



## ETHICAL FUNDRAISING POLICY

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Date: March 2021

Approved by: Board of Governors

Type: Policy

Last revised: July 2018

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## **Purpose**

Leeds Arts University has an obligation to undertake its fundraising and relationships in an ethical manner. The University must ensure that transparency, and due diligence are observed in the acceptance of philanthropic gifts and funding.

The purpose of this policy is to ensure the protection of the University's reputation and the interests of donors.

## **1. Background**

1.1 In undertaking these activities the University will conduct its fundraising within the context of the following national polices and codes (see Appendix 1 for links):

- Fundraising Regulator: Code of Fundraising Practice 2019
- Association of Fundraising Professionals International Statement of Ethical Principles in Fundraising
- Principles of Practice for Fundraising Professionals at Educational Institutions Approved by the Case Board of Trustees in July 2014.
- Registration with the Fundraising Regulator (to be reviewed on an annual basis)

1.2 The following policy on the acceptance of gifts should be read in conjunction with the below related University policies:

- Leeds Arts University Fraud, Bribery, Corruption and Irregularities Policy
- Leeds Arts University Ethics Policy
- Leeds Arts University Financial Regulations

## **2. Core Principles**

2.1 All donations will be used to support or advance the strategic and charitable objectives of the University.

2.2 It is the policy of the University not to accept donations or funding that it judges to be illegally obtained or which risk adversely affecting its reputation, academic freedom or integrity. This can encompass, but is not limited to, refusing a donation or funding where the following applies:

- The donor has acted illegally in the acquisition of funds. This includes any source arising in whole or in part from tax evasion, fraud or any form of criminal activity, the violation of international conventions that bear on human rights, the limitation of freedom of enquiry or academic freedom.
- The activities of the donor are contrary to the values and goals of the University.
- The acceptance of the donation results in an unacceptable conflict of interest.
- The funding will harm the University's relationship with other donors, funders, stakeholders or students.
- Acceptance would lead to a demonstrable net decline in the University's assets.
- The donation would depend on the fulfilment of unacceptable conditions applied by the donor.

## **3. Principles of Practice**

3.1 In order to maintain high standards of gift stewardship and the confidence of donors, the University will:

- Ensure that communications to donors are open, honest, and legally compliant.
- Provide timely information on the activities of the University and how donations are used.
- Handle all donation information in accordance with the Data Protection Act 2018 and General Data Protection Regulation (GDPR).
- Ensure donated funds are used in accordance with the donor's intentions.
- Seek appropriate legal and financial advice for correctly dealing with donations as required and advise donors to do the same where appropriate.
- The University will not sell or share its list of donors.
- The University will observe requests for donor anonymity with reference to its duties under the Data Protection Act 2018 and General Data Protection Regulation (GDPR) and subject to the requirements of the Freedom of Information Act 2000.

### 3.2 The University will only actively seek funding as outlined below:

- The case for the project will have been approved by the relevant Head of Department and the Senior Management Team.
- The full cost of the project, including running and staffing costs and space requirements, will have been identified.

## 4. Due Diligence

- 4.1 All gifts and donations will be reported to the Alumni Relations and Development Office in the first instance. The Alumni Relations and Development Officer have responsibility for all donations which fall below the threshold of £5000. Where pledges are received that exceed this value the Alumni Relations and Development Officer must submit a proposal to the Senior Management Team. Donations exceeding £500,000 must be reported to the Board of Governors.
- 4.2 The Alumni Relations and Development Officer with the Finance Team is responsible for issuing the receipt of the gift, donor acknowledgement, and for the proper deposit of gift funds. Adequate records of all gifts must also be kept in accordance with accounting procedures.
- 4.3 Where deemed necessary the Senior Management Team may refer to the Ethics Subcommittee. At the Senior Management Team's discretion, or where it is unclear whether the acceptance of a gift could breach any Core Principle, the Board of Governors may be asked to render a decision regarding the suitability of a donation or gift in kind.
- 4.4 The University will not accept donations from prospective or currently registered students or their parents. In this context a "prospective" student should be understood as a student who has applied for a place at the University. A "currently registered" student should be understood as a student who is registered, and who is either working towards a relevant academic award, or who has achieved, but has not yet received a relevant academic award.
- 4.5 The University will not usually return a gift accepted in good faith and in compliance with this policy (and in many circumstances will be restricted in doing so by law), however if exceptional circumstances give rise to the need to review a gift, this decision is a matter for the Senior Management Team, having taken appropriate legal advice.
- 4.6 The identity of all donors must be known to the University before entering into any gift or gift in kind negotiation. It is the donors right to seek anonymity in relation to the promotion of the gift, subject to the requirements of the Freedom of Information Act 2000. In processing

such personal data the University will abide by the General Data Protection Regulations (GDPR) 2018. An annual confidential report will be produced by the Alumni Relations & Development Officer for the Senior Management Team detailing current donors who wish to remain anonymous. The only exceptions to this will be:

- Small, anonymous donations collected in community fundraising activity e.g exhibitions and alumni events.
- The donation of cash held in the University's lost property in accordance with the Lost Property Procedure (appendix 1.4)

4.7 A register of gifts in kind must be maintained by all departments.

4.8 Members of staff and the Board of Governors must receive no personal benefit from gifts, funding, loans or other material support offered to the University.

4.9 Staff responsible for fundraising will be paid a salary, and will not be paid commission or a finder's fee based on the number or value of gifts raised.

## **5. Donor Agreements**

5.1 Donors must accept via the appropriate gift agreement or other means e.g. the exchange of letters that the management and governance of programmes funded through philanthropic donations rest solely with the University.

5.2 While the University reserves the right to offer donors the opportunity for continued engagement, the management and governance of those activities lie solely with the University.

## **6. Financial Accountability**

6.1 All donations will be used to support, or advance, the objectives of the University.

6.2 Designated donations will be used for the purpose for which they were intended. In the event that programme or organisational change renders this no longer possible, an alternative use will be discussed with the donor or the legal representative of the donor.

6.3 An annual report on fundraising will be compiled by the Alumni Relations and Development Officer and submitted to the Senior Management Team and the Board of Governors where it exceeds £500,000 in total.

**Appendix 1: Links to associated policies and codes**

Fundraising Regulator: Code of Fundraising Practice 2019

<https://www.fundraisingregulator.org.uk/sites/default/files/fr-code/Code%20Fundraising%20Practice%20October%202019.PDF>

1. Association of Fundraising Professionals International Statement of Ethical Principles in Fundraising <http://www.afpnet.org/Ethics/IntlArticleDetail.cfm?ItemNumber=3681>
2. Principles of Practice for Fundraising Professionals at Educational Institutions Approved by the Case Board of Trustees in July 2014.  
[http://www.case.org/Samples\\_Research\\_and\\_Tools/Principles\\_of\\_Practice/Principles\\_of\\_Practice\\_for\\_Fundraising\\_Professionals\\_at\\_Educational\\_Institutions.html](http://www.case.org/Samples_Research_and_Tools/Principles_of_Practice/Principles_of_Practice_for_Fundraising_Professionals_at_Educational_Institutions.html)
3. Leeds Arts University Lost Property Procedure  
<https://portal.leedsart.ac.uk/sites/default/files/documents/Lost%20Property%20Procedure.pdf>
4. The Fundraising Regulator <https://www.fundraisingregulator.org.uk/about/purpose-strategy/>

**Appendix 2: Guidance on due diligence in the acceptance of donations**

A number of caution areas have been identified. These are intended to help inform staff when further discussion regarding the acceptance of a particular gift or donation would be required. This is not an exhaustive list and a prudent approach should be taken.

The caution areas are:

**Areas of business, corporations or individuals connected to:**

Arms Manufacturers  
Tobacco  
Alcohol  
Gambling  
Pornography

**Individuals, foundations or institutions with links to the below illegal activities:**

Unlawful discrimination  
Violation on International Conventions on Human Rights  
Theft  
Bribery  
Fraud  
Tax Evasion  
Money Laundering  
Terrorist Activity in the UK or overseas

### Appendix 3: Due Diligence Procedural Checklist

The term due diligence is used to describe the practical steps undertaken in considering the acceptance or refusal of a donation.

The checklist below gives a series of questions that should be asked as a part of the due diligence process. These questions are not intended to be asked in respect of each donor, however they should be considered depending on risk, including the size and nature of the donation. The answers to these questions will assist in the decision making process of accepting or refusing a donation.

Name of potential donor:

Date:

Name of staff member:

1. Who are the donors?
2. What is the source of their funds? Does this give rise to any concerns? (refer to Appendix 2).
3. Does the University have a prior relationship with the donor? What is it?
4. What are the reasons for the donors wishing to make a donation? Are they clear and legitimate?
5. Identity checks. Check websites to find out whether a donor organisation is registered with another regulatory body as this will help verify the information given by donors. Registration may provide access to the organisation's accounts and governing document. Record the donor's unique identifiers, their date of birth, the organisation's charity number or Companies House number.
6. Have any public concerns been raised about the donor and their activities? If so, what was the nature of the concerns and how long ago were they raised? Did the police or a regulator investigate? What was the outcome?
7. If there has been negative publicity surrounding the donor, would this have a damaging effect on the University?
8. Has the donation been proposed or arranged by a third party? If so has due diligence been completed on this body? Has there been any cause for concern?
9. In what form will the money be received? Cash, cheque, bank transfer?
10. How big is the donation?
11. Is it a single donation, or one of a number of regular donations, or the first of multiple future donations?
12. Is the donation conditional on particular organisations or individuals being used to apply the funds?
13. Are there any conditions attached to the donation? Are they reasonable?
14. Is the University being asked to accept a donation in a manner that puts it in breach of its wider obligations? For example, charitable status, tax or HE funding requirements.
15. Is the method of payment transparent? For example, is the donor known but the donation routed through an unusual payment mechanism, such as a third party or via an offshore structure? This should raise concerns and would require further enquiry.
16. Is the donor or organisation based outside of the UK, or does the money originate from outside of the UK? If so from which country? Does the country/area pose any specific risk?
17. Are there any political connections of the donors which could give rise to corruption or further concerns?
18. Are the donors or anyone connected to them, directly or indirectly, public officials, foreign public officials or politically exposed persons?

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**Appendix 4: Acceptance or refusal of donations**

1. Is there published or credible evidence that the donation will be made from any source arising in whole, or in part from an activity that:
  - a) Is unlawful, arising from any form of theft, tax evasion, fraud, money laundering or terrorist activity.
  - b) Violates international conventions that bear on human rights.
  - c) Limits freedom of enquiry or academic freedom.
2. Is there evidence that the gift, or terms of the gift will:
  - a) Damage the reputation of the University or harm the University's relationship with other donors, funders, stakeholders or students.
  - b) Require any illegal action on the part of the University, including unlawful discrimination.
  - c) Create an unacceptable conflict of interest.
  - d) Constitute any form of bribery.
3. Are there indicators that the donation derives from a source that is at odds with the values of the University?
4. In accepting the gift would the University attract negative publicity?

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**Appendix 5: Action to take if staff are suspicious following due diligence checks.**

The Charity Commission gives the following Guidelines:

Taken from the Charity Commission, *Compliance Toolkit: Protecting Charities from Harm*, Chapter 2: Due Diligence, Monitoring and Verification of End Use of Charitable Funds, Tool 6: Know Your Donor.

- If due diligence checks reveal evidence of crime, trustees must report the matter to the police and/or other appropriate authorities.
- If the trustees have reasonable cause to suspect that a donation is related to terrorist financing, they are under specific legal duties under the Counter-Terrorism Act to report the matter to the police. In the case of money laundering reports can be made to the police, a Customs Officer (HMRC), or an officer of the Serious Organised Crime Agency.
- Such incidents should be reported to the (Charity) Commission under the reporting serious incidents regime, especially if significant sums of money or other property are donated to the charity from an unknown or unverified source. This could include an unusually large one-off donation or a series of smaller donations from a source you cannot identify or check. We would expect trustees to report any such payment (or payments) totalling £25,000 or more.
- Check the donor against the consolidated lists of financial sanctions targets and proscribed organisations.
- Consider whether to refuse the donation.