

Development and Alumni Relations

LSHTM Gift Policy



1.0 Introduction

- 1.1 The London School of Hygiene & Tropical Medicine seeks philanthropic support from donors who share our values, as laid out in the School's mission statement: To improve health and health equity in the UK and worldwide; working in partnership to achieve excellence in public and global health research, education and translation of knowledge into policy and practice.
- 1.2 The Development and Alumni Relations Office (DARO) co-ordinates and reports on all philanthropic fundraising across the School. This function is important and central to the School's plan to significantly increase income from the high-net-worth individuals, trusts, foundations, and corporations, to create a sustainable and growing fundraising culture which will support the School's vision.
- 1.3 The DARO also needs to be aware of the source of all donated income to the School to ensure we comply with other policies of the School and ensure multiple approaches are not made to donors.
- 1.4 The following defines the London School of Hygiene & Tropical Medicine'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.

2.0 Purpose

- 2.1 Philanthropic funding represents additional financial support that enables the School to invest further in key strategic areas including scholarships, student hardship funds, research, teaching and the enhancement of buildings and equipment. Independent and impartial research, scholarships and teaching are fundamental to the mission of all universities. The School accepts gifts on the understanding that the School's academic independence will be respected by all parties. We seek to encourage the School community, including its Alumni, staff, the general public and businesses to contribute, through structured and tailored solicitation programmes.
- 2.2 It is vitally important that fundraising is professionally coordinated across the School to ensure opportunities are maximised in coordination with the School's priorities while maintaining donor's wishes. The School need to identify all donations received to ensure donors are appropriately thanked, tax receipts are issued and stewardship reporting requirements are met and their wishes carried out. The DARO can provide assistance in the ongoing thanking, reporting and stewardship of a donor through our Stewardship programme and Giving Circles, as detailed below under procedures.

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

2.4 The purpose of this policy is therefore to:

- Define philanthropic income and ensure all donations are correctly recorded and reported in the School'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. For example, this can be done by asking the donor to complete a Gift Aid declaration which allows the School to reclaim an additional 12.5% on any donations from individuals paying UK income or capital gains tax.
- Ensure donors are identified and stewarded correctly and all approaches are coordinated and professionally managed.
- Ensure donations are ethical and compatible with the School's academic and financial priorities and consistent with the goals in the School Strategy and Corporate Plan.
- Provide a clear framework for faculty and staff to approve new and innovative ideas and funders. This must include: proposal and financial review, due diligence on a funder and gift terms.

3.0 Scope

3.1 This Policy applies to all faculty and staff.

4.0 Legislative Context

4.1 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/>

5.0 Definitions

5.1 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 specific control over a gift after acceptance by an institution and there must be no contractual conditions attached to the

donation. Please note, this is different from sponsored research which can have clearly defined outcomes and deliverables. Please work with DARO to ensure opportunities are properly documented.

- 5.2 A pledge or gift intention is a written or verbal commitment by a donor to support the school with a philanthropic gift or donation.
- 5.3 Pledge payments are paid instalments by a donor to fulfill a donor's pledge or written gift intention. Both pledges and pledge payments are subject to the same rules outlined by an outright gift to the School.
- 5.4 Gifts received to establish permanent endowments are invested by the School's Investment Committee and a portion of the investment income is used to fund the intended program in perpetuity. The principal of the investment is not used to fund the program.
- 5.5 Quasi endowments are established to earn interest while supporting a particular program over a defined period of time. The principal and interest are then spent down until the fund has been liquidated for its intended purpose.
- 5.6 Philanthropic funds can take the form of funding for the following:
 - Buildings, land and equipment/other assets such as rare books or art that remain the property of the School, known as Gift In Kind (GIK).
 - Staff appointments (Faculty Chairs) providing there is no donor control over the appointment and neither consultancy nor work on research contracts is included.
 - 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.
 - Permanent or Quasi Endowments of lectures and other academic activities.
 - Funding of research programmes, may be eligible where the School retains control over how the donation is spent and any exclusive or IP (Intellectual Property) rights from the research carried out.
- 5.7 Sources of philanthropic funds include the following:
 - Gifts from individuals, in the UK and overseas of: cash, securities, property and other instruments of value which can be sold to benefit the School.
 - Gifts-in-kind (or donated assets) including property, art, equipment, rare books etc, which the School intends to keep and use. The School retains the right to sell and profit from the asset at any time unless outlined within gift terms.
 - Income received from estates such as bequests or more complex planned giving vehicles.
 - Monies from charitable trusts and foundations in the UK and overseas.
 - Gifts from companies in the UK and overseas.
 - Gifts from overseas governments or their agencies and foundations.

- Income from the National Lottery and similar sources (e.g. Sport England, Heritage Lottery Fund)

6.0 Special Honorary Naming

6.1 The School's Director may name an honorary space such as a classroom or lab or an endowed or current use fund after a deceased faculty member, public health leader or important member of the School community. The Development Office must be contacted to determine if there is a fundraising opportunity which will be implemented appropriately around such an honorary naming. The same due diligence process and gift acceptance procedures will apply to these honorary naming opportunities.

7.0 Procedure for all Donations, Endowments and Legacies

7.1 The DARO will co-ordinate fundraising across the School, 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 coordinated. If the DARO is aware of all donations then they can ensure they are consistent with the goals and policies of the School and refer anyone who wishes to approach a donor to the Faculty which already has a relationship with the donor to ensure no conflicting requests or multiple approaches from different parts of the School are made. All intentions to approach existing or potential donors must therefore be notified to the DARO before contact is made.

8.0 Acceptance or Refusal of a Gift

- 8.1 In considering the acceptance of any donation, endowment or legacy the School will consider if the donation is compatible with the purposes of the School and consistent with the goals outlined in the Institutional Strategy. The School will also ensure that any gift complies with any relevant, current legislation.
- 8.2 The School will not accept any donation or pledge which is deemed, following thorough research, to have been funded through activities which were directly or appear to be funded by unlawful activities.
- 8.3 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;
- 8.4 Violate international conventions that bear on human rights;
- 8.5 Limit freedom of enquiry, or encroach on academic freedom;
- 8.6 Lead to a conflict of interest with the ethics and principles of the School;
- 8.7 Require an action or actions on behalf of the School or its staff which are deemed illegal;
- 8.8 May harm the School's reputation and relationship with other benefactors, partners, potential students or research supporters (i.e. Tobacco companies)

8.9 May constitute any form of bribe.

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

8.11 The School will accept gifts from relatives 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 School will treat their relation as a student.

8.12 For gifts that will be referred to Council for approval (i.e. those over £1m) the School will consider engaging a third party to carry out due diligence based on the initial risk assessment done during the internal due diligence process by the School.

9.0 Acceptance Approval Process for Philanthropic Gifts

9.1 The Director of Development & Alumni Relations has responsibility for all appropriate research on donations and pledges.

9.2 Gifts and pledges from first time donors to the School which exceed £100,000 must be reviewed by decision-makers at the following levels:

9.3 £100,000 - £249,999: Director of Development & Alumni Relations, Chief Operating Officer and Secretary and Registrar

9.4 £250,000 - £499,999: The Director and/or Provost on behalf of the Senior Leadership Team

9.5 £500,000 - £1,000,000: Chair of Council and one other member of the Council will approve the gift on behalf of the Governing Body. If for any reason, either Council members can recommend the gift be reviewed by the full Council.

9.6 £1,000,000+ Gift Policy Committee: Pledges and gifts in excess of £1,000,000 and cases referred for consideration, must be reviewed by the Gift Policy Committee consisting of the Director of Development and Alumni Relations (Chair,) Secretary and Registrar, Chair of Council or another designated member of Council, and Director or Provost shall meet to decide whether to recommend a gift for Council approval. Council shall then take the final decision as to whether or not to accept the donation.

9.7 Any donation pledge, regardless of value, which, in the opinion of the Director of Development and Alumni Relations, has a controversial dimension to it, must be reviewed by the Gift Policy Committee.

9.8 Ongoing due diligence will be maintained on all seven figure donors to the School following the donation. This monitoring of risk from past donation will be conducted by the Development and Alumni Relations Office a quarterly basis; or as news items

come up. These audits can be included in any risk assessment the School wishes to conduct.

10.0 Recording and Reporting

10.1 To ensure a gift is used as the donor intends DARO will develop a gift agreement for restricted gifts where a new fund will be established. This will be developed in conjunction with the donor, the individuals in the Faculty who will be conducting the research or managing the programme and legal council, where appropriate.

10.2 Once donated income has been identified, the Revenue Accountant in the Finance Office must be advised and provided with all support information and relevant paperwork. This must be copied to the DARO to ensure the gift is properly recorded and it is available for any auditors. The minimum information required by DARO 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 and Recognition

10.3 All donors must 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 DARO. The DARO can provide example thank you letters, arrange for a personal letter of thanks from the School's Director for substantial donations, provide a Gift Aid confirmation clause or declaration, as well as, tax receipts to be sent to individuals as appropriate.

10.4 When a donor asks that he or she remain anonymous in relation to a gift, the DARO must determine the appropriate level of anonymity. For some donors, it is acceptable for School 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 School materials, nor recognised in any public fashion.

11.0 Tax Status and Gift Aid

11.1 The London School of Hygiene & Tropical Medicine is an exempt charity within the meaning of Schedule 3 of the UK Charities Act 2011 (formerly Schedule 2 of the 1993 Act) and as such is a charity within the meaning of Section 506(1) of the Taxes Act (ICTA) 1988. US taxpayers can make gifts to the American Friends of the London School of Hygiene & Tropical Medicine, which has 501(c)3 status in the United States of America. LSTHM is also recognised as a Prescribed University

under Schedule VII.2 of Section 3503 of Canada's Income Tax Regulations (C.R.C., c. 945), qualifying it as a charity able to issue tax receipts to Canadian donors.

- 11.2 Gift Aid is a way for the School 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 must be sent to the Development Office 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 contact the Development Office.
- 11.3 It should be noted that the School is an exempt charity. As such, the School does not have a registered charity number and, if required, the number X3967 should be described as the School's 'HMRC Charity Repayment reference' NOT its charity number. Please contact DARO for further details of the School's Charitable Status.

12.0 Returning a Donation

- 12.1 The School 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 £25,000 shall be taken by the Director of Development and Alumni Relations and the Head of Legal Services. Where the gift being returned exceeds this value the decision making must be escalated as follows:
- £25,000 - £250,000: Chief Operating Officer, Director of Development & Alumni Relations, Head of Legal Services and Secretary and Registrar
 - £250,000 plus: The Director and Provost; and Chair of Council, on behalf of the Governing Body
- 12.2 Where the School has a historic gift or endowment that was given to support an activity or course that the School no longer provides and therefore cannot fulfil the original intentions of the donor; the School will seek to utilise the funding in a way that is as close as possible to the donor's original intentions. Where possible the School will first seek agreement with the donor or donor representatives. Where the gift is being reallocated the same decision making thresholds outlined above will apply.

13.0 Academic Approval for Philanthropic Gifts which Support Research

- 13.1 Before starting this process, researchers and staff must ensure that the funding is a philanthropic gift not a grant. A philanthropic gift is a donation and not a grant from an individual, corporation or foundation, and should provide researchers with a more flexible source of funding for research projects. A philanthropic gift must not be dependent on any deliverables or exchange of services as this can have legal tax implications. The only exception to this is donor acknowledgement, for example naming a laboratory of scholarship fund after a donor
- 13.2 The gift process outlined below follows current Faculty and Departmental academic approvals and must be followed once it has been determined that the source of funding is a philanthropic gift:

- Contact the Development & Alumni Relations Office to notify them of this opportunity.
- Prepare a Letter of Intent (LOI) for your relevant Faculty Management Group.
- Once approved prepare a pfact budget for the proposed research project to your Project Administrator and submit for standard pfact approval process.
- After the pfact has been fully vetted; liaise with the Development & Alumni Relations Office who will work with the faculty to prepare proposal and a Gift Agreement for the donor.
- The Development & Alumni Relations Office will complete the due diligence process on any first-time donor to the School. The outcome of the due diligence report will be shared with the academic, as well as, any other appropriate internal decision makers (see page 6 for more details on philanthropic gift acceptance)
- The due diligence approval process outlined in this document will then be followed.
- The finalised Gift agreement is then signed by the donor and Chief Operations Officer and copies returned to the Development & Alumni Relations Office.
- The Development & Alumni Relations Office will liaise with the Finance Office to create a new DONOT Code for the research team to access for the project

14.0 Responsibility and Contacts

14.1 The Director of Development and Alumni Relations 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. Below are contact details for the individuals you can call to discuss any fundraising activities, accounting or tax issues.

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