



**LAMDA**  
**FUNDRAISING DUE DILIGENCE POLICY**

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## **LAMDA'S COMMITMENT TO SUPPORTERS**

LAMDA is grateful to the many charitable trusts, individuals and organisations who make generous financial contributions towards its scholarship programme, activity and capital developments.

When you make a commitment to LAMDA we make the following commitment to you:

- we will be honest, truthful, transparent and professional in our dealings with you;
- we will acknowledge your gift swiftly, handle it responsibly and apply it to the purpose for which we requested it;
- we will respond to any concerns you might have swiftly and efficiently.
- we will respect your privacy and will only release details of your gift with your consent or if disclosure is required by law;
- we will keep you informed about the project that you are supporting in an honest and accessible manner;
- we will comply with all domestic and international legislation, including Tax legislation, the Data Protection Act 1998 and the Proceeds of Crime Act 2002;
- we will not encourage you in any way to change an existing charitable donation to another fundraising organisation.

LAMDA adheres to the Institute of Fundraising's current Code of Fundraising Practice and to Charity Commission guidelines. Complaints or queries should be addressed to the Director of Development.

## LAMDA'S COMMITMENT TO PROPER, EFFECTIVE FUNDRAISING

LAMDA is a charity and as such is reliant on private and philanthropic income to maintain its programme of world-class performing arts training and activity (as outlined in LAMDA's strategic plan). A team of fundraisers is employed to research, solicit and process donations, membership and sponsorship<sup>[1]</sup> from individuals, charitable trusts and foundations, businesses and statutory bodies. Their work is overseen and supported by a voluntary Development Committee, a committee of the main Board, and LAMDA's main board.

All those fundraising (staff and volunteers) on behalf of LAMDA are expected to:

- act always in the best interests of LAMDA and its students;
- behave in a professional manner at all times, demonstrating the highest levels of integrity;
- observe the LAMDA Donor Charter ("LAMDA's Commitment to its Supporters") as well as all relevant domestic and international legislation, including Tax legislation, the Data Protection Act 1998, the Proceeds of Crime Act 2002 and the Charity Commission law;
- read and observe the Institute of Fundraising's Code of Fundraising Practice;
- take care not to exploit their office or relations with donors or suppliers for personal gain;
- disclose to the Director of Development any financial or other personal interests which might reasonably be thought by others to conflict with the interests of LAMDA or its donors, to include Board and advisory positions for other organisations;

Where a fundraiser cannot abide by the above code, s/he should declare this to the Director of Development who can arrange for an alternative representative of LAMDA to work with the donor if appropriate. In the case of the Director of Development any declaration should be made to the Principal.

### Policy on accepting donations, membership and sponsorship

This Policy is to be read in conjunction with other relevant policies, in particular our Conflicts of Interest, Anti-Fraud and Anti-Bribery policies

LAMDA is grateful for all pledges of support and donations. However, the organisation retains the right to turn down a donation, membership or sponsorship contribution if:

- the actions or activities of the donor are damaging to LAMDA, its reputation, its students or its beneficiaries;
- the reputation of the donor risks bringing LAMDA or its staff and students into disrepute by association;
- the reputation or activities of the donor risks discouraging students, audiences or donors;
- the donor wishes to exercise influence over educational or creative policy or activity;
- acceptance might give the impression that the donor expects LAMDA or anyone associated with it to perform some function or activity improperly, or to confer upon him/her some form of advantage (for example, influencing a tendering process);

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<sup>[1]</sup> For the purposes of this document, the following definitions should be used:

**Sponsorship** – payment in support of a core activity, post, production or project in return for specific benefits which may include entertaining, employee involvement or branding/promotional opportunities. As a general rule, sponsorship payments will be subject to VAT.

**Membership** – a contribution to the Friends, Angels or Patrons of LAMDA. Depending on the level of support, a proportion of the membership may be subject to VAT and a proportion may be regarded as a charitable donation by HMRC.

**Donation** – a purely charitable contribution which may be made from personal income, in which case LAMDA will if appropriate claim Gift Aid, or from a personal or family charitable trust, company, CAF or similar schemes.  
The term **Supporter** applies to any party entering into any of the above transactions.

- the cost of servicing the sponsorship, donation or membership is greater than its value, or unreasonable in terms of its size or impact on the work of the LAMDA;
- the offer of support is tied to a particular project or activity which, whilst reflecting LAMDA's objects, is nevertheless impractical;
- the support consists of goods, services or property which LAMDA cannot lawfully use, convert, exchange or sell in direct support of its charitable objects;
- the donation is anonymous, as such a donation prohibits a proper risk assessment;
- the sponsorship, donation or membership conflicts with LAMDA's decision not to accept
  - any sponsorship for which the promotion of tobacco brands or companies is a condition,
  - sponsorship for educational initiatives where the reputation, brand or activities of the donor conflict or might be perceived to conflict with the educational or social objectives of the project;
  - sponsorship in relation to projects where the specific beneficiaries are under-18 from alcohol, 'junk' food, tobacco or gambling brands,
- there is suspicion of money laundering;
- accepting the sponsorship, membership or donation conflicts with LAMDA's legal or regulatory obligations.

In exceptional circumstances, for example where new information comes to light regarding the issues listed above, a donation may be returned to the donor or sponsor. However, once accepted by LAMDA, a donation or sponsorship must only be returned to a donor at their request if the terms and conditions of the gift provide for it to be returned, where the law specifically provides for the gift to be returned and by way of an ex-gratia payment.

## **Due Diligence on donations**

***LAMDA follows the Institute of Fundraising's guidelines with regard to best research practice.***

All LAMDA fundraisers are expected to carry out a risk assessment on all new prospective donations or sponsorships of £5k and above, undertaking due diligence on both the financial and reputational dealings of potential partners / supporters before funding is accepted. The financial, reputational and legal risks of turning down the donation should also be considered. The development team will use, as deemed appropriate, publicly available material designed to highlight potential areas of controversy, as well as professional search firms and/or advice of individuals who have knowledge of the specific funders or their context. The team should distinguish between mere allegation or rumour or speculation and confirmed fact or legal finding, although not disregarding the first if public perception alone carries a reputational risk for LAMDA, irrespective of the underlying truth.

Ultimate responsibility for the rejection, acceptance and return of fundraising income lies with the Board of LAMDA. Fundraisers and volunteers are responsible for referring potential risks to the Director of Development before contact is made with a prospective donor whose activities might fall into one of the areas described above, or as early as possible in the negotiation process. In turn, the Director of Development may refer the first stage of decision to The Principal of LAMDA, and, if needed, to the Board whose remit is to:

- make decisions on behalf of LAMDA on issues referred to them by the Director of Development / fundraisers –
  - where a sponsorship, donation or membership might be rejected,
  - where a fundraiser is in doubt over whether acceptance is advisable,
  - where there are conflicting views between fundraisers and other departments;

- recommend referral to the Charity Commission where the correct course of action remains uncertain or where clarification is required to ensure that LAMDA's legal obligations are met;
- assess the potential impact of negative publicity around acceptance and rejection and advise the Marketing & Communications and Development departments on the rationale behind decisions;
- advise the main Board on issues of risk around the acceptance and rejection of sponsorship, donations or membership;
- review this policy annually and ensure that compliance with its terms is monitored from time to time.

In the case of politically exposed individuals, particular care and diligence is required; in these cases, the Audit Committee should review any issues (electronically if necessary) and escalate them to the Board as appropriate.

## DUE DILIGENCE GUIDELINES FOR FUNDRAISERS AND VOLUNTEERS / COMMITTEE MEMBERS

All donors and sponsors with potential to give £5,000 or above should be researched in line with LAMDA's policy on accepting sponsorship, donations and membership. Additional research and referral to the Director of Development should always be undertaken in the case of:

- potential major donations of £50k and above
- potential naming rights
- tobacco, alcohol or pharmaceutical firms
- companies working in or closely connected with the arms trade
- a potential major gift or Patron membership from an individual, company or trust from an emerging market
- instances where initial research indicates that the potential donor may have been involved in illegal activity, whether verified or not

The Development Department needs to ensure compliance with UK government sanctions against certain countries to ensure we do not accept funds from these countries. Each member of staff dealing with donors is individually responsible for this.

The link to the Government website is as follows and the current list is beneath this. Please review the link for changes since this document was prepared.

<https://www.gov.uk/current-arms-embargoes-and-other-restrictions>

As at 31<sup>st</sup> March 2016 the following countries are currently subject to financial sanctions:

- Afghanistan
- Belarus
- Democratic Republic of Congo
- Egypt
- Eritrea
- Federal Republic of Yugoslavia & Serbia
- Iran
- Iraq
- Ivory Coast
- Lebanon and Syria
- Liberia
- Libya
- North Korea (Democratic People's Republic of Korea)
- Republic of Guinea
- Republic of Guinea-Bissau
- Somalia
- Sudan
- Syria
- Tunisia
- Zimbabwe

Sometimes the acceptability of a donor or sponsor changes over time, perhaps because of a change in their business practice, because new information comes to light or even because of changes in society's attitudes towards a particular industry, business practice or so forth. Where a donor fulfils the above criteria, research

should be annually updated by the Development Department with any new issues referred to the Director of Development.

Ultimate responsibility for the rejection, acceptance and return of fundraising income lies with the Board of LAMDA. Fundraisers and volunteers are responsible for referring potential risks to the Director of Development before contact is made with a prospective donor whose activities might fall into one of the areas described above, or as early as possible in the negotiation process. In turn, the Director of Development may refer the first stage of decision to LAMDA Principal, and if needed, to the committee(s) of the Board whose remit is to:

- make decisions on behalf of LAMDA on issues referred to them by fundraisers –
  - where a sponsorship, donation or membership might be rejected,
  - where a fundraiser is in doubt over whether acceptance is advisable,
  - where there are conflicting views between fundraisers and other departments;
- recommend referral to the Charity Commission where the correct course of action remains uncertain or where clarification is required to ensure that LAMDA's legal obligations are met;
- assess the potential impact of negative publicity around acceptance and rejection and advise the Marketing & Communications Department on the rationale behind decisions;
- advise the main Board on issues of risk around the acceptance and rejection of sponsorship, donations or membership;
- review this policy annually and ensure that compliance with its terms is monitored from time to time.