence

- 3.1 All donations received by the University must comply with the [Framework for Ethical Consideration of Sources of Funding](#) and all other relevant University policies/codes.
- 3.1.1 The onus is on individual members of the University who are faced with making decisions related to donations or applicable honours to evaluate against the *Framework for Ethical Consideration of Sources of Funding* and §4 of the [Philanthropic Gifts, Grants and Donations Policy](#) in the first instance.
- 3.1.2 The member of the University responsible for a proposal or application (usually the lead fundraiser or principal investigator) is also responsible for requesting formal due diligence under this policy where necessary, by submitting a Due Diligence Request Form to OPPA.
- 3.1.3 Any individual requesting a due diligence must do so sufficiently in advance of accepting a donation/offering an applicable honour to enable the full due diligence process to be completed.
- 3.2 A 'formal due diligence' is a research process co-ordinated by OPPA, carried out by a trained Due Diligence Researcher and resulting in a Due Diligence Document that has been authorised by a responsible officer of the University.
- 3.3 A formal due diligence is **required** prior to accepting a donation or offering/awarding an applicable honour if any of the following conditions are met:
- (i) the value of the donation, singly or combined with other donations from this source over the last five years, is £25,000 or greater (including Gift Aid if applicable);
 - (ii) information has come to light about a prospective donor that is likely to indicate a potential conflict with the *Framework for Ethical Consideration of Sources of Funding*;
 - (iii) the office, honour or recognition opportunity to be offered is specified as requiring due diligence (see Appendix 1);
 - (iv) discretionary due diligence has been requested by the Vice-Chancellor, Registrar and Secretary or Director of External Relations prior to their formal acceptance of a benefaction under §1.9 of the [Scheme of Delegation and Decision-Making Powers](#);
 - (v) information has come to light about an existing donor, which in the judgement of the Due Diligence Officer requires further investigation and potentially a new authorisation process.
- 3.4 A formal due diligence can also **optionally** be requested in any of the following circumstances:

- (i) an application or proposal is being made for a donation of £100,000 or greater (including Gift Aid if applicable);
- (ii) additional, updated or revised due diligence is deemed advisable, for any reason, by the Due Diligence Researcher, Due Diligence Officer or a member of the Due Diligence Approval Group;
- (iii) due diligence into an individual or organisation is required by another University policy or process, and an OPPA formal due diligence is the most suitable approach to meeting that need.

3.5 Where an optional request for a formal due diligence is submitted, the decision to proceed with a formal due diligence is at the sole discretion of the Due Diligence Officer, and will be considered with regard to OPPA capacity, nature of the issues presented, and University strategy and prioritisation.

3.6 Donations that were formally accepted and applicable honours that were formally awarded prior to the implementation of the due diligence process will not automatically be subject to retrospective due diligence, except where a specific issue has been identified or at the discretion of the Due Diligence Officer. However, at the point of a new donation or applicable honour, the standard conditions for initiating a formal due diligence will apply.

3.7 Once a formal due diligence has been authorised, additional donations can be accepted and applicable honours offered/awarded without further due diligence except in the following circumstances:

- (i) the existing due diligence was approved by an officer who is not empowered to authorise formal due diligences at the level of the new donation being accepted or applicable honour being awarded;
- (ii) the existing due diligence has expired, either because it was authorised more than five years ago or because it is deemed out-of-date by the Due Diligence Officer, a Due Diligence Approver or the Approval Group;
- (iii) an issue not covered by the existing due diligence has come to light, which in the judgement of the Due Diligence Officer requires further investigation and potentially a new authorisation process.

4 Reporting and recommendation

- 4.1 The outcome of a formal due diligence process is a Due Diligence Document prepared by the Due Diligence Researcher to provide a factual, impartial summary of relevant issues, risks and background related to the subject.
 - 4.1.1 All Due Diligence Documents will contain a short biographical summary of the subject(s), in line with the Know Your Donor principles.
 - 4.1.2 All Due Diligence Documents will contain summaries of any legal, ethical, reputational, or other issues found during the course of the research including their outcomes and any related actions undertaken by the subject where appropriate.
 - 4.1.3 All Due Diligence Documents will detail any financial issues found during the course of the research, with consideration for issues related to creditworthiness and cross-border transfer of money where applicable.
 - 4.1.4 All Due Diligence Documents will detail any known existing relationships or partnerships between the donor or recipient of an applicable honor and the University, including any potential conflicts-of-interest.
 - 4.1.5 Where applicable, Due Diligence Documents will additionally include issues relating to relevant associates of the donor.
- 4.2 The format of the Due Diligence Document will depend on whether any potential risks are identified during the course of the research process.
 - 4.2.1 Where no potential risks are identified, the Due Diligence Document will take the form of a brief Due Diligence Checklist.
 - 4.2.2 Where at least one potential risk is identified, the Due Diligence Document will be a formal, fully referenced Due Diligence Report that states and summarises the potential risks found, to which the Due Diligence Officer or suitable deputy will append a formal Recommendation.
- 4.3 A Recommendation section will be added by a Due Diligence Officer or suitable deputy to any Due Diligence Report that requires authorisation by a Due Diligence Approver or the Approval Group (see §5.2). The Recommendation will provide contextual information and a risk assessment (see Appendix 3) for the issues discussed by the Report, as well as proposing that the subject of the Report should either be authorised or rejected.
- 4.4 To avoid potential conflicts-of-interest, the Due Diligence Officer or deputy who prepares the Recommendation must not be the named relationship manager for the subject, the lead

fundraiser/principal investigator who solicited or applied for the donation, or the named proposer of the applicable honour.

- 4.5 At any point during the reporting and recommendation stages, a formal due diligence process may be cancelled as a result of discussion between the requester and the Due Diligence Officer. Reasons for cancelling a due diligence process may include the conclusion of the University's relationship with a prospective donor, the discovery of a disqualifying issue, or reduction in the value of proposed gift such that the due diligence triggers in §3.3 are no longer met.

5 Authorisation

- 5.1 Completed Due Diligence Documents will be sent to a Due Diligence Officer, a Due Diligence Approver or the Approval Group for their review, resulting in either a request for further research, escalation to a higher-level approver or a final authorisation decision.
- 5.2 The level of authorisation required is determined by whichever is higher of the level of risk assessed and the value of donation / level of honour proposed. Where value/level and risk assessment disagree, the higher-level authoriser applies.
- 5.2.1 The Due Diligence Officer can authorise a Due Diligence Document if all of the following criteria are all met: only Minimal Risks are identified by the due diligence; and the value of the donation is less than £100,000 / the applicable honour is low risk.
- 5.2.2 The authorisation of a Due Diligence Approver is required for a Due Diligence if any of the following criteria are met: a Low or Medium Risk is uncovered by the due diligence; the value of the donation is £100,000 or above / the applicable honour is moderate risk.
- 5.2.3 The authorisation of the Due Diligence Approval Group is required for a Due Diligence if any of the following criteria are met: a High or Critical Risk is uncovered; the subject is an organisation with an existing, non-philanthropic partnership with the University; the value of the donation is £500,000 or above / the applicable honour is high risk.
- 5.3 Higher-level authorisation should be sought in the following circumstances:
- (i) absence of the usual authorising officer;
 - (ii) potential conflict-of-interest (e.g. the usual authorising officer is the named relationship manager for the subject, or the named proposer for the applicable honour);
 - (iii) the usual authorising officer deems higher-level approval to be necessary.
- 5.4 The Due Diligence Approval Group may – in extremely complex, novel or sensitive cases with wider corporate, reputational and ethical dimensions, and at their discretion – escalate matters of due diligence policy requiring a decision on behalf of Council to its Ethics Framework Governance Committee for review.
- 5.5 The authorising officer for due diligence into a donor should not also sign the written agreement formally accepting their donation.
- 5.6 The authorising officer completes the formal due diligence process by either approving or rejecting the Due Diligence Document.

- 5.6.1 If due diligence into an existing partner of the University is rejected, further discussion will take place regarding the future of this relationship, with regard to §4.10 of the *Philanthropic Gifts, Grants and Donations Policy*.
- 5.7 Where the Due Diligence Approver or Due Diligence Approval Group deems ongoing scrutiny to be necessary as a result of risks identified by the due diligence, a 'Watching Brief' may be requested.
 - 5.7.1 A Watching Brief is regular monitoring of a subject by a Due Diligence Researcher for the duration of the relevant risk or relationship.
 - 5.7.2 Where information that would potentially alter the outcome of the due diligence process comes to light, the Due Diligence Officer will request an updated Due Diligence Document and submit for re-authorisation.
 - 5.7.3 A Watching Brief ends either when the relevant relationship has concluded, or with the agreement of the Due Diligence Approval Group.

6 Record-keeping and data protection

- 6.1 Due Diligence Documents are strictly confidential and must only be shared with the following officers or groups, unless explicitly approved by the Due Diligence Approval Group, a Due Diligence Approver or a Due Diligence Officer:
- (i) Due Diligence Researchers;
 - (ii) OPPA Due Diligence Officers;
 - (iii) OPPA Senior Management Team (SMT);
 - (iv) Due Diligence Approvers;
 - (v) Due Diligence Approval Group;
 - (vi) Relationship Manager for the subject;
 - (vii) University Executive Board;
 - (viii) Ethics Framework Governance Committee (in exceptional circumstances – see §5.4);
 - (ix) Council (in exceptional circumstances under the recommendation of Ethics Framework Governance Committee – see §5.4).
- 6.2 OPPA is responsible for data and record-keeping related to all formal due diligence processes, authorisations and related documentation and ensuring that these records comply with the Data Protection Act 2018, under the direction of the Data Protection Officer.
- 6.3 In accordance with the Data Protection Act 2018, individual subjects of a formal due diligence process are entitled to request access to the Due Diligence Document and other relevant records. Requests by the subject to exercise other data protection rights, including the right to erasure, will be considered by the Data Protection Officer and OPPA Due Diligence Officer.
- 6.4 Requests under the Freedom of Information Act 2000 related to specific due diligence processes will usually be rejected for reasons of data protection and confidentiality.

Appendix 1: Applicable offices, honours and recognition opportunities

Level 1: The following offices, honours and recognition opportunities require a formal due diligence, which can be approved by a Due Diligence Approver or (if only Minimal Risks are found) the Due Diligence Officer:

- Honorary Graduates
- Departmental Advisory Board members.

Level 2: The following offices, honours and recognition opportunities require a formal due diligence, which can be approved by a Due Diligence Approver:

- Naming of a room or area within a University building
- Chancellor's Circle members.

Level 3: The following offices, honours and recognition opportunities require a formal due diligence, which can only be approved by the Due Diligence Approval Group:

- Naming of a University building or an outdoor space on campus
- Naming of a Department, Centre, College, campus or unit
- College of Benefactors members.

Appendix 2: Memberships and roles

Outline of University officers associated with roles named in the Due Diligence Policy.

Role	Description	Assigned To
Due Diligence Researcher	A trained research officer who carries out the due diligence research process and is responsible for due diligence record-keeping.	OPPA Research Officer
Due Diligence Officer	An OPPA manager responsible for supervising the due diligence process and application of this policy, authorising due diligences with minimal risks attached, and providing recommendations to the Due Diligence Approver and Approval Group.	Director of Philanthropic Partnerships and Alumni; Associate Director and Head of Operations and Experience
Due Diligence Approver	A University senior leader responsible for authorising low- and medium-risk due diligences.	Director of External Relations
Due Diligence Approval Group	A dedicated group that oversees this due diligence process and is responsible for authorising high-risk due diligences.	Pro-Vice-Chancellor for Partnerships and Enterprise (<i>Chair</i>); Deputy Registrar and Director of Corporate and Information Services; Lay Member of Council; Director of External Relations; Director of Research and Enterprise; Director of Philanthropic Partnerships and Alumni; Head of Media Relations; OPPA Due Diligence Officer(s) (<i>Attending</i>)

Appendix 3: Risk assessment process

For each individual issue discussed in a Due Diligence Document, the Due Diligence Officer performs a risk assessment with the following steps:

Step 1: Determine the issue’s level of risk by combining the Likelihood of occurrence with the Severity of consequences, using the Due Diligence Risk Assessment Matrix:

		LIKELIHOOD				
		> 35% chance	10–35% chance	1–10% chance	< 1% chance	
		Likely	Possible	Unlikely	Remote	
S E V E R I T Y	Long-term significant damage to the University’s reputation, resulting in worsened financial position.	Extreme	Critical Risk	High Risk	High Risk	High Risk
	Damage to University’s reputation, <i>either</i> long-term small-scale <i>or</i> short-term large-scale. May have a measurable financial impact.	Major	High Risk	High Risk	Medium Risk	Low Risk
	Significant but temporary reputational issue, possibly having an indirect financial impact but too small to quantify.	Moderate	High Risk	Medium Risk	Low Risk	Low Risk
	Short-term, small-scale reputational issue with no substantive financial implications.	Minor	Medium Risk	Low Risk	Low Risk	Minimal Risk
	No determinable impact on the University’s reputation.	None	Minimal Risk	Minimal Risk	Minimal Risk	Minimal Risk

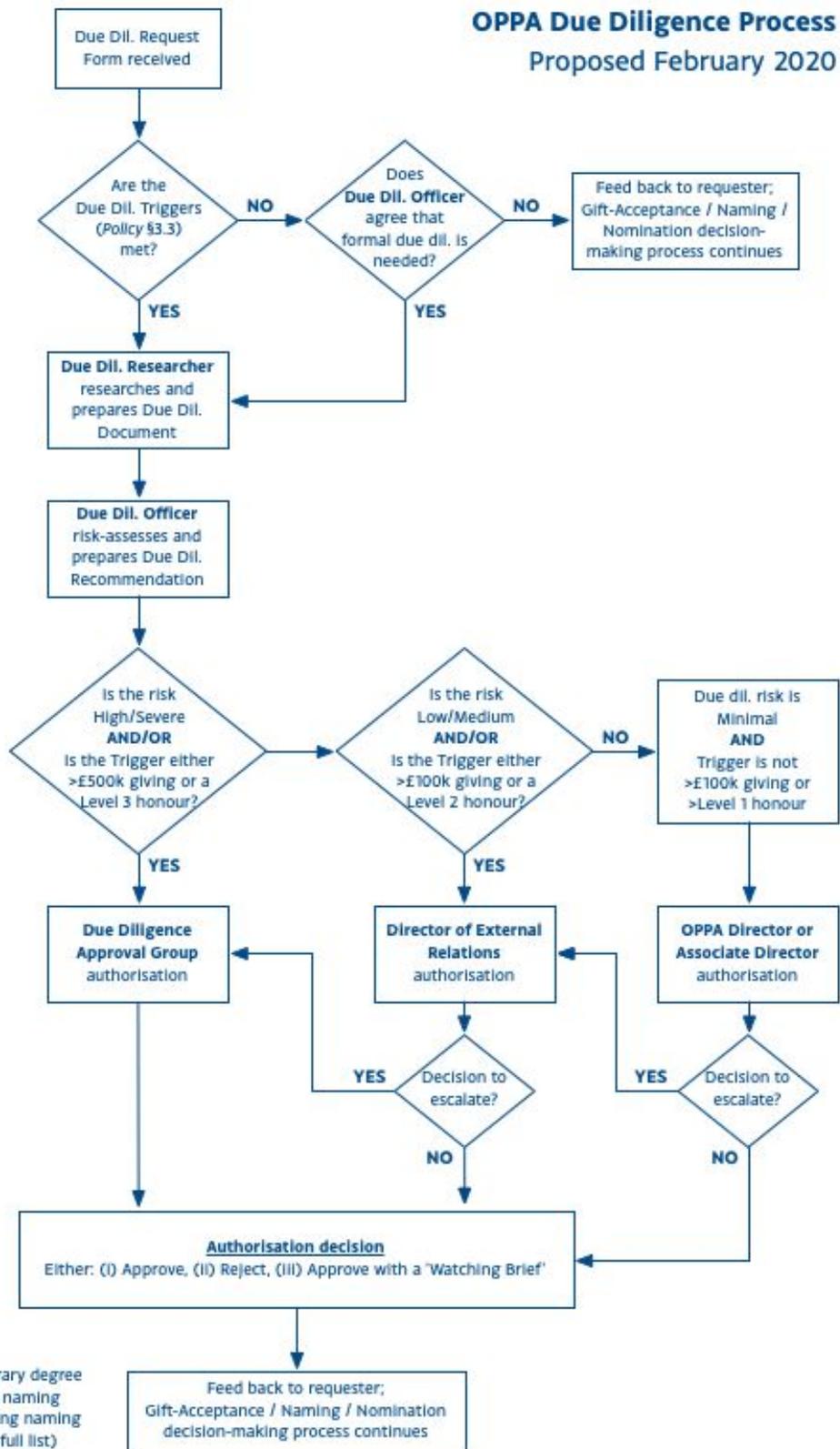
Step 2: Consider the issue’s mitigations against the Due Diligence Mitigations Table to determine whether the final level of risk should be reduced:

Potentially reduce Severity by one row if:	<ul style="list-style-type: none"> - Subject has announced a meaningful change of policy, process or personnel that appears to address the issue. - Subject has demonstrated public commitment to rectify the issue, either directly or via contribution to related causes.
Potentially reduce Likelihood by one column if:	<ul style="list-style-type: none"> - Subject is donating anonymously. - Subject also partners with / is recognised by other public bodies of equivalent or higher public profile (especially if this includes other UK universities).

Step 3: Determine the highest of all reported issues’ mitigated levels of risk. This will be the level of risk for the due diligence as a whole.

Step 4: Report both the original and mitigated levels of risk (if different) for all issues in the Due Diligence Recommendation.

Appendix 4: Summary of due diligence process



Appendix 5: DDAG terms of reference

Role

The Due Diligence Approval Group (DDAG) is the collective review, monitoring and authorising and body for the University's Philanthropy and Recognition Due Diligence process. The Group considers and authorises all high-value and/or high-risk due diligences carried out under the process and receives periodic reports on lower-risk due diligences authorised at lower levels.

DDAG operates under the delegated authority of the University Executive Board (UEB), and is chaired by the Pro-Vice-Chancellor for Partnerships and Engagement with an additional member of UEB as a member. However, DDAG may escalate extraordinarily complex and sensitive matters related to due diligence policy that have wider corporate, ethical and reputational dimensions to the Ethics Framework Governance Committee (EFGC) of Council to formally adopt a position as a sub-committee of Council.

Functions

1. To review and make final judgements on Philanthropy and Recognition Due Diligence Reports that are high risk, have been triggered by high-value donations or recognition opportunities, or have been referred by other groups or officers.
2. To receive updates on matters arising related to previously authorised due diligence subjects, reviewing the prior decision to authorise if necessary.
3. To commission additional due diligence research or related advice as necessary.
4. To receive periodic reports on other Philanthropy and Recognition Due Diligence activity, including authorisation decisions taken at lower levels.

Membership

Pro-Vice-Chancellor for Partnerships and Engagement (*Chair*)

Director of External Relations (*Deputy Chair*)

One lay member of the Council (who is also a member of EFGC)

Director of Research and Enterprise

Director of Philanthropic Partnerships and Alumni

Head of Media Relations

In attendance:

OPPA Due Diligence Officers

Other officers co-opted to attend as required.

Quorum

To achieve quorum, attendance at meetings must include: Pro-Vice-Chancellor for Partnerships and Engagement, Director of External Relations, Head of Media Relations, and Director of Philanthropic Partnerships or deputy.

Frequency and governance

Meetings will be held as required, or not less than one occasion each academic year. Business may be considered by written resolution where there is an urgent need to do so.

Document status

Web address: www.yorkspace.net/duediligence

Owner: Associate Director, Office of Philanthropic Partnerships and Alumni

Updated: 6 October 2020 by Chris Barnes

Review cycle: Two years

Date of next review: July 2021

Document versions

Version:	Date:	Author(s):	Notes on revisions:
1.0	10/03/2020	CB, CW	UEB review and endorsement
1.0	29/07/2020	CB, CW	EFGC approval on delegated authority of Council
1.1	6/10/2020	CB	Amended DDAG terms of reference