

## 1 Purpose of this Policy

The University welcomes and actively seeks philanthropic grants and gifts to support its work from a range of sources including alumni, other individuals, companies, charitable trusts and foundations.

To preserve the integrity and reputation of The Open University (OU), the Development Office (OUDO) must have a clear and transparent procedure for the acceptance or refusal of philanthropic income. These gifts and donations may be in the form of cash; property; shares, or gifts in kind, including goods and services.

As per the Charity Commission's guidance, OUDO completes due diligence research to ensure we are 'in line with internationally recognised standards, such as those set out in Financial Action Task Force Special Recommendation VIII (FATF SR VIII): "charities should make best efforts to confirm the identity, credentials and good standing of their beneficiaries and associates (and to) undertake best efforts to document the identity of their significant donors". In addition, the Charity Commission states that charities "must avoid undertaking activities that might place the charity's funds, assets or reputation at undue risk." In practice, this means that to meet their legal duty to protect charity assets with the necessary care and to assess risk, trustees must carry out appropriate due diligence on those individuals and organisations that the charity receives donations from, gives money to or works with closely."<sup>1</sup>

This document sets out the University's policy in this regard, ensuring that the OU operates ethically in its receipt of philanthropic gifts and that the processes for accepting and refusing gifts are transparent. This policy also intends to ensure that the reputation of the OU is protected from any allegations of impropriety occasioned by the pursuit or receipt of a philanthropic gift.

Subject to the terms below, due diligence shall be required on philanthropic donors to University, including alumni, other individuals, charities and businesses. The UK Government and its agencies, including its research funding councils, are not covered by this policy.

This policy is subject to the University's ethical standards as laid out in its "Statement of Social Responsibility" which can be found here:

<https://www.open.ac.uk/foi/main/sites/www.open.ac.uk.foi.main/files/files/Ethics%20Framework%20-%20March%202021.pdf>.

This policy does not replace the University's policy on personal gifts, gratuities and hospitality received by individual members of staff.

### 1.1 Criteria for acceptance/refusal of gifts

- 1.1.1 The OU will not accept gifts which are inconsistent with the university's mission, values and principles.
- 1.1.2 The OU will not accept gifts which have the potential to cause significant damage to its good reputation or its relationships with its stakeholders, or where there is scope to create an unacceptable conflict of interest.
- 1.1.3 The Development Office will not pursue fundraising partnerships or accept donations from any party who is involved in illegal or unethical activity (as defined by the University's Statement of Social Responsibility), including but not restricted to slavery, pornography, the sex industry and child labour, as well as the tobacco industry.
- 1.1.4 Philanthropic donations to University research will also be subject to the specific exclusion on funders contained within the **OU Research Code of Practice** which can be found here: <https://www.open.ac.uk/research/governance/policies>

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/550687/Chapter\\_2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/550687/Chapter_2.pdf)

- 1.1.5 The Development Office will pursue, with caution, collaboration with any party whose activities or source of wealth may create additional concern. For these entities due diligence will be completed regardless of the ask amount.
- 1.1.6 The OU recognises that perceptions of what is acceptable and factors affecting reputations may change over time. In the acceptance of charitable donations, the University will act in good faith according to the standards prevailing at the time of receipt.
- 1.1.7 The University may accept gifts from current students but will make it clear within the gift agreement and related communication that the gift will not have any influence on how the University treats the donor as a student.
- 1.1.8 The University may accept gifts from University staff but this will not confer on the donor any benefit or preferment, beyond the usual recognition and stewardship offered to donors.

## 1.2 Process for acceptance/refusal of gifts

- 1.2.1 Due diligence will be undertaken by the Prospect Research Team (PRT), who sit within the Development Office, on gifts which are reasonably expected or have been pledged to the Development Office, before the acceptance of the donation and before a Gift Agreement is signed. The fundraiser responsible for securing the gift is responsible for informing the Prospect Research Manager (or if unavailable a member of the PRT) at the appropriate time.
- 1.2.2 For application processes with more than one stage, due diligence should not be requested until the application successfully reaches "Stage 2". Where there is no formal application process, due diligence should be requested and completed once a specific funding idea has been shared and when conversations indicate positive intent towards a gift/ partnership.
- 1.2.3 Due diligence must be reviewed for each pledge or gift, even if the process has previously been completed for a prior gift from said donor. Due diligence should not repeat the research previously undertaken but cover the period since research was last completed. See **Appendix 3** for this process.
- 1.2.4 Where multiple gifts totalling more than £25,000 are made within a twelve-month period, the standard approach to due diligence will apply, though in retrospect, i.e. once a donor's cumulative giving threshold crosses £25,000.
- 1.2.5 If an unsolicited non-electronic donation is received, this should be stored in a secure location whilst due diligence is undertaken, before processing and appropriate conversations with the donor undertaken.
- 1.2.6 Different levels of due diligence will be undertaken according to the size of the gift proposed. For gifts of between £25,000 and £100,000, background level research will be undertaken (see Appendix 1); for gifts of £100,000 or more, advanced level research will be undertaken (see Appendix 2). In all cases, upon completion of the research the form in Appendix 5 will be completed.
- 1.2.7 This form should then be sent to the Head of Partnerships, or Head of Philanthropy, or the Deputy Director of Development who will review the form and approve, escalate, or reject acceptance of the gift in writing. Where potentially negative results are identified, these should be flagged to the Chief of Staff to the Vice-Chancellor's Office who must confirm approval or rejection of the gift or escalate the decision as agreed for final approval.
- 1.2.8 If a pledge is made that sits below this threshold and a member of staff or fundraiser is concerned about the background of the donation, or the motivations of a donor, full due diligence should be requested as soon as possible in the process. Similarly, due diligence may be requested at any earlier stage than that proposed in 5a if there are any concerns about the donor or the origin of the funding. It is important to note that every member of staff involved in the solicitation of gifts must be vigilant at all times and should alert the Prospect Research Manager or Chief of Staff to the Vice-Chancellor's Office if they are concerned about any donor or partner. In this situation due diligence should be requested and completed, irrespective of gift amount.
- 1.2.9 This process will also apply when the Development Office receives a legacy notification for pecuniary gifts of over £25,000 or residuary gifts where it can be reasonably assumed that the value is expected to be over £25,000.
  - 1.2.9.1.1 Upon receiving notification, the Prospect Research Manager (or if unavailable a member of the PRT) should be notified and the appropriate due diligence undertaken on the deceased.
  - 1.2.9.1.2 This research does not have to be carried out when soliciting legacy gifts, or at the point of pledge (as circumstances could change between then and subsequent notification of gift).
  - 1.2.9.1.3 If residuary gifts are unexpectedly over £25,000 the due diligence will be undertaken as soon as this becomes apparent. In any case, the *Legacy Notification Procedure* document (which can be found [here](#)) should be followed when processing a bequest to the University.

The full working process is documented in **Appendix 1-4**.

## **1.4 Escalation**

Where a due diligence report identifies issues which require further consideration within the University, the Chief of Staff to the Vice-Chancellor's Office may, in consultation with the Director of Marketing escalate the decision-making process to the following as necessary:

- University Secretary and/ or
- Development Advisory Committee

Where a due diligence report requires escalation, it should be sent to the appropriate staff member's OU email address, as an attachment, by the Chief of Staff to the Vice-Chancellor's Office. This email should be marked as highly confidential, should not be forwarded further, and must be deleted once the review has been completed.

A record of the decision made must be returned to the Prospect Research Team and logged with the completed report.

Where a decision is made not to accept a gift the reasons must be clearly stated.

## **1.5 Recording and Reporting**

Completed due diligence reports are stored securely in a restricted area of the Development Office network folders. This area can only be accessed by members of the PRT, Chief of Staff to the Vice-Chancellor's Office, Head of Partnerships, Head of Philanthropy and the Deputy Director of Development. A copy of the final decision about the acceptance of the gift will also be stored in this area.

A copy of the decision is additionally saved in the correspondence area of the Stratum database and a record of the decision and the date made is noted on the Prospect Research tab of the Stratum database.

## **1.6 Returning a Gift**

The University will not normally return a gift which has been accepted in good faith and in compliance with this policy. Exceptionally, subsequent events or the subsequent availability of additional information may give rise to the need to review a previous decision to accept a gift, in which circumstance the decision will be reviewed, upon thorough and up to date due diligence research by the Chief of Staff to the Vice-Chancellor's Office, in conjunction with the Director of MarComms in the first instance. Final recommendations will be submitted to the University Secretary, taking into account additionally the University's good reputation and any wider implications, for final approval.

## Appendix 1

### **Gifts of £25,000 to £100,000 - Background Due Diligence**

- Background due diligence is completed on all pledges or gifts between £25,000 and £100,000. However, it is important to note that if a pledge is made within or below this range and a member of staff is concerned about the background of the donation or the motivations of a donor, they can request Full or Background due diligence to be completed.
- All due diligence is completed by a member of the PRT using the following methodology:

### **Lexis Nexis**

1. Historic searches are conducted through Lexis Nexis via Athens found via the Open University Databases website.
2. Using the News section on Lexis Nexis complete a search replacing the relevant names in the following search string: "name" near/3 (abus! accus! alleg! arraign! arrest! assault! attack! bankrupt! beat! breach! brib! charg! conspir! co conspir! convict! corrupt! court! crime criminal! critici! deceiv! decept! defendant defraud! denied deny disciplin! discrim! distort! embattled fraud! guilt! harass! illegal! incriminat! indict! inside! info! insolv! investigat! judgement judgment launder! liquidat! litigat! manipul! misappropriat! misconduct misdeme! mismanag! misrepresent! negligenc! offen! probat! prosecut! racketeer! revocation revoke\* risk! sabotag! sanction! scam! scandal! separat! steal! stole\* sued suing suspen! terroris! theft threat! unlawful! verdict violat! violen! boycott! speculat! criticis! fraud! controvers! crim! prison! accus! scandal! alleg! abus! court case investigat! tax evasion! "human rights" falsification! bribe! prosecut! corrupt! "financial mismanagement")
3. Select search
4. Review results for relevant information and add any results to the report, using the template in Appendix 5.
5. Any results used should be carefully documented, showing the original source, date and page number.

### **Internet Search using DDIQ**

DDIQ is an automated due diligence product that learns about its search subject by going to thousands of sources. It identifies, evaluates and rates risks presenting the data which can be immediately used to make key business decisions. Please see [here](#) for details on words/ languages and databases searched.

1. For DDIQ use the following methodology:
2. Build a Company or Individual profile and input details for focused results;
3. Go through each article highlighted and if necessary, add additional comments using the comments box. Where items do not represent a material risk or are not referring to the target subject, discount as such;
4. Update any pertinent results in the report footnoting these with a link to the articles;
5. Generate a PDF using 'show collapsed content only';
6. Save the report as a PDF in the correct due diligence folder.

### **Internal Searches**

1. Check internal databases: Stratum and VOICE to review if any negative issues have been identified during previous contact with the University.

### **Administration**

1. Once the report is completed it must be saved as a PDF in the correct due diligence folder.
2. Completed due diligence should then be sent to either the Head of Philanthropy, the Head of Partnerships or the Deputy Director of Development who will review the form and approve or reject acceptance of the gift in writing. Where potentially negative results are identified, these should be flagged to the Chief of Staff to the Vice-Chancellor's Office who must confirm approval or rejection of the gift or escalate the decision as detailed in section 1.5.
3. Once the prospect researcher has received sign-off this should be recorded in the following way:
  - Save email in the correct due diligence folder. This can be done as a Save As in Outlook.
  - Log the email on the database under Correspondence; Incoming Email; INFORMATION – Due Diligence Internal Sign Off.
  - Update the Prospect Research Tab in Stratum - due diligence status and date.

## Appendix 2

### **Gifts over £100,000 - Full Due Diligence**

- Full due diligence is completed on asks, pledges or gifts above £100,000. However, it is important to note that if a pledge is made that is under this threshold and a member of staff is concerned about the background of the donation or the motivations of a donor, full due diligence can be completed at any point.
- All due diligence is completed by a member of the PRT using the following methodology:

#### **Lexis Nexis**

1. Historic searches are conducted through Lexis Nexis via Athens found via the Open University Databases website.
2. Using the News section on Lexis Nexis complete a search replacing the relevant names in the following search string: "name" near/3 (abus! or accus! or alleg! or arraign! or arrest! or assault! or attack! or bankrupt! or beat! or breach! or brib! or charg! or conspir! or co or conspir! or convict! or corrupt! or court! or crime or criminal! or critici! or deceiv! or decept! or defendant or defraud! or denied or deny or disciplin! or discrim! or distort! or embattled or fraud! or guilt! or harass! or illegal! or incriminat! or indict! or inside! or info! or insolv! or investigat! or judgement or judgment or launder! or liquidat! or litigat! or manipul! or misappropriat! or misconduct or misdeme! or mismanag! or misrepresent! or negligen! or offen! or probat! or prosecut! or racketeer! or revocation or revoke\* or risk! or sabotag! or sanction! or scam! or scandal! or separat! or steal! or stole\* or sued or suing or suspen! or terroris! or theft or threat! or unlawful! or verdict or violat! or violen! or boycott! or speculat! or criticis! or fraud! or controvers! or crim! or prison! or accus! or scandal! or alleg! or abus! or court case or investigat! or tax evasion! or "human rights"! or falsification! or bribe! or prosecut! or corrupt! or "financial mismanagement")
3. Select search
4. Review results for relevant information and add any results to the report, using the template in Appendix 5.
5. Any results used should be carefully documented, showing the original source, date and page number.

#### **Internet Search using DDIQ**

DDIQ is an automated due diligence product that learns about its search subject by going to thousands of sources. It identifies, evaluates and rates risks presenting the data which can be immediately used to make key business decisions. Please see [here](#) for details on words/ languages and databases searched. For DDIQ use the following methodology:

1. Build a Company or Individual profile and input details for focused results;
7. Go through each article highlighted and if necessary, add additional comments using the comments box. Where items do not represent a material risk or are not referring to the target subject, discount as such;
2. Update any pertinent results in the report footnoting these with a link to the articles;
3. Generate a PDF using 'show collapsed content only';
4. Save the report as a PDF in the correct due diligence folder.

#### **Internal Searches**

Check internal databases: Stratum and VOICE to review if any negative issues have been identified during previous contact with the University.

#### **Administration**

1. Once the report is completed it must be saved as a PDF in the correct due diligence folder.
2. Completed due diligence should then be sent to the Head of Philanthropy, the Head of Partnerships or the Deputy Director of Development who will review the form and approve or reject acceptance of the gift in writing. Where potentially negative results are identified, these should be flagged to the Director – Vice Chancellor's Office who must confirm approval or rejection of the gift or escalate the decision as detailed in section 1.5.
3. Once the prospect researcher has received sign off this should be recorded in the following way:
  - Save email in the correct due diligence folder. This can be done as a Save As in Outlook.
  - Log the email on the database under Correspondence; Incoming Email; INFORMATION – Due Diligence Internal Sign Off.
  - Update the Prospect Research Tab in Stratum - due diligence status and date.

## Appendix 3

### **New Gifts from existing donors - Due Diligence Review**

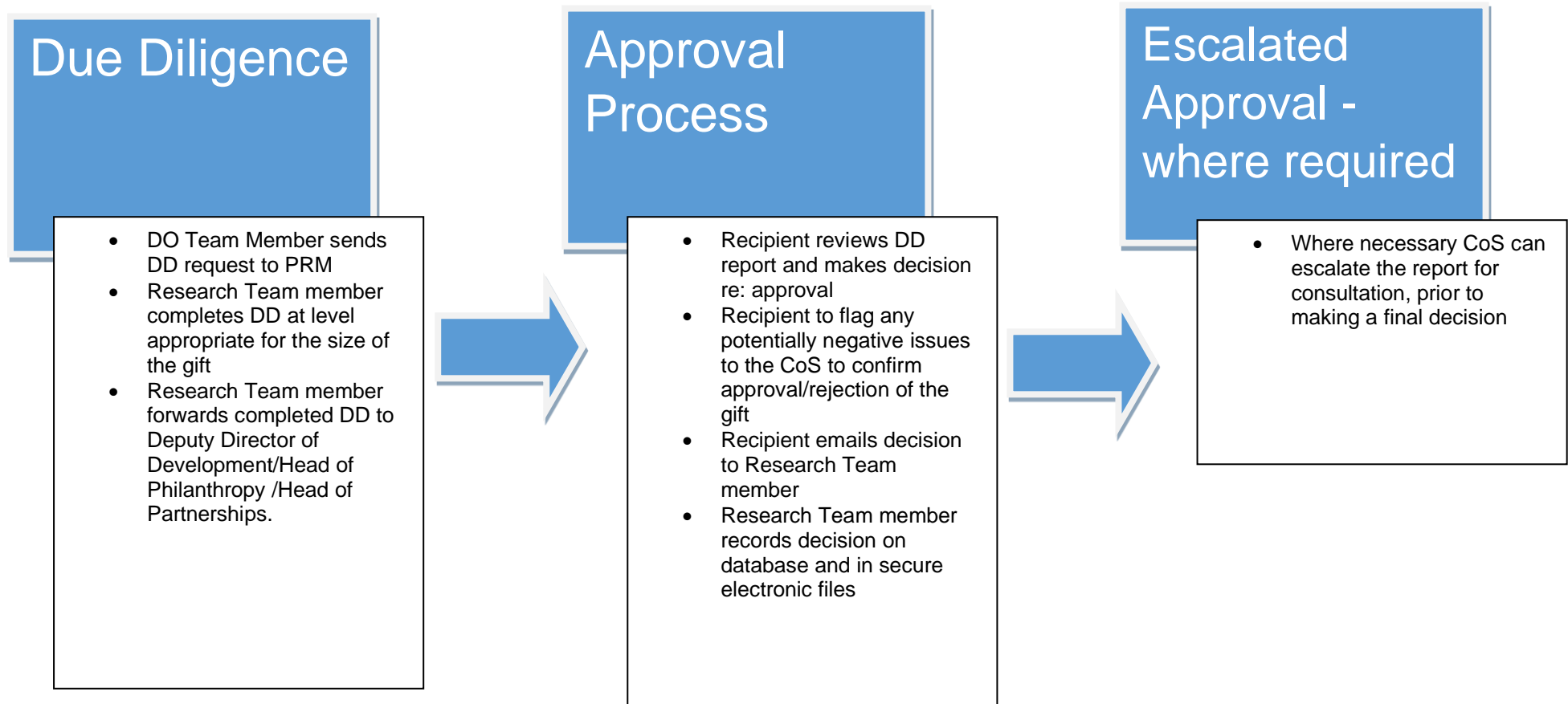
Where past due diligence has been completed on a donor and a new ask is made or gift received, the fundraiser securing the gift must request for a member of the PRT to complete research for the period since a report was last prepared:

1. Depending on the size of the donation, research will be undertaken using the methodology as laid out in Appendix 1 or 2, with restricting research to cover the period since the last report was completed.
2. A note will be appended to the introduction of the report, such as: *Note: Full due diligence was previously conducted on [date]; this report concerns the intervening time only. If necessary, reference should also be made to the previous full report.*
3. Once the work is complete the methodology for approval as laid out in Appendix 1 or 2 will be followed.

## Appendix 4

### DO Due Diligence Process Map:

Key	
PRM	Prospect Research Manager
CoS	Chief of Staff to the Vice-Chancellor's Office



## OPEN UNIVERSITY DEVELOPMENT OFFICE Due Diligence Report

Name  
PI Number  
Address

Date Processed:  
Due Diligence Review Date: (if applicable)

### Purpose of Proposed Gift

Amount:

Project:

Lead Faculty/ Department:

Lead Academic:

Duration of Gift:

Does the donor wish to be anonymous? If so, why?

### Potential Influence:

Will there be any involvement in or influence on, University/ academic decision making as a result of the gift or relationship?

E.g. does the gift agreement/ negotiation include any condition in respect of the donor's membership of (for example, an advisory board, an appointment panel etc.)? Does the gift agreement/ negotiation include any gift termination clause that could influence University decision-making? Does the gift agreement/ negotiation include any constraints on academic activity (for example, donor approval of publications?).

### Report Overview

In relation to the above information Background/ Advanced Due Diligence has been completed.

*If this is a review of past Due Diligence due to a new ask/ pledge please repeat the above with the date and note the type of Due Diligence completed.*

Was information found on the following areas?

	No	Yes
Potential Influence:	<input type="checkbox"/>	<input type="checkbox"/> Please see this section for detailed information
Identity and Background:	<input type="checkbox"/>	<input type="checkbox"/> Please see this section for detailed information
Financial	<input type="checkbox"/>	<input type="checkbox"/> Please see this section for detailed information
Legal	<input type="checkbox"/>	<input type="checkbox"/> Please see this section for detailed information
Reputational:	<input type="checkbox"/>	<input type="checkbox"/> Please see this section for detailed information
Relationship:	<input type="checkbox"/>	<input type="checkbox"/> Please see this section for detailed information

### Identity and Background Information:

**Check box denotes that this work has been completed.**



- Verify Name and Address**
- Job Title and Company**
- Career Profile**
- Education**
- See Stratum for further details**

**Background & Key Positions:**

*Please list current/recent key roles/directorships/board positions.*

**Financial:**

**What is the subject’s source of income?**

*Checks are completed and if pertinent information is found this is added below the area identified.*

- Legal issues/ controversies associated with the source**
- Disqualification from service as a company director<sup>2</sup>**
- Any involvement with the manufacture and/ or sale of armaments**
- Any involvement with the manufacture and/ or sale of tobacco**
- Any involvement with gambling**
- Any involvement with the manufacture and/ or sale of alcohol**
- Any involvement with activities that may be perceived to contribute to environmental damage**
- Sources originating from outside the UK. Countries listed below.**

*When a subject receives income or conducts business in a country outside the UK, this will be shown below, with – where applicable - accompanying information regarding UK international sanctions and an assessment of human rights of the country in question.*

Country	Political Rights	Civil Liberties	Freedom Status	UK Sanctions - Arms <sup>3</sup>	UK Sanctions - Financial <sup>4</sup>

Note: Wherever sanctions are currently imposed by the UK government or the condition of human rights and liberties in the country may be problematic, this is indicated above. The latter measure is based on the

<sup>2</sup> As per <https://www.gov.uk/search-the-register-of-disqualified-company-directors> and <https://www.insolvencydirect.bis.gov.uk/IESdatabase/viewdirectorssummary-new.asp>

<sup>3</sup> <https://www.gov.uk/guidance/current-arms-embargoes-and-other-restrictions>

<sup>4</sup> <https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases>

annual report from Freedom House.<sup>5</sup> Political Rights and Civil Liberties are measured on a one-to-seven scale, with one representing the highest degree of Freedom and seven the lowest. F, PF and NF stand for Free, Partly Free, and Not Free.

### **Legal:**

**Are there currently, or has there previously been, any legal issues associated with the subject?**

*Checks are completed and if pertinent information is found this is added below the area identified.*

- Any history of association with any of the issues shown below:
- Tax evasion
- Fraud
- Violation of international convention on human rights or environmental damage
- Sanctions or warnings
- Previous court actions/ judgements/ convictions/ investigations/ inquiries
- Discrimination against individuals in any shape or form

### **Reputational:**

**Is there any reputational risk? Is there any controversies/ allegations/ negative news relating to the subject even by association?**

*Example. Research should be formatted as follows;*

- *'Bangladesh Factories'*  
*Conducts business in Bangladesh and one of the factories has been highlighted for its poor health and safety (footnote reputable articles in which this information is found).*

### **Relationships:**

**Links between the subject and The Open University: Checks are completed and if information is found pertinent this is added below the area identified.**

- Stratum
- Voice
- Any other information

### **Sources:**

All sources can be found in the footnotes and are specific to the information researched in relation to that section.

**For more information on the Due Diligence process of the Open University Development Office please refer to our policy and procedure document [here](#).**

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<sup>5</sup> <https://freedomhouse.org/>