



## REACH POLICY ON ACCEPTING DONATIONS

Reach exists to provide support and advice for children with upper limb differences and their families. We rely on donations and charitable grants to support our work.

### **Purpose and scope of this policy**

In principle, we welcome and want to accept all donations to Reach. We greatly appreciate donors' support for our work and recognise that all donations - large and small - make a real difference to our ability to fulfil Reach's charitable purposes.

We are also aware that there are some circumstances in which it would be inappropriate or unlawful to accept a donation (for example, if the person making the donation lacked capacity or if the donation came from the proceeds of crime). Therefore, in line with the law and with best practice laid down by the charity and fundraising regulators, this policy explains the due diligence procedures that we will follow to assess whether a donation can be accepted.

### **Context and legal framework (UK)**

Reach is bound by its Memorandum and Articles of Association (the charity's constitution), and the charity's operations are guided by our charity's [Values](#) and our statement of [Ethical Principles](#).

All charity trustees have a duty to act in the best interests of their charity; and to exercise due care and diligence in managing the charity.<sup>1</sup>

Charity law also requires that charitable funds can only be spent furthering the charity's "objects" - in the case of Reach, these are described in our Articles of Association as 'the relief of children with upper limb deficiencies'; and any donations received for a particular purpose must be spent on that purpose (these are classed as 'restricted funds').

There are also statutory provisions that charities need to be aware of when accepting donations, in case these relate to money laundering as accepting such donations would be unlawful.<sup>2</sup>

The charity and fundraising regulators and other professional bodies in the UK have produced guidance for charities to help them recognise problems and act accordingly (see the Annex to this policy). Reach is committed to acting in line with this guidance and believes that this policy is compliant with all relevant guidance, and is proportionate to the size and nature of our charity.

### **Reach's policy on accepting donations**

We welcome donations and accept them in good faith.

We will adopt proportionate due diligence procedures to assess larger donations (outlined below).

Our presumption is that all lawful donations should be accepted; however we will not accept a donation where there are reasonable grounds to believe:

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<sup>1</sup> In addition to the common law, there are specific provisions in section 1 of the Trustee Act 2000, section 1 of the Trustee Act (Northern Ireland) 2001 and section 66 of the Charities and Trustees Investment (Scotland) Act 2005 dealing with trustees' duty of care.

<sup>2</sup> Section 18 of the Terrorism Act 2000; section 329 of the Proceeds of Crime Act 2002; and section 2 of the Bribery Act 2010.

- the individual or organisation holds views, or is involved in activities incompatible with our values or ethical principles or our charitable purposes to such an extent that it would compromise our ability to fulfil our charitable purposes;
- the donation may be an attempted scam, to launder money or evade tax;
- there may be private benefit linked to the donation, such as an obligation to purchase goods or services from a specified company or that require the money to be spent on a particular individual(s);
- conditions attached to the donation:
  - are so inflexible that they undermine our independence,
  - are so onerous as to compromise our effectiveness,
  - restrict who may benefit, to the extent of undermining our public benefit obligation; or
- the cost of accepting the donation would exceed its value.

We will be careful in wording our fund-raising campaigns for particular projects to ensure that, if insufficient funds are raised for the project, the monies raised can be used in other ways to further the charity's purposes in supporting children with upper limb differences.

### **Reach's due diligence procedure for donations**

As a relatively small charity, Reach needs to adopt a proportionate approach to exercising due diligence over donations. The law and the regulators expect charities to exercise their judgement about what constitutes proportionality in the context of the individual charity's circumstances.

The Board of Trustees has decided that additional due diligence procedures should not apply to routine, small donations, including regular giving by the charity's regular donors (who are known to the charity) and cash collections at local fund-raising events.

For donations of £500 or over, the following procedures should apply *before* the donation is accepted:

- Reach staff should review the donation against the 'know your donor' [checklist](#).
- If any of the following apply, staff should flag the donation to the Governance Committee for further consideration:
  - the donation is anonymous;
  - the donation comes with conditions attached, including that the money should be returned, or passed on to a third party, or that might compromise the charity's ability to fulfil the public benefit requirement;
  - there are concerns that the donor is associated with behaviour or activity that is inconsistent to Reach's values, its ethical principles, or its charitable purposes;<sup>3</sup>
  - there is any suspicion that the donation may be the proceeds of crime/terrorism;

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<sup>3</sup> Inconsistency with the charity's values or ethical principles is not, on its own, a reason for not accepting a donation; that can only happen if the detriment is such that it would compromise the charity's ability to fulfil its charitable purposes.

- there is suspicion that the donation may have come from a vulnerable person who lacked capacity; or
- the staff have any other concern about the source of the money, based on their consideration.
- The Governance Committee should advise the Board on whether the donation can be accepted, having ensured the following action is taken (as appropriate).
  - The donation, its source and any conditions attached to it must be assessed against Reach's charitable purposes, our values and our ethical principles.
  - If there are suspicions that the source of the money may be the proceeds of crime (including terrorism) or that the donation may be fraudulent, the charity must report the matter to the police and to the relevant charity regulator for the jurisdiction in which the donation was made.
  - If the donation is anonymous, was for £25,000 *and* was made in England/Wales, the charity must report the matter to the Charity Commission for England and Wales using the serious incident procedure.
  - If the decision is taken to refuse a donation, the charity must keep records of the reasons for the decision.

In the event that a donation is accepted and concerns subsequently arise, the matter should be referred, via the Governance Committee, to the Board. If the donation was made in Northern Ireland, England or Wales, it may be possible - in exceptional circumstances - to return the donation as an *ex gratia* payment, with the authorisation of the relevant Charity Commission. This is not possible for donations made in Scotland; Reach would need to take legal advice if this situation arose in respect of a Scottish donation.

Policy agreed: 11 April 2021

Latest review: April 2021

Next review: April 2024

## **ANNEX: GUIDANCE RELATING TO THE ACCEPTANCE OF DONATIONS (UK only)**

All of this guidance is relevant to Reach's operations within the UK, and has been considered in producing this policy.

- [Code of Fundraising Practice](#) published by the Fundraising Regulator (UK-wide)
- [Guidance on Accepting, refusing and returning donations](#) published by the Chartered Institute of Fundraising (UK-wide)
- [Guidance on treating donors fairly](#), published by the Chartered Institute of Fundraising (UK-wide).
- [Guidance on due diligence in managing charity funds](#), published by the Charity Commission for England and Wales (England and Wales only)
- [Guidance on protecting charities from harm from fraud and financial crime](#), published by the Charity Commission for England and Wales (England and Wales only)
- [Guidance on protecting charities from harm from terrorism](#), published by the Charity Commission for England and Wales (England and Wales only, although the Terrorism Act extends UK-wide)
- ['Know your donor' toolkit](#), published by the Charity Commission for England and Wales
- [Guidance on ex-gratia payments](#), published by the Charity Commission for England and Wales (England and Wales only)
- [Guidance on authorising transactions, including ex-gratia payments](#), published by the Charity Commission for Northern Ireland (Northern Ireland only)
- [Guidance on fundraising](#), published by the Office of the Scottish Charities Regulator (Scotland only)
- [Due diligence processes for potential donations](#), published by the National Audit Office (England and Wales only)