



Glendower Preparatory School

Procedures for Due Diligence Review of Donations

2022-23

Reviewed: NKM/ZB, June 2022

Next review: June 2023

A. Introduction

1. Governors may accept, hold and apply any sums of money, funds, investments or property of any kind, for furthering the aims of the Glendower Preparatory school generally; for maintaining, improving and developing the facilities; or for any other object of the school, provided that such objects are exclusively charitable or educational, do not threaten the school's reputation and are ethically acceptable.
2. All donations offered to Glendower Preparatory school must be received and administered through the Director of Development and Partnerships in conjunction with the Head and the Bursar.
3. A donation is defined as:

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 or department should request or seek a donation on their own initiative without first consulting the Director of Development and Partnerships and/or the Head, at an early stage.
5. The school'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 their parents about the outcome of her programme of study.
6. The school's selection criteria for the recruitment of its staff and any research agendas are also fully independent of philanthropic support of the institution.
7. If the Director of Development and Partnerships considers there to be a risk associated with the acceptance of any donation, then it is their responsibility, at the earliest possible stage, to alert the Head. In consultation with the Chair of Governors, the Head will then decide whether or not further discussion should be pursued with the potential benefactor.
8. The Chair of Governors may at this stage decide to convene an ad hoc Gift Acceptance Committee comprising of the Director of Development and Partnerships, the Head, the Bursar and at least two Governors. Prior to any meeting of the Gift Acceptance Committee, the Director of Development and Partnerships will provide members with a briefing, including reasonable due diligence on the donor.
9. Appropriate professional research will be undertaken on potential donors to address issues of reputational risk if there are any concerns about the identity of the donor. Gifts are not accepted where the sources are unknown to the Director of Development and Partnerships or cannot be verified.

B. Due Diligence Procedures

1. 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.
2. £5,000 - £99,999 (by Director of Development). All proposed donations from sources which together with prior donations received by Glendower Preparatory School amount to between £5,000 and £99,999, as recorded on the Glendower 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 Head, who will decide whether the donation can proceed or whether the case should be referred to an ad hoc Gift Acceptance Committee. 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 Glendower 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 Glendower database. Attempts will also be made to establish whether a donor has any links to an application to study at Glendower, the objective here is to ensure full transparency that admission as a student and acceptance of donations are kept entirely separate.
3. £100,000 - £499,999 (by Director of Development and the Head, and potentially the Chair of Governors). All proposed donations from sources which together with prior donations received by the Glendower total between £100,000 and £499,999, as recorded on the Glendower 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 Head for review (who may in turn decide to refer the case on to the Chair of Governors for a decision) or create an ad hoc Gift Acceptance Committee to review the information and make an informed decision. The school does not have a written set of guidelines as to what is acceptable but considers each donation individually. The full due diligence review involves research as outlined in Appendix 2 addresses the background of the donor and their relationship with the school.
4. £500,000 + (Research prepared by Director of Development and reviewed by ad Hoc gift Acceptance Committee). All proposed donations from sources which together with prior donations received by Glendower amount to more than £500,000, will be subject to a full due diligence review and risk assessment and should automatically be referred to an ad hoc Gift Acceptance Committee. Care should be taken to consider whether there are any secondary funders (the 'funder behind the funder') that may require scrutiny. Care should be taken to consider whether there are any secondary funders (the 'funder behind the funder') that may require scrutiny.
5. If there is concern over the ethical implications of a potential donation, regardless of the value of the donation, Glendower staff are requested to notify the Director of Development and Partnerships and/or the Head immediately who will then be responsible for bringing the matter to the Chair of Governors if appropriate.

6. The Director of Development and Partnerships will record all research undertaken on sources of funding, and any decisions made on the basis of that research, against the record of the source held on the Glendower database.
7. 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.
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. 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.

C. Risk Assessment Scoring

1. 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.
2. If the risk score is 2 or above, the Head will also identify two members of School staff with relevant expertise to evaluate the proposed donation based on three key principles:
 - a) Must support the aims of the School;
 - b) Must not damage the integrity and reputation of the School;
 - 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.

3. 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 Head.
 - 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 Head, who would decide whether to approve or refer to the Chair of Governors.
 - 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 Head, who would decide whether to approve or refer to the Chair of Governors. 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 Head would be reported in summary form to the Governors 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 an ad hoc Gift Acceptance Committee 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 Governors also receive a summary table of all cases that have been referred to the Head and which she 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 Chair of Governors, who will convene an ad hoc Gift Acceptance Committee.

- 4. Depending on the potential size of the donation and the level of risk, the Gift Acceptance Committee will review the report and consider whether the responses raise serious issues of ethical or reputational risk and decide whether to accept the donation.

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

- 1. In presenting cases to the Governors 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 Head to confirm the validity of the research. The Governors 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 school 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 school or its beneficiaries;
 - ii. where conditions imposed by a funder run counter to standard practice or would impose on the school objective contrary to those already agreed by the School.
 - iii. where there is evidence that the reputational cost to the school 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 school which are perceived to be too onerous or counter to the school'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 school'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 school.

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 school'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, Glendower staff are requested to notify the Director of Development and Partnerships and/or the Head, who will be responsible for bringing the matter to the Chair of Governors if appropriate.
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 Gift Acceptance Committee will then submit a recommended course of action to the Head.

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>(DDP)</i>	<p>If no risk found, no further action</p> <p>If potential risk found, risk scoring and template to be completed <i>(DDP)</i></p> <p>Review and refer to the COG if appropriate <i>(H)</i></p>	<p>Not required</p> <p>To be completed <i>(DDP)</i></p> <p>Submitted to the COG if referred</p>
Level Two: £100,000 to £499,999	Full due diligence process including risk scoring <i>(DDP)</i>	<p>If risk score is 0, confirm and approve; if risk score is 1, review and refer to the COG if appropriate <i>(H)</i></p> <p>If risk score is 2+, refer to the COG</p>	<p>To be completed <i>(DDP)</i></p> <p>Submitted to the COG if referred</p> <p>Submitted to the COG</p>
Level Three: £500,000 plus	Full due diligence process including risk scoring <i>(DDP + H)</i>	Referred to the COG who will formulate ad hoc Gift Acceptance Committee <i>(H)</i>	To be completed and submitted to the COG who will formulate ad hoc Gift Acceptance Committee <i>(DDP + H)</i>

Responsibilities are shown in brackets in italics (DDP = Director of Development and Partnerships; H = Head; COG = Chair of Governors)

In each case, the Glendower database will be updated 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)