

IDS Fundraising Ethics Policy

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Contents

1	Introduction
2	Background
3	Principles
4	Exclusions
5	Funding transparency
6	Legal considerations
7	Ensuring funding integrity
8	Decision making
9	The Funding Ethics Panel
10	The Head of Fundraising and Development
11	Operational guidance
12	Stewarding, auditing and accounting for funds
13	Funder agreements
Appendix A	Due diligence and ethics questionnaire
Appendix B	Due diligence decision process

1 Introduction

- 1.1 The Institute welcomes funding and donations from a diversity of lawful sources – government, research councils, philanthropic, non-profits, companies, corporate foundations and individuals - that help promote its objectives; respect or enhance its reputation; respect its integrity and academic freedom; can be received without additional costs or unreasonable conditions; and can be received with transparency.
- 1.2 This may range from grants and contracts won competitively for research and knowledge work to donations made in support of student scholarships or bursaries; academic development; endowments for academic posts or lectures; or sponsorship of specific events and impact activities.
- 1.3 This policy sets out the Institute’s approach to the ethical issues involved in fundraising and donations from all sources. This includes donations with no restriction on the use of the funds and also restricted funds for specific purposes. All funding (other than student fees and income from trading) is in principle subject to due diligence and ethical review led by the Funding Ethics Panel, reporting to the Strategic Leadership Group and the Board.
- 1.4 The policy describes how the Institute will determine whether and under what circumstances to accept such funding as well as the procedures to be followed for the Institute to reach a decision.
- 1.5 The policy has been informed by experiences at other institutions and also good practice guidance available from CASE, a higher education sector expert group, and from the Institute of Fundraising.¹
- 1.6 The policy has been approved by the Board of Trustees.

2 Background

- 2.1 The Institute depends on external funding for all of its research and professional activities. Working with diverse funders can help the Institute find new ways to achieve its core objectives including new ways to achieve impact. As well as consolidating relationships with familiar partners, like other higher education institutions and research bodies in the UK, the Institute needs to engage with new actors and to develop a clear basis for a wider range of funding partnerships. New funding from new sources has the potential to enable the Institute to do work other funding does not support or to do work it already does better. Diversifying its sources of income and increasing unrestricted funding will increase its freedom to develop its own research and knowledge agenda and to help manage its financial risks

¹ CASE = Council for Advancement and Support of Education; CASE Europe *Ethical Principles Behind the Acceptance of Gifts*, 2011; *Charities Working with Business, Code of Fundraising Practice*, Institute of Fundraising, undated

3 Principles

3.1 The Institute will only accept funding/donations that:

- supports its ability to achieve its objectives
- does not damage its reputation
- respects the Institute's integrity
- safeguards the Institute's academic independence
- does not entail unreasonable conditions
- can be received with transparency

4 Exclusions

4.1 The Institute will not accept funding from donors or donor entities related to parent companies which have generated revenue from activities which are unlawful or which violate international conventions on human rights.

4.2 In addition it will not accept funding from donors or donor entities related to parent companies which have generated revenue from the following sources:

- tobacco companies
- arms manufacturers or traders
- profits derived from pornography
- where over 10% of the ongoing business activity or, for an investment firm, 10% of the assets are held in one of these activities

4.3 The Institute will not accept funding that involves any of the following:

- funder/donor influence over the admission, progress or success of an individual student on an award-bearing course
- funder/donor influence over its procurement processes or decisions resulting in a conflict of interest
- funder/donor influence over the conduct of research or other work or the dissemination of the results of that work where that compromises academic integrity
- any form of bribery or incentive to act unlawfully
- other irregularities in the funding/donations that would compromise the Institute's integrity or independence

4.4 The Institute is unlikely to accept funding that involves any of the following, unless specifically approved by the Funding Ethics Panel (and, depending on the scale of the donation, the Board):

- funder/donor determination of student scholarship recipients

- funder/donor influence over staff appointments
- funding/donor from a jurisdiction with evidence of current high levels of corruption
- funding/donations from a source with a reputation that is currently compromised by its own actions
- any other conflicts of interest between the funder/donor and the Institute or a member of the Institute's staff
- fulfilling conditions that unreasonably compromise its commitment to transparent research outcomes.

4.5 The Institute is unlikely to accept funding/donations that involves the following, unless specifically approved by its Strategic Leadership Group:

- creation of an ongoing financial liability beyond those built into the Institute's strategy and financial plan
- fulfilling conditions by the Institute which are excessively onerous.

5 Funding transparency

5.1 The Institute will be transparent about the sources of its income. Therefore the Institute:

- will not accept funding that is wholly anonymous (ie where the donor will not make their identity known to the Institute even on a confidential basis)
- will only accept funding brokered by a third party with the approval of the Funding Ethics Panel
- requires full disclosure of any known connection between a potential funder and a member of Institute staff; a Trustee, or a student currently or recently registered for an academic award receiving tuition or supervision from the Institute
- will maintain a register of interests recording any such connections
- will extricate itself from the relationship immediately should it accept funding in good faith and subsequently discover that any of the exclusions apply
- reserves the right to publish information about major funders

6 Legal considerations

6.1 The Institute is a registered charity governed by the Charities Act and regulated by the Charity Commission. As such there are legal considerations concerning donations and fundraising. If the financial relationship is purely altruistic this will probably constitute a donation. If however the Institute's name is used or publicity given at an event in return for a donation, or a donor company will increase its profile as a result, this may constitute trading. This has tax implications.

7 Ensuring funding integrity

- 7.1 The Institute will treat funders and potential funders/donors with respect and will provide accurate information about its activities and the purposes for which funds will be used.
- 7.2 All funding and donations (other than student fees and income from trading) is in principle subject to due diligence, led by the Funding Ethics Panel, reporting to the Strategic Leadership Group and the Board of Trustees.
- 7.3 The Institute will maintain, in the Development office and the office of the Company Secretary, a list of organisations from which funding and donations are regarded as unproblematic. These will include current and recent funders of IDS, government sources in the UK, US and EU; and registered charities and charitable foundations in the UK and US as well as some European countries where comparable lists are made public. This list will be accessible to IDS staff as necessary and will be periodically reviewed and updated as necessary. ² If a new funding prospect appears on any of these official lists then no further due diligence will be needed. However, in the case of a trust or foundation having been formally established by a corporate entity and bearing the name of that corporation or where a foundation is known to have been endowed by the donation of shares in a particular corporation, further due diligence will be required.
- 7.4 In some cases the Institute will require investigation of the potential funder/donor before a decision to accept the funding can be taken. Judgements will be required about potential engagements, potential risks and potential rewards, in particular, the likely impact on the Institute's reputation if the funding/donation is accepted. The level of scrutiny and responsibility for judgement about accepting the funding will depend on the size of the likely funding/donation, its purpose, its source and any conditions sought by the funder/donor. In these circumstances, the impact on the Institute's integrity and reputation may be affected by the nature and proximity of the relationship between the funder/donor and the Institute.
- 7.5 More information about the Institute's approach to due diligence in funding ethics is attached at Appendices A & B.

8 Decision making

- 8.1 In addition to the day-to-day work of those involved in preparing and project-managing research and knowledge proposals and relationships with funders/donors, a number of formal bodies within the Institute have a role to play in decision making about the receipt of funding/donations. These are summarised overleaf:

² In the UK, charities regulated by the Charity Commission under the Charities Act or defined as tax exempt by HMRC; in the US, tax-exempt non-profit corporations under section 501(C) scrutinised by the IRS.

Decision making		
body	meets	responsibility
Funding Ethics Panel	termly or as necessary (including virtually)	work with the Development Office and the Company Secretary to maintain the list of organisations from which funding is unproblematic ('the approved list')
		for funding/donations of £25,000 and above from a source <u>not</u> on the approved list: <ul style="list-style-type: none"> • oversee the assessment of potential funders, commissioning due diligence and external advice where necessary • take decisions where judgements are required about the exclusions in paragraph 4.4 • take advice where necessary about the tax implications for the Institute • refer specific proposals to the Strategic Leadership Group where necessary (where there is a clear disagreement within the Panel; where the potential funding/donation is £100,000 or more; or where the case is particularly complicated) • refer decisions to the Strategic Leadership Group where this is indicated by the policy exclusions in paragraph 4.5
		develop a checklist for considering funding/donations and review this regularly [questions are shown at Appendix A]
		report annually to the Board on the operation of the policy and any changes to be recommended
Strategic Leadership Group	monthly	decision on funding proposals where a donation, from a source whether or not on the approved list, involves the policy exclusions in paragraph 4.5
Board	Biannually (or virtually if necessary in exceptional circumstances)	overall legal compliance
		decision on funding £100,00 and above from a source not on the approved list and/or which is particularly complicated and/or where there is clear concern within the SLG.
		consider annual report from the Funding Ethics Panel and advise on any relevant issues
		periodically (or when advised by the Funding Ethics Panel) review the policy

- 8.2 Where a decision is required outside the usual timetables indicated above, either an extraordinary meeting will be called or the decision will be taken virtually, with the approval of the Director (for sums up to £25,000 to 100,000) or the Chair of the Board (for decisions over £100,000).

9 The Funding Ethics Panel

- 9.1 The Funding Ethics Panel will comprise five people including two Fellows; two members of professional staff and the Chair (the Director of Communications and Impact) who will be a member of the Strategic Leadership Group. Members will be appointed by the Director for terms up to three years. The Head of Fundraising and Development will attend and advise as necessary.

10 Head of Fundraising and Development

- 10.1 The Head of Fundraising and Development will
- create and retain relevant details of all funders and funding including information about contacts between the Institute and the funder/donor, for all funding other than from organisations on the approved list
 - for sums between £1,000 and £25,000, advise the Director or Panel Chair
 - for sums of £25,000 and above from sources not on the approved list
 - seek advice from the Chair of the Funding Ethics Panel about the necessary due diligence and ethical review
 - conduct or commission the appropriate due diligence review
 - apply the Institute's principles and exclusions
 - report on the outcomes of the due diligence and ethical review to the Panel
 - advise on changes to the approved list
 - attend meetings of the Funding Ethics Panel

11 Operational guidance

11.1 The Institute will adopt a graduated approach to handling potential funding/donations as set out in the table:

sum	acceptance decision	input
Between £1,000 and £25,000	accepted at discretion of Director or Panel Chair	advice from Head of Fundraising and Development
between £25,000 and £100,000	Funding Ethics Panel; SLG if Panel cannot agree and/or the donation is particularly complicated	Full due diligence and ethical review considered (advice from Panel Chair) advice from Panel to SLG where necessary
£100,000 and over	SLG (deferred to Board where particularly complex or the cause of internal conflict)	full due diligence and ethical review advice from Panel to SLG
creating ongoing financial liability beyond scope of strategy and financial plan and/or excessively onerous funding conditions (paragraph 4.5 exclusions)	SLG	advice from Panel

11.2 The Institute does not intend to scrutinise small-scale donations from individuals, including those made via the web-site and for the Scholarship Fund. 'Small-scale' will be defined as up to £1,000 in any financial year. However, should the source or integrity of any such donations come into question, it reserves the right to refuse future donations and to return the funds. However, larger individual gifts will be subject to consideration by the Ethics panel and SLG and assessed on a case by case basis.

12 Stewarding, auditing and accounting for funds

12.1 The Institute will steward funders/donors and donations with care, including proper recognition in public documents and invitations to relevant events as well as recognition of the funder's/donor's reputational rights. All funds will be acknowledged with a statement confirming that they will be applied for the intended purpose unless the funder/donor gives consent that the use of the funds rests solely with the Institute or can be amended with agreement.

12.2 All sums will be included in the scope of the Institute's external audit and recorded appropriately in its statutory accounts.

12.3 Any donations will be correctly administered by the Finance Department including:

- specific accounting arrangements
- separate banking arrangements

13 Funder agreements

13.1 Individual donations via the website and/or to the Scholarship Appeal will be deemed to be covered by the terms of the Institute's appeal to which the donation is a response.

13.2 Written agreements relating to major philanthropic gifts are likely to be the subject of negotiation. Factors to be specified in the agreement include:

- the nature of the relationship (e.g. financial donation; event sponsorship; student or staff sponsorship)
- anticipated use of and outcomes from the funding/donation
- use of the company brand or the individual's name by the Institute, including in publicly acknowledging the donation
- use of the Institute's name by the funder/donor
- duration of the funding relationship
- ownership of e.g. copyright, intellectual property
- confidentiality of any data generated as a result of the funding
- how the relationship will be promoted and publicised, with agreed key messages
- success criteria and milestones, where relevant

13.3 In addition, taxation advice may be necessary to confirm that the funds do not constitute trading income.

Appendix A: Due diligence and ethics questionnaire

Inquiry	Method	Initial Investigator	Initial Sources	Output
1. Who is the donor and can their identity be verified?	Desk research	Fundraising and Development Office	Donor website Web	Report for panel
2. What is the reason for the donation and what is the relationship of the donor to the Institute?	Consultation	Fundraising and Development Office	Donor proposer	Report for panel
3. Is there credible evidence that donor's funds or those of its parent company are derived in whole or part from activity that is unlawful, violates international conventions, academic freedoms or from significant revenue from tobacco, weapons/ defence activity or pornography?	Desk research	Finance team	Financial accounts, donor website, Meltwater	Report for panel
4. What is the balance of positive and negative views of the donor in the media and public opinion?	Desk research	Comms Unit	Meltwater	Report for panel
5. Is there recent history of the organisation, its management, governance, value chain or the relevant individual being associated with a major social, political or environmental controversy?	Desk research	Comms Unit	Meltwater Web	Report for panel
6. Is the donation within any rules that apply to the donor?	Desk research Consultation	Fundraising and Development Office	Donor website Donor	Report for panel
7. Has the donor a public code of conduct or CSR policy; has it signed up to any ethics codes and does it appear to adhere to them?	Desk research Consultation	Fundraising and Dev office + Comms Unit	Donor website Donor Meltwater	Report for panel
8. Could the donation put IDS in breach of its wider obligations e.g. in relation to charitable status or taxation	Consultation	Finance team	Charity Commission guidelines, financial regs	Report for panel

9. Is the proposed method of payment transparent and are there any suspicions of money-laundering or any form of bribery?	Consultation	Finance team	Donor proposer (internal)	Report for panel
10. Does the proposed payment come from a jurisdiction with high perceived levels of corruption?	Desk research	Fundraising and Development Office	Transparency International	Report to panel
11. Does the proposed payment involve a third party, broker or agent?	Consultation	Fundraising and Development Office	Donor proposer	Report to panel
12. Is there any connection between the donor and any current student or staff application or student assessment?	Consultation	Fundraising and Development Office/Teaching	Donor proposer, HR, Teaching	Report to panel
13. Is there any evidence that accepting the donation will create an unacceptable conflict of interest, or create a real or perceived conflict with the Institute's independence, integrity, brand, mission or values?	Panel discussion		Due diligence report	Panel minutes
14. Are there clear and legitimate reasons why the donor wishes to make the donation?	Panel discussion		Due diligence report	Panel minutes
15. Have any public concerns been raised about the donor or their activities that cannot be addressed with confidence?	Panel discussion		Due diligence report	Panel minutes
16. What impact might the donation have on the attitudes of: IDS staff, IDS partners and other potential donors?	Panel discussion		Due diligence report	Panel minutes

Appendix B: Due diligence decision process

Probity flow chart: Funding ethics review activation and final decision making process

Trigger: Donor/funder not on approved list flagged by Development Office – either at the stage of a new funding proposal in development (concept note stage) or at the point where IDS is invited to develop a concept note/proposal for support.

