

	<b>PAPER NO: AC.14(12)</b>
<b>Committee:</b>	<b>Audit Committee</b>
<b>Date:</b>	<b>9 February 2012</b>
<b>Subject:</b>	<b>Ethical Fundraising and draft Gift Acceptance Policy</b>
<b>Author:</b>	<b>Mike Simmons, Director of Development and James Stevenson, University Secretary and Clerk to the Board of Governors</b>
<b>Executive sponsor:</b>	<b>James Stevenson, University Secretary and Clerk to the Board of Governors</b>
<b>Recommendation by the Executive:</b>	<b>That the committee note this update and the process for approval of the Gift Acceptance Policy</b>

### **Executive summary**

1. An LSBU ethical fundraising policy has been in force since 2008, which states that fundraising must be consistent with LSBU's values and that we will not enter into relationships that may bring LSBU into disrepute.
2. Following the recommendations of Lord Woolf's Inquiry into the LSE and Libya of November 2011 (see below) an updated policy will be reviewed by the executive on 8 February 2012. The policy will also be based on "Ethical Principles Behind the Acceptance of Gift – Guidelines for UK Higher Education Institutions" which has been developed with the Ross and 1994 Groups of Development Directors. Given the potentially high profile of decisions made under the policy, this policy will then be recommended for approval by the Policy and Resources Committee and the Board of Governors.
3. It is recommended that an annual compliance report in relation to the policy is considered by the Audit Committee and that this would form part of the Audit Committee's Annual Report to the Board.
4. The draft policy and procedures are attached for the committee's information (which is subject to review by the Executive the day before the meeting of the committee).

	<b>Board/Committee</b>	<b>Date</b>
Matter previously considered by:	Exec	8 Feb 2012
Further approval required?	P&R Board	21 Feb 2012 8 March 2012

Communications – who should be made aware of the decision?	N/A
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## **Background to the Woolf Report (2011)**

The Woolf Report (2011) into a gift to LSE raised some important issues about the acceptance of gifts by universities. We propose to update the University's existing Ethical Fundraising Policy with a new Gift Acceptance Policy in line with the recommendations of the Woolf Report. One key finding, with practical implications involves the approval, in advance, of the solicitation of gifts.

The key findings of the Woolf Report, as may be applied to LSBU, are as follows:

- 1) A university should not be criticised for deciding to lawfully accept a gift, so long as it makes proper investigation and then comes to one of the range of decisions which are appropriate in the circumstances.
- 2) A university has a charitable obligation to its beneficiaries to accept donations except where these might harm directly or indirectly those beneficiaries; and it should be robust in exercising this obligation.
- 3) Universities should establish the necessary structures to ensure compliance with its policies on the acceptability of gifts. "It is therefore vital that a university carefully analyses any potential donation. It should seek to obtain sufficient evidence to enable it to come to the right decision as to whether it should accept a gift or not. This will involve making a judgement.
- 4) There are a number of reasons why a donation should not be accepted:
  - a) First a university must be on guard against being involved in money laundering, receiving money which could come from illegal activities and must avoid being used to give respectability to those whose reputation is doubtful"
  - b) Second, most universities are founded upon long standing cores values. These values need to be upheld across the institution, including in its fundraising activities. Students and academics align themselves with the value of their university and it would damage that relationship for the university to raise funds in a way which is inconsistent with its values.
  - c) Third, receipt of gifts which damage the university's reputation is likely to result in a reduction of donations to the university".

The general perception is that the issues around the LSE gift concerned the suitability of accepting a gift from the Libyan government or the issue of "cash for degrees". However, the main concerns of the Woolf report are around the absence of due process

in the acceptance of the gift; and the likely illegal original source of the donated funds. These were operational and legal matters rather than ones of principle. In this context, Lord Woolf's report highlights the need for universities to have in place broad principles determined by the Board relating to the acceptance of gifts; and robust Executive process to ensure these are applied; in particular, the review of potential gifts before they are solicited.

The attached draft Gift Acceptance policies have been devised in accordance with this reading of the report. This draft will be reviewed by the Executive at its meeting of 8 February 2012 and then recommended to P&R and the Board for final approval.

## **London South Bank University Gift Acceptance Policy and Procedures 2012**

### **Introduction**

These policies and procedures have been devised in light of the Woolf Report into the LSE and Libya (2011) including the recommendation that “A university should not be criticised for deciding to lawfully accept a gift, so long as it makes proper investigation and then comes to one of the range of decisions which are appropriate in the circumstances”. The University has a charitable obligation to its beneficiaries to accept donations except where these might harm directly or indirectly those beneficiaries; and it should be robust in exercising this obligation.

This policy has been devised to ensure clarity and openness to all our stakeholders regarding the acceptance of gifts and other financial support. It is designed to address donations, sponsorship, cause-related marketing, research funding and gifts in kind. Our aim is to ensure that governors, staff, students and potential commercial or donor partners share a common understanding of the University’s values which are Quality, Professionalism, Inclusiveness, Transparency and Mutual Respect.

This document should be read alongside other University statements on its values and policies. These cover matters including the question of external influence on research; and regulation of individuals or parts of the University to independently develop links with other individuals, institutions, and foreign entities and governments.

### **Policies**

- We aim to ensure that the activities of individuals and organisations with which we work are consistent with our own organisational values. We do not seek or accept money from individuals or organisations which we believe undermine these values and activities.
- We do not accept funding for University activities where that funding comes from an individual or organisation whose work is counter to the work of the recipient area of the University.
- We do not enter into relationships which the University believes might compromise the independent status of LSBU or bring the name of LSBU into disrepute. We establish our principles including academic freedom independently of any funding opportunities.
- Donations are only accepted in accordance with the requirements of the UK Bribery Act 2010.

- The acceptance of gifts by University representatives requires the prior formal approval of the Development Office. [For practical purposes, this might be subject to a minimum threshold]
- We do not seek or accept support from individuals, companies or organisations which wilfully discriminate against people; which casually or wilfully endanger human health, animal welfare or the environment; which work against human rights; or which supply armaments to regimes excluded by the UK government.
- We do not accept donations from current students. [For practical purposes, this might be subject to a minimum threshold]
- Only LSBU and its group companies have direct access to its databases.
- Potential funders are screened through Corporate Critic Database or other research sources to provide an independent assessment of funders before a decision to accept funding is made.
- Agreements with partners must permit LSBU to withdraw from any partnership where new developments mean that its ethical fundraising policy becomes breached.

### **Procedures**

- These policies and procedures are approved by the LSBU Board of Governors. Compliance is monitored by the LSBU Audit Committee.
- No donation should be solicited without prior agreement of the Development Office.
- It shall be the responsibility of the Development Office supported by the Secretary's Office where appropriate to undertake any warranted due diligence about a potential donor.
- Where a potential donation is perceived by the Development Office to be in possible conflict with this policy, the Development Office will make recommendations on acceptance to the Vice Chancellor.
- The Vice Chancellor will either determine the decision or refer it to the Executive or the Chair of the Board of Governors.
- The Executive will determine the decision or refer it to Chair of Board of Governors
- If the Chair determines that the proposed gift raises a genuine issue of principle the Chair will determine or refer to the Board of Governors
- This process should be underpinned by the provision of adequate notice of decisions required and of the nature and implications of those decisions along with adequate supporting documentation prepared by the Development Office. This should ensure there is clarity over the most pertinent issues and include representation of all the relevant views concerned.

- Where a gift is offered prior to any solicitation, the same process will apply. However, to avoid potential embarrassment, the process will be expedited through the use of electronic communication to enable a response to the donor within 20 working days.
- Reasons for non-acceptance might include concerns over:
  - Money laundering and receiving money which could come from illegal activities
  - Being used to give respectability to those whose reputation is doubtful (Where there is no absolute evidence, judgement must be made over whether the balance of benefit or potential damage is judged to be greater)
  - Activities of the donor which are inimical to the objectives of the institution
  - Adverse publicity from the donation would likely result in a disproportionate reduction of donations from other sources
  - Dependency on the satisfaction of conditions by the institution which are contrary to the institutions values and objectives, or unreasonable in relation to the nature of the donation
  - Conditions which tie the donation to a specific activity where the activity itself is not within the objectives or intended strategy of the institution.
- It should be recognised that the level of genuine endorsement provided by legal structures or association with other organisations is often limited; and that these do not necessarily evidence a bona fide source of funds.
- In the case of historic sources of funds, due consideration should be given to accepted practice.
- Audit Committee will receive an annual report on all donations above £5,000 and adherence to these policies and procedures.
- The University retains the right to review and return donations.