

# Due Diligence Policy for Collaborators and Subcontractors on Grant-funded Research

---

## Contents

---

1	What is Due Diligence.....	2
2	Why do Due Diligence? .....	2
3	What Should Due Diligence Cover? .....	2
4	A Risk-Based Approach.....	3
5	Basic Due Diligence .....	4
6	Full Due Diligence .....	4
7	The Due Diligence Process .....	4
8	Ongoing Due Diligence .....	5
9	Appendix 1 – Safe Research Partners .....	5
10	Appendix 2 – Basic Due Diligence Procedure.....	6
11	Appendix 3 - Full Due Diligence Procedure.....	7
12	Equality and Diversity .....	7

Ownership	Solicitor, Research and Enterprise Office
Policy contact	Solicitor, Research and Enterprise Office
Approval	Research and Enterprise Committee
Protective Marking	Public
Last review date	September 2020
Next review date	September 2022

---

## **1 What is Due Diligence**

---

- 1.1 In this context, due diligence means undertaking a reasonable and proportionate investigation into the suitability of third-party organisations that are potential collaborators and/or subcontractors on research projects, and who may therefore become the ultimate recipients of grant funding.
  - 1.2 Due diligence is separate from the College's policies and procedures around procurement which still need to be followed.
- 

## **2 Why do Due Diligence?**

---

- 2.1 We undertake due diligence to try to ensure that the third-party organisations we are collaborating with are appropriate recipients of funding, and that any monies provided will be used for the purposes intended.
  - 2.2 We are required by grant funding conditions to have policies and processes in place and to carry out appropriate due diligence when providing funding to third-party organisations. When funding is to be provided to third parties based overseas, we have to follow the UKRI International Due Diligence Guidance (the "UKRI Guidance") available here:  
<https://www.ukri.org/files/funding/due-diligence-guidance-for-ukros-pdf/>
- 

## **3 What Should Due Diligence Cover?**

---

- 3.1 According to the UKRI Guidance, due diligence should cover the following areas:

<b>Governance and Control</b>	<b>Ability to Deliver</b>	<b>Financial Stability</b>
Governance	Past Performance	Financial viability
Fraud, bribery, corruption, money laundering and slavery	Staff capacity and capability (number, track record)	Financial Management e.g. experience of finance team and segregation of duties
Internal controls	Infrastructure and programme management for research	Strength of audit, internal and external
Risk Management	Monitoring and management	Value for money
Ethics	Training	Policies, procedures and systems - including IT systems
Assurance Processes	Equality and Diversity	Separate bank account
Research Governance	Data Management	Income from other sources – diversity of income streams
Scientific Misconduct	Openness and Publications transparency	

---

## **4 A Risk-Based Approach**

---

- 4.1 The level of due diligence undertaken must be proportionate to the level of risk involved, balancing the impact on the College were something to go wrong against the costs of mitigating such risks.
- 4.2 The College believes certain third-party organisations are self-evidently suitable research partners, and accordingly a list of such organisations that are deemed to be safe without requiring any further checks is contained in Appendix 1 to this Policy (which may be added to from time to time).
- 4.3 In all other case, further due diligence should be carried out.

---

## **5 Basic Due Diligence**

---

- 5.1 The basic due diligence procedure is outlined in Appendix 2 to this Policy. The College will undertake this basic due diligence on all potential research partners that are not included on the list in Appendix 1, whether they are based in the UK or overseas.
- 5.2 The basic due diligence procedure should also be considered as an initial step at the pre-application stage even where full due diligence described below may ultimately be required, so any potential issues may be identified at an early stage.

---

## **6 Full Due Diligence**

---

- 6.1 The full due diligence procedure is outlined in Appendix 3 to this Policy. The College will undertake this full due diligence procedure on all potential research partners based overseas where they would be recipients of more than £30,000 GBP over the course of a research project.
- 6.2 The full due diligence procedure is based on a template Due Diligence Questionnaire that has been prepared by the Association of Research Managers and Administrators (ARMA) UK. This is included in Appendix A along with the associated Guidance, and these may be amended from time to time when updated by ARMA.
- 6.3 The College will work with the partner organisation to complete this Due Diligence Questionnaire, and this should be done before the start date of the grant and any transfer of funds.

---

## **7 The Due Diligence Process**

---

- 7.1 Generally due diligence will be undertaken by the Research and Enterprise Office. Academics/supervisors must inform the Research and Enterprise Office as early as possible about third-party organisations they are considering working with to allow this to take place.
- 7.2 It is important to note that due diligence is not a pass or fail exercise. Where concerns arise, these must be escalated to the appropriate level to assess whether there are ways to mitigate any risks and to make a decision whether to proceed.

- 7.3 Initially staff should raise concerns with their line manager, who will decide whether to escalate the issue for joint review by the Director of Research and Enterprise and the relevant Head of Department. If they cannot agree, then the ultimate decision lies with the Pro Warden (Research and Enterprise) and the Senior Management Team.
- 7.4 The outcome of the due diligence process should be recorded in the College's Research & Enterprise Due Diligence Register.
- 

## **8 Ongoing Due Diligence**

---

- 8.1 Due diligence is an ongoing process that should not stop once an award has been made.
- 8.2 The College will undertake regular finance checks and require overseas organisations to provide evidence to ensure sub-contracted funding is being used for the purposes that it was awarded, and that expenditure claimed complies with grant terms and conditions. These will again be completed in a risk-based way with more checks being undertaken where the risks are higher.
- 8.3 Projects must have appropriate processes before funds are transferred to overseas organisations, which could include: requiring receipt of formal invoices; provision of proof of purchases; regular progress reports; etc. We should consider imposing further checks for high risk projects or organisations.
- 8.4 Where the College continues to work with an overseas organisation whether on the same project or other projects, the College aims to repeat the due diligence process every five years, or whenever we become aware of issues or material changes with the overseas organisation.
- 

## **9 Appendix 1 – Safe Research Partners**

---

The College considers the following types of organisation to be safe and suitable research partners:

- Governmental departments, agencies and public bodies
- Local authorities in the UK
- National Health Service bodies
- Maintained schools and further and higher education institutions
- Publicly owned companies
- Any other organisations that meet the definition of Public Authority under the Freedom of Information Act 2000 -  
<https://www.legislation.gov.uk/ukpga/2000/36/schedule/1>

UK-based charitable or third sector organisations (particularly if large and/or well-known) are unlikely to merit expending significant efforts undertaking due diligence, but it is still worth undertaking an online search for relevant news stories as detailed in Appendix 2 below.

Similarly, with large UK-based companies it is still worth undertaking a quick online search not least to check whether there are any potential reputational issues around their activities (for example if they are involved in e.g. the arms trade, or tobacco sales etc.).

---

## 10 Appendix 2 – Basic Due Diligence Procedure

---

The following steps should be considered:

1. Check the College's Research & Enterprise Due Diligence Register to determine whether we have conducted due diligence on this organisation previously (although if this was undertaken more than 3 years previously, consider whether this needs to be repeated).
2. If it is an unfamiliar organisation try to speak to colleagues both within and potentially outside the College to see what their experiences have been. An easy way to do this is to send an initial group email round the Research and Enterprise Office.
3. Ask the academic(s) involved for any information they have on the organisation, and how they came to identify them as a potential partner.
4. Carry out an online search on the organisation, both their official web site and for any news stories. This should provide an indication of the activities at the organisation and any good or bad news stories. It might also provide evidence of other projects the organisation has been involved in, and reveal whether they have the capacity to carry out the required research and/or provide the relevant services.
5. Review their annual report, which should provide an indication of their financial viability, and potentially details of other organisations they have previously worked with.
6. Ask the organisation either directly or via the academic(s) involved whether they have completed similar due diligence for any other UK HEIs or other entities, and if so whether they are able to provide details.
7. For third parties based overseas, check the corruption index for the country the organisation is based in, which provides a useful indication of the level of corruption within the country concerned and therefore may increase the levels of risk regarding funding going to organisations within these countries. This can be found here: [https://en.wikipedia.org/wiki/Corruption\\_Perceptions\\_Index](https://en.wikipedia.org/wiki/Corruption_Perceptions_Index)

---

## 11 Appendix 3 - Full Due Diligence Procedure

---

This Questionnaire must be completed by all overseas organisations that work with Goldsmiths as collaborators or subcontractors on research projects where they would receive more than £30,000 GBP in funding over the lifetime of the research project.

This Questionnaire and associated Guidance are based on a template developed by the Association of Research Managers and Administrators (ARMA) UK. We are required by our funding conditions to undertake these checks.

This form and any attachments must be completed in English.

[gold.ac.uk/media/docs/research/ARMA-Due-Diligence-Questionnaire-Guidance.pdf](http://gold.ac.uk/media/docs/research/ARMA-Due-Diligence-Questionnaire-Guidance.pdf)

---

## 12 Equality and Diversity

---

As a public body, the College has an active duty to consider the impact on equality in all decision making.

It is not envisaged that this Policy will have significant Equality, Diversity and Inclusion (EDI) implications except in the broadest terms, insofar as undertaking due diligence is meant to reduce the incidence of corruption, and levels of corruption are linked to levels of poverty; so undertaking proper due diligence should ultimately be a tool to assist in reduction of poverty.