

Fundraising & Donor Due Diligence Policy

Applicability

This policy applies to all trustees, other volunteers, employees, contractors, and third-party representatives of the charity. Its requirements should be reflected in other policies and procedures, agreements and contracts, as necessary.

What is Fundraising Donor Due Diligence?

Fundraising donor due diligence is the process of assessing the legitimacy, credibility, and ethical practices of organisations and individuals involved by carrying out checks to ensure that the donation complies with legal and ethical standards. We will use all reasonable endeavours to ensure that the donations we are offered or receive are not subject to restrictions, prohibitions or sanctions, such as relating to:

- Tainted donations.
- Proceeds of crime.
- Proscribed organisations.
- Designated persons subject to UK government sanctions.

We will record findings and decisions and will report any suspicious activity to the Police and/or other relevant authority.

Fundraising Due Diligence - Donor Compliance Checklist

The fundraising due diligence you may need to carry out depends on you and the donor *and the size of the donation (i.e. small cash donations will rarely, if ever cause any issue)* but here's a simple compliance checklist.

- **Legal Check:** Ensure the donation complies with the Fundraising Code and relevant laws, such as anti-money laundering or sanctions.
- **Reputation Check:** Assess potential impact on the organization's reputation. For example, the donor's public image and any past controversies.
- **Ethics Check:** Verify alignment with your charity's mission and values. For example, green washing and being seen to be supporting corporate virtue signalling.
- **Risk Check:** Identify and manage potential risks associated with the donation, such as the financial stability of the donor, if a pledge is to be paid over several years.

- **Transparency Check:** Demonstrate transparency and accountability in fundraising practices. For example, by disclosing the source and amounts of large donations, as long as this doesn't violate any privacy laws or agreements with the donor.

The Charity Commission has published donor due diligence guidance, such as its Know Your Donor and other compliance toolkits; see below.

Gift Acceptance & Other Fundraising Policies

In accordance with the Fundraising Code 2.3.1 we would only refuse or return donations in exceptional circumstances. However, we cannot accept funding from a donor where it would not be in the best interests of our charity. For example, if a donor wanted to fund something outside of our charitable objects, or to impose unreasonable conditions or who may be a vulnerable individual or lack competence to make decisions. These are covered in our Acceptance & Refusal of Donations, Refunds and Ethical Fundraising policies.

Fundraising Due Diligence - Other Than Donors

Fundraising due diligence is not something that applies only to donors. For example, when working with commercial fundraising companies. We will carry out appropriate due diligence to ensure that any companies fundraising on our behalf are operating in line with the Fundraising Code and have appropriate oversight and training.

Fundraising Due Diligence – Incident Reporting

In the event our due diligence was to uncover a significant problem, we would be mindful of your obligations to report major incidents to the Charity Commission and, if appropriate, the Fundraising or other regulator; see below.

Due Diligence – Anonymous Donations, Sanctions & Scams

When carrying out donor due diligence, we will be mindful that charities are at risk from attempts to breach sanctions and scams and, donations from anonymous donors, may pose a particular risk. Outlined below are how these should be managed, with detailed procedures contained in the [Charity Commission Compliance Toolkit](#).

Donor Due Diligence - Anonymous and Suspicious Donations

Donations through collection tins and online platforms are often anonymous and any donor may remain anonymous if he or she chooses to. The Charity Commission 'know your' donor principle does not mean we cannot accept anonymous donations and doing

so is perfectly acceptable providing charities look out for suspicious circumstances and put adequate safeguards in place.

Trustees will take reasonable and appropriate steps to know who the charity's donors are and will not accept a donation where the risk to the charity is assessed to be greater than the benefit of having the funds donated.

Fundraising Donor Due Diligence - Sanctions

This is a complex area as the sanctions applied can be to individuals, organisations or even countries, the sanctions applied vary and other countries also apply sanctions. In some circumstances a charity may obtain a licence from OFSI or rely on an exception in the legislation.

However, other than those exemptions, it is against the law to receive money, goods or economic resources from, or send these to – an individual or organisation subject to financial sanctions. In the event of any grounds to suspect the charity may be involved, or may become involved with a sanctioned individual, organisation or work in a sanctioned country, the first step is to read the OFSI guidance below, then seek and comply with their advice.

How Can Charity Trustees Identify Suspicious Donations?

There can be no absolute guide to what may be suspicious, but indicators are where significant sums are being donated, particularly if this is unusual, in cash or from overseas. Moreover, any prospective donor who wishes cash to be forwarded in advance or for the charity to pay some of the donation to a third party will always be considered highly suspicious.

Suspicious Fundraising Donations Checklist

The following situations may indicate higher risks:

- Unusual or substantial one-off donations or a series of smaller donations or interest-free loans from sources that cannot be identified or checked.
- Being asked to act as a conduit for the passing of a donation to a second body which may or may not be another charity.
- If conditions attached to a donation mean that the charity would merely be a vehicle for transferring funds from one individual or organisation to another without the trustees being able to satisfy themselves that these have been properly used.
- Where a charity is told it can keep a donation for a certain period of time, perhaps with the attraction of being able to keep any interest earned whilst

- holding the money, but the principal sum is to be returned at the end of a specified, short, period.
- Where donations are made in a foreign currency, and again unusual conditions are attached to their use, e.g. including a requirement that the original sum is to be returned to the donor in a different currency.
- Where donations are conditional on particular individuals or organisations being used to do work for the charity where the trustees have concerns about those individuals or organisations.
- Where a charity is asked to provide services or benefits on favourable terms to the donor or a person nominated by the donor.

Fundraising Due Diligence Top Tips

Listed below are the due diligence top tips from the Charity Regulator, although this does stress that these are not legal advice nor exhaustive.

1. Carry out due diligence checks into the financial and reputational dealings of your donors and their donations in proportion to the risk, before accepting.
2. Make sure your donors are not subject to restrictions, prohibitions or sanctions.
3. Know what to do if your due diligence checks indicate anything suspicious, including reporting the matter to the police and/or other relevant authorities.
4. Document in writing any risks you have identified, the actions you have taken to reduce or eliminate the risk to your institution and to fundraising, and any decisions you make as a consequence.
5. Due diligence checks into small cash donors and their donations will not normally be necessary unless there are other risk factors present.
6. Before entering into any agreement with a fundraising partner you must carry out proportionate due diligence.
7. Have procedures in place to carry out due diligence checks into the suitability of people working or volunteering with you where they are likely to have access to children or adults at risk.
8. If you use a third-party fundraiser, ensure that your written agreement with them requires them to carry out appropriate checks on anyone engaged by them, whether employed or contracted, to fundraise on your behalf.
9. Know how to rapidly refer or report safeguarding concerns and suspected or actual incidents of harm and ensure you do so where the situation arises.

10. Make sure people acting as 'house-to-house' collectors are 'fit and proper persons' to comply with applicable legislation.

Regulatory Guidance

Listed below are the fundraising donor due diligence compliance checklists and guidance from the Charity Commission E&W and other regulators.

Charity Commission Compliance Checklists

- [Know your donor key questions.](#)
- [Know your partner, key issues to think about.](#)
- [Know your donor – checklist.](#)
- [Advice on suspect donations.](#)
- [Donations from outside the UK.](#)
- [End use of funds.](#)
- [Designated persons list.](#)
- [Tainted donations.](#)
- [How to report a serious incident in your charity.](#)

Fundraising Regulator

- [Due Diligence and Fundraising.](#)
- [Accepting, Refusing and Returning Donations.](#)
- [Professional fundraisers, commercial participators and partners.](#)
- [Self-Reporting Fundraising Incidents.](#)

OFSI Sanctions Guidance for Charities

- [OFSI Charity Sector Guidance on Sanctions.](#)
- [UK Sanctions Guidance.](#)
- [UK Sanctions List](#)

Version Control - Approval and Review

This policy will be reviewed periodically, or following an incident, change in legislation, or other significant factors.

Version No	Approved By	Approval Date	Main Changes	Review Period
1.0	Board	Sept 2025	Initial draft approved	Annually

Annex A – Making & Recording Decisions

We follow the Code of Fundraising Practice by ensuring that we make reasonable decisions, evidence fundraising claims, manage conflicts of interest and maintain accurate records to justify actions taken during fundraising activities. In particular, we:

- Document all relevant fundraising decisions made by trustees and third-party fundraisers.
- Ensure records are accurate, accessible, and up to date at the time of decision-making.
- Follow statutory and regulatory requirements, as well as good practice in record-keeping.

In deciding what might need to be recorded and appropriate approval sought, we always do so in respect of novel or contentious issues. We define these as follows:

- **Novel** - does not meet the letter of regulations or our policies. That is, using a budget for a purpose for which it was not intended or exceeding authorised limits. For example, the payment of reasonable commission to a third-party fundraiser for a piece of work because they only work on that basis and have expertise that the charity really needs and is not reasonably available through normal channels.
- **Contentious** - meets the letter of the relevant regulations or policy, but where such a decision might potentially be questioned and reasonably require an explanation. For example, an environmental charity accepting a donation from a company that genuinely wishes to seek environmental change, but which is in a carbon intensive sector, and this may lead to accusations of greenwashing.