

PROCEDURES FOR THE ETHICAL SCREENING OF GRANTS AND DONATIONS

Status of these Procedures: It is intended that these procedures will be annexed to the School's Financial Regulations

A. Guidance to members of the School seeking grants or donations

1. No individual, centre or department should request a donation on their own initiative without first consulting ODAR or the Research Division at an early stage. This does not apply to discussions with the Economic and Social Research Council and similar grant giving bodies over potential competitive bids for funds.
2. The School's selection criteria for admissions are based exclusively on academic achievement and potential, and are fully independent of philanthropic support of the institution. In addition any gift or grant will not affect the academic record of any current or future students nor have a bearing on any dispute between a student and the School about the outcome of his/her programme of study.

B. Guidance and procedures for officers in the assessment of the sources of grants and donations

1. In principle, trustees of a charity are expected to accept money given to that charity for purposes consistent with the charity objects, but the trustees have discretion to consider other factors relevant to the charity's best interests.
2. For any grant or donation, members of the School, and in particular staff in the Office of Development and Alumni Relations (ODAR) and the Research Division, will balance the benefits of funding against reputational risks, taking into account the legal framework and other considerations which will inform the decisions of the Ethics (Grants and Donations) Panel.
3. The School accepts donations on the clear understanding that the funder can have no influence over the academic freedom and independence of the LSE. This principle covers decisions relating to student admissions, supervision and examinations, and where relevant, the conduct of research and publications of results.

Within this context the procedures for assessment will be:

4. Donations and grants of any size from charitable foundations registered with the regulatory authorities in the UK, USA and Canada, or from funding councils or related bodies within the UK, USA or EU, will not be subject to ethical review and can be progressed to the signing of an appropriate agreement with the funder.
5. Proposals for grants, donations or sponsorship from sources not excluded at paragraph B.4 above or not previously approved by the Ethics (Grants and Donations) Panel, which together with prior grants, donations or sponsorship amount to more than £250,000, will have undergone a full ethical screening (see section C.3) and should automatically be referred to the Ethics (Grants and Donations) Panel by the Director of ODAR or Research Division. Care should be taken to consider whether there are any secondary funders (the 'funder behind the funder') that may require scrutiny.
6. Proposals for donations or sponsorship from sources not excluded at paragraph B.4 above which together with prior donations managed by ODAR total over £100,000, as recorded on the Advance database, will be subject to a full ethical screening by the Director of ODAR and may be referred to the Ethics (Grants and Donations) Panel where the Director of ODAR believes that the screening raises questions requiring the Panel's consideration. Proposals for donations or sponsorship from sources not excluded at paragraph B.4 above which together with prior donations managed by ODAR amount to between £10,000 and £100,000, as recorded on the Advance database, will be subject to a request for an initial ethical screening by the Director of ODAR and may be referred to the Ethics (Grants and

Donations) Panel where the Director of ODAR believes that the screening raises questions requiring the Panel's consideration.

7. Proposals for research grants totaling over £100,000 will be referred for a full ethical screening by the Director of Research Division and may be referred to the Ethics (Grants and Donations) Panel where the Director of Research Division believes that the screening raises questions requiring the Panel's consideration. All potential grants amounting to less than £100,000 are exempt from any screening unless common sense dictates that a screening should be undertaken. Hence, no automatic initial screenings are undertaken for research grants of less than £100,000 in the Research Division.
8. Where the Director of ODAR is the principal involved in a proposal screening under section B.6 or B.7 above, the review will be submitted to the Director of the Research Division. Where the Director of Research Division is the principal involved, the review will be submitted to the Director of Development and Alumni Relations.
9. The Director of ODAR or the Director of Research Division will either (i) approve the progression of the grant, donation or sponsorship or (ii) reject it or (iii) escalate the case to the Ethics (Grants and Donations) Panel under the guidance in section E.2 below.
10. ODAR will record all research it undertakes on sources of grants, donations and sponsorship, and any decisions made on the basis of that research, against the record of the source held on the Advance database that ODAR manages on behalf of LSE.
11. In the light of experience, consideration will be given to the extent and timing of screenings applied to previous donors (see section E.3 below), depending on assessment of whether the circumstances may have changed and the lapse of time from the previous donation.

C. Procedures for types of Screening

1. Exclusions from ethical review. For the United Kingdom this means charities regulated and scrutinised by the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator, and the Charity Commission for Northern Ireland, or entities considered an 'exempt charity' by HMRC. For the United States of America this means tax-exempt, non-profit corporations or associations under section 501(c) regulated and scrutinised by the Inland Revenue Service (IRS). For Canada this means charities regulated and scrutinised by the Canada Revenue Agency (CRA). Also excluded are funding councils or related bodies within the UK, USA or EU. There will be careful monitoring of experience concerning whether this category of exclusion carries any risk of insufficient thoroughness.
2. Initial Screening. The aim is to explore whether there are any concerns that raise issues of ethical or reputational risk. During an initial screening, reasonable attempts are made to establish whether a donor has any links to an application to study at the School (the objective here is to ensure that admission as a student and acceptance of donations are kept entirely separate). A standardised search string is also used on Lexis Nexis (and/or any subsequent due diligence product or news database) and the internet designed to highlight potential areas of concern. The research screening and the decision making process are stored and logged on the Advance database.
3. Full screening. The individual requesting the screening, typically a fundraiser, is sent a set of standard questions which cover the subject's relationship with the School and the requester. The questions also provide an opportunity for the requester to raise any potential issues or concerns. The full screening uses the resources set out in an initial screening, plus additional sources such as material held at Companies House and more extensive searches online. The information is then summarised with sources cited in footnotes. The responses to the standard questions are set out at the beginning of the report along with a summary of any concerns noted in the document.

D. Criteria for deciding whether there should be a referral to the Ethics (Grants and Donations) Panel

1. The following criteria will be considered when deciding whether to refer a matter to the Panel:
 - (a) All proposed funding at or above the threshold, which shall be £250,000 or such other figure as shall be approved by Council from time to time;
 - (b) Cumulative funding held on the record from a single source equal to or exceeding, in total, the threshold, in order that a decision be taken at the point when it is proposed that the threshold might be crossed;
 - (c) Any proposed funding under the threshold referred to the Panel's attention by the Director of Development and Alumni Relations or the Director of Research Division;
 - (d) Any other matter connected with acceptance of proposed funding or ongoing relations with a funder that raises issues of a legal, reputational, ethical or similar nature;
 - (e) Cases in which material information is received about a funder or funding (including a series of funds) after the funding has been given which might breach the guidelines;
 - (f) Funding shall only be accepted if the identity of the funder is known and acceptable to the Panel. Funding will not generally be accepted if an intermediary negotiates a benefaction on behalf of the funder who requires complete anonymity. Whilst the School may agree that it will not publicly acknowledge the name of the funder, the identity of that funder must be explicitly known to ODAR in order to carry out the necessary ethical screening and must be acceptable to the Ethics (Grants and Donations) Panel;
 - (g) Funding or proposed funding from the organisations and funding bodies falling within the exclusions noted in section C.1 will not be referred to the Panel unless in the view of either the Director of Development and Alumni Relations or the Director of Research Division, the source raises issues which warrant screening and subsequent review by the Panel; or the matter is referred to the Panel by the Ethics Policy Committee or by Council.

E. Criteria to be drawn to the attention of the Ethics (Grants and Donations) Panel

1. In presenting cases to the Panel the following criteria should be taken into account:
 - (a) any possibility that the funding under consideration is or might be associated with illegal activities under the Proceeds of Crime Act, the Bribery Act or anti-terror financing legislation.
 - (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 academic practice or would impose on the School academic objectives 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 fulfillment 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 a reputation compromised in some way, and the behaviour which led to the funder's reputation being compromised has not clearly 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. The Panel will be informed by briefings from the Director of Development and Alumni Relations or the Director of Research Division which should always include:
 - (a) confirmation that procedures regarding grants and donations under other relevant School regulations have been or are being complied with;
 - (b) a full report under the procedure for screening for ethical and reputational risk;
 - (c) a summary of any concerns leading to a referral to the Committee whether arising from the screening process, the grants and donations approval procedures or otherwise.
- 3. 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 review by the Committee; 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.

F. Procedure if the Panel needs to refer a case to another body

- 1. The Panel shall refer to the Ethics Policy Committee for final decision:
 - (a) any matter on which it is unable to reach unanimous agreement and may refer to it any other matter which raises particular difficulties setting out its recommendations and the reasons for them, or
 - (b) any matter which it considers raises issues falling outside its terms of reference.
- 2. The DMT may be consulted if the Director of the School's views on management implications of a case are needed; and the Research Committee may be consulted about matters within its remit, particularly the purpose of a grant.