

Donations Policy and Accounting Procedures

Originator name:	Chris Gethin / Ruth Anderson
Department:	Alumni & Development Office / Finance Department
Implementation date:	1 July 2011 (Revised February 2014)
Date of next review:	February 2017
Related policies:	Ethical Conduct: Bribery, Fraud, Gifts, Hospitality and Conflict of Interests Policy Financial Regulations

Sign Off History

Version	Committee Name	Date of Final Sign Off
1	Executive Board	22/06/2011
2 (Bribery Act Update)	Executive Board	23/05/2012
3	Council	27/03/2015

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Introduction

The Alumni & Development Office (ADO) co-ordinates and reports on all philanthropic fundraising across the University. This function is important and central to the University's plan to significantly increase income from the private sector and therefore create a sustainable and growing fundraising culture to support the University's vision.

The ADO also needs to be aware of the source of all donated income to the University to ensure we comply with other policies of the University and ensure multiple approaches are not made to donors.

This paper defines the University of Surrey's policy regarding philanthropic fundraising. It is relevant to all members of staff and provides information, including contact information, relating to identification and proper accounting procedures for donations.

Purpose

Philanthropic funding represents additional private sector financial support that enables the University to invest further in key strategic areas within student hardship, research, teaching and the enhancement of campus buildings and equipment. We seek to encourage the University community, including its Alumni, staff, the general public and businesses to contribute, through structured and tailored solicitation programmes.

It is vitally important that fundraising is professionally co-ordinated across the University to ensure the most efficient and effective approaches are made. We also need to identify all donations received to ensure donors are appropriately thanked and stewarded, their wishes carried out and that all benefactors to the University are included in the Donor Report, which lists all donors to the University over a financial year. The ADO can provide assistance in the ongoing thanking, reporting and stewardship of a donor through our Stewardship programme and Gift Circles, as detailed below under Procedures.

We also need to account accurately for and record all funds raised or pledged to measure fundraising activity and income generation throughout the University, for audit purposes and both internal and external regulatory bodies.

The purpose of this policy is therefore to:

- define philanthropic income and ensure all donations are correctly recorded and reported in the University's philanthropic returns for both internal and external bodies, including the Ross_CASE Survey which is the annual survey of gifts and costs of voluntary giving to HE in the UK.
- maximise donation income. At present this can be done by asking the donor to complete a Gift Aid declaration which allows the University to reclaim tax on any donations from individuals paying UK income or capital gains tax.
- ensure donors are identified and stewarded correctly and all approaches are co-ordinated and professionally managed.
- ensure donations are compatible with the University's objectives and consistent with the goals in the University Strategy and Corporate Plan.

Scope

This Policy applies to all staff.

Legislative Context

This Policy and the Accounting Procedures have been drawn up in the context of the following:

- HMRC Guidance <http://www.hmrc.gov.uk/charities/>
- Reporting Rules for Ross-CASE Survey
- The Statement of Recommended Accounting Practice: Accounting for Further and Higher Education
- Accounting guidance from The British Universities Finance Directors Group (BUFDG) <http://www.bufdg.ac.uk/>

Definitions

A **gift or donation** is a voluntary transfer of money by a donor, made with philanthropic intent for the benefit of the institution. After receipt, the institution must own the donation in full and any work, project or intellectual property that results. The donor may not retain any explicit or implicit control over a gift after acceptance by an institution and there must be no contractual conditions attached to the donation.

Philanthropic funds can take the form of funding for the following:-

1. **Buildings, land and equipment**/other assets that remain the property of the University.
2. **Staff appointments** providing there is no donor control over the appointment and neither consultancy nor work on research contracts is included.
3. **Scholarships and bursaries** as long as the student recipient is not required to undertake specific activities of economic benefit to the funder (e.g. research projects, work placements) and the donor does not select the recipient.
4. Endowment of lectures and other academic activities.
5. Funding of research programmes, may be eligible where the University retains control over how the donation is spent and any exclusive or IP (Intellectual Property) rights from the research carried out.

Sources of philanthropic funds include the following:-

1. Gifts from individuals, in the UK and overseas, of cash and other instruments of wealth, including shares.
2. Gifts-in-kind (or donated assets) including property, art, equipment, etc.
3. Legacy income received.
4. Monies from charitable trusts and foundations in the UK and overseas.
5. Gifts from companies in the UK and overseas.
6. Gifts from overseas governments or their agencies and foundations.
7. Income from the National Lottery and similar sources (e.g. Sport England, Heritage Lottery Fund)

Procedure for all Donations, Endowments and Legacies

The ADO will co-ordinate fundraising across the University, maintain details of all donations on its database, for reporting and audit purposes, and ensure any contact made with donors is relevant and any future approaches are co-ordinated. If the ADO is aware of all donations then they can ensure they are consistent with the goals and policies of the University and refer anyone who wishes to approach a donor to the Faculty/Department which already has a relationship with the donor to ensure no conflicting requests or multiple approaches from different parts of the university are made. All intentions to approach existing or potential donors should therefore be notified to the ADO before contact is made.

Acceptance/Refusal

In considering the acceptance of any donation, endowment or legacy the University will consider if the donation is compatible with the purposes of the University and consistent with the goals outlined in the Institutional Strategy and Corporate Plan. The University will also ensure that any gift complies with any relevant, current legislation.

The University will not accept any donation or pledge which is deemed, following thorough research, to have been funded through activities which:

- a) Are unlawful (including any form of theft, fraud, tax evasion, money laundering or terrorist activity), whether in the UK or under the jurisdiction of the country from which the pledge is made;
- b) Violate international conventions that bear on human rights;
- c) Limit freedom of enquiry, or encroach on academic freedom;

In addition, the University must be able to confirm that acceptance of a donation will not:

- a) Lead to a conflict of interest with the ethics and principles of the University of Surrey;
- b) Require an action or actions on behalf of the University or its staff which are deemed illegal;
- c) Harm the University's reputation and relationship with other benefactors, partners, potential students or research supporters.
- d) Constitute any form of bribery.

As part of the due diligence involved in accepting a gift, the University will identify if there are any present or upcoming University tenders that may be of interest to the donor. If there is a possible link no gift will be accepted or discussed until the University has ensured that there is no possible conflict of interest.

- The University will accept gifts from parents of current students but will make it clear within the gift agreement and related communication that the gift will in no way have any bearing or influence on how the University will treat their child as a student.
- For gifts that will be referred to Council for approval (i.e. those over £1m) the University will engage a third party to carry out due diligence in addition to the due diligence carried out by the University.

Responsibility levels for acceptance of philanthropic gifts

The Director of Alumni & Development has responsibility for all reasonable research on donation pledges which fall below a threshold of £50,000. Where pledges are received which exceed this value, Development staff should escalate the decision-making as follows:

- (a) £50,000 - £250,000 : Vice President for Enterprise and Growth
- (b) £250,000 - £500,000 : Vice-Chancellor
- (c) £500,000 - £1,000,000 : Vice-Chancellor, on recommendation of Executive Board
- (d) For pledges in excess of £1,000,000 a committee consisting of the Director of Alumni and Development (Chair,) the University Secretary, and either the Vice President Enterprise and Growth or the Vice Chancellor shall meet to decide whether to recommend to Council that the donation should be approved. Council shall then take the final decision as to whether or not the donation should be accepted.

Any donation pledge, regardless of value, which, in the opinion of the Director of Alumni and Development, has a controversial dimension to it, should be reported to the Director for Corporate Services for further action and escalation to higher authority if appropriate.

On going research and due diligence will be maintained on all high value donors to the University following the donation.

Recording and Reporting

The ADO will develop a donor gift agreement, where necessary, in conjunction with the donor and the individuals in the Faculty/Department who have the relationship with the donor.

Once donated income has been identified, the Business Finance Manager should be advised and provided with all support information and relevant paperwork. This should be copied to the ADO to ensure the gift is properly recorded and it is available for any auditors. The minimum information required by ADO is as follows:-

- Name and address of donor
- Name of staff member(s) involved
- Amount and purpose of donation including Project/department the gift is to support.
- The account and project code the gift was credited to (see accounting procedures below).
- Copies of supporting letters, proposals, communication with and from the donor.

Stewardship

All donors should be properly thanked and acknowledgement of the donation should be sent from the benefiting Faculty/Department (which has the relationship with the donor) and a copy sent to ADO. The ADO can provide example thank you letters, arrange for a personal letter of thanks from the VC for substantial donations and also provide a Gift Aid confirmation clause or declaration to be sent to individuals as appropriate.

When a donor asks that he or she remain anonymous in relation to a gift, the ADO must determine the appropriate level of anonymity. For some donors, it is acceptable for University officials and internal entities to know about a gift. Their primary request is that their names and their gift not be discussed in any public setting or included in any published honour roll of donors. In this case, the gift will be recorded to the donor's individual entity record but will not be published in any University materials, nor recognised in any public fashion.

All donors will be listed in the Annual **Donor Report**, unless anonymity has been requested, and sent a copy. They will also be invited, along with the staff member who has the relationship with them, to an Annual Donor Reception and other appropriate University events throughout the year.

As part of the ADO stewardship programme, **Gift Circles** have been introduced and can be applied to all relevant individual donors. Please contact the ADO for further details.

Other considerations

Gift Aid is a way for the University) to increase the value of monetary gifts from UK tax paying individuals by claiming back the basic rate tax paid by the donor. It can increase the value of donations by a quarter at no extra cost to the donor. Gift Aid declarations once returned should be sent to the ADO who will process the claim and ensure the tax refund received is credited to the original project code. If you are unsure if Gift Aid can be claimed, please refer to the ADO.

It should be noted that the University is an **exempt charity**. As such, the University does not have a registered charity number and, if required, the number X3967 should be described as the University's 'HMRC Charity Repayment reference' NOT its charity number. Details of the University's Charitable Status can be found at:-

<http://www.surrey.ac.uk/about/corporate/governance/charitablestatus/>

Returning a Donation

The University will not normally return a donation which has been accepted in good faith in compliance with this policy; indeed the circumstances in which it may do so are extremely limited by law. Exceptionally, subsequent events or the subsequent availability of additional information may give rise to the need to review a previous decision to accept a gift. A decision to return a gift below a threshold of £50,000 shall be taken by the Director of Alumni and Development. Where the gift being returned exceeds this value the decision making should be escalated as follows:-

- (a) £50,000 - £250,000 : Vice President for Enterprise and Growth
- (b) £250,000 - £500,000 : Vice-Chancellor
- (c) £500,000 - £1,000,000 : Vice-Chancellor, on recommendation of Executive Board
- (d) For pledges in excess of £1,000,000 a committee consisting of the Director of Alumni and Development (Chair,) the University Secretary, and either the Vice President for Enterprise and Growth or the Vice Chancellor shall meet to decide whether to recommend to Council that the donation should be approved. Council shall then take the final decision as to whether or not the donation should be returned.

Where the University has a historic gift or endowment that was given to support an activity or course that the University no longer provides and therefore cannot fulfil the original intentions of the donor. The University will seek to utilise the funding in a way that is as close as possible to the donor's original intentions. Where possible the University will first seek the agreement with the donor or donor representatives. Where the gift is being reallocated the same decision making thresholds outlined above will apply.

Responsibility and Contacts

The Director of Development has overall responsibility for the Policy and for ensuring that it is effectively implemented, that progress is monitored and that the Policy is regularly reviewed.

The Deputy Director, Corporate Finance has responsibility for the Accounting Procedures at **Appendix 1**.

Below are contact details for the individuals you can call to discuss any fundraising activities, accounting or tax issues.

ALUMNI & DEVELOPMENT OFFICE

Chris Gethin – Director of Development
Ext 9210
Email: c.gethin@surrey.ac.uk

Karen Devereux – Gifts Officer
Ext 3141
Email: k.devereux@surrey.ac.uk

Amintha Buckland – Development Manager
Ext 9236
Email: a.buckland@surrey.ac.uk

Kate Redrup – Annual Fund Manager
Ext 9264
Email: k.redrup@surrey.ac.uk

FINANCE OFFICE

Relevant contact details can be found on the Finance website at <http://www.surrey.ac.uk/surreynet/departments/finance/who/index.htm>

