

A Crash Course in...Due Diligence

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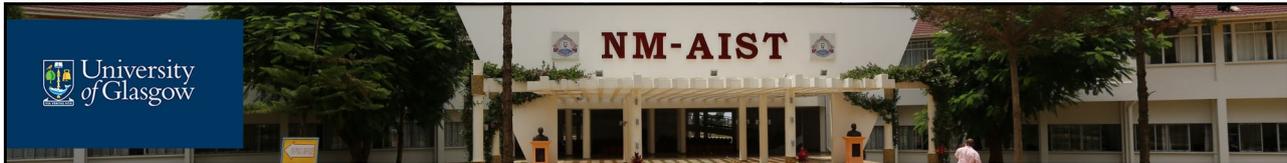
The presentation will start at 13:02

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What will be covered

- What is Due Diligence?
- Why is Due Diligence done?
- How is Due Diligence done?
- What is the process at UofG?
 - Things to be aware of
 - Questions to ask
 - Conversations to have

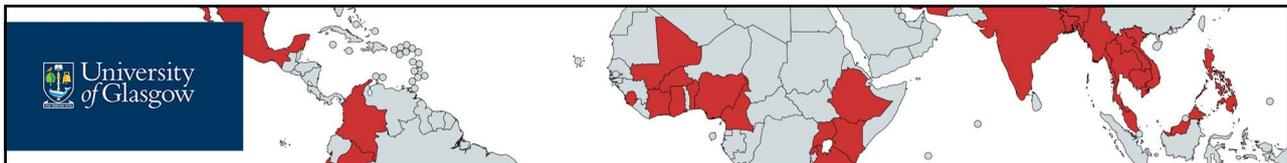
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A caveat

- This covers research partnerships only
- Purchasing and commercial partners would need a whole other workshop with people who know about those things

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Where this information comes from

- UK Research and Innovation (UKRI)
- Association of Research Managers and Administrators (ARMA) knowledge sharing events
- UK Communities of Practice
- Partner Organisations
- Internal Expertise



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What is Due Diligence?

Due Diligence is the investigation or exercise of care that a reasonable business or person is expected to take before entering into an agreement or contract with another party, or an act with a certain standard of care.

Due diligence supports good decision making – understanding costs, benefits and risks

Slide modified from ARMA presentation

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Why is Due Diligence done?

- It's good practice
- We have to
 - fEC and Training Grant Terms and Conditions: RGC 2.6 You must carry out appropriate due diligence on any Third Parties used to deliver any part of the Project and shall ensure in particular, that such Third Parties comply with these Standard Terms and Conditions of Grant and any Specific Terms and Conditions of Grant. At UKRI's request, You must provide details of expenditure of the Grant by any Third Party. The following Due Diligence guidance and questionnaire should be followed, regardless of whether any Third Parties used to deliver all, or part, of the Project are based in the United Kingdom or overseas: www.ukri.org/about-us/policies-standards-and-data/good-researchresource-hub/equitable-partnerships/

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How is Due Diligence Done?

- Data Collection
 - Information online
 - Online searches
 - Corruption indices
 - Sanctions
 - Questionnaire completed by partners
- Assessment
- Mitigation

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UKRI Pillars of Due Diligence

- Governance and Control
- Ability to Deliver
- Financial Stability

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Governance and Control

- Fraud, bribery, corruption, money laundering and slavery
- Internal controls
- Risk Management
- Ethics
- Assurance processes
- Research governance
- Scientific misconduct

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Ability to Deliver

- Past performance / track record
- Staff Capacity and capability
- Infrastructure and programme management for research
- Monitoring and management
- Training
- Equality and Diversity
- Data Management
- Openness and Publications transparency

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Financial Stability

- Financial management
- Financial viability
- Strength of audit, internal and external
- Value for money
- Policies, procedure and systems – including IT
- Separate bank account
- Income from other sources – diversity of income streams

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Some conversations with potential partners...

- A Due Diligence check is required by the funders
- Collaboration agreements cannot be signed until the process is complete
- It is a conversation, not a pass/fail scenario
- The process doesn't really start until funding is confirmed

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Some conversations with potential partners...

- Checks need to be completed regularly
- Not all UK institutions do checks in exactly the same way
- Do you need resource built into the budget for the partners?
- Share the questionnaire

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The Process – Application Stage

- PI, PC, Partners
 - Who are the partners?
 - Legal entities
 - Are we allowed to send them money?
 - Iran, North Korea, etc.
 - What payment requirements might exist (advance payments)?

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The Process – Application Stage

- PI, PC, Partners
 - Is this a funder we have received money from before? Are the T&C's known? If a new funder, ask some additional questions
 - Big, well-known group? Small, start-up? What kind of reputation?
 - Have we worked with them before?
 - Have there been any issues?

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The Process – Application Stage

- PI, PC, Partners
 - Details of the project added to ARCP – some risk flags will need comments at application stage
 - Funder
 - Partners
 - Other Organizations
 - Countries
 - Tobacco

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The Process – Award Stage

- PI, PC, Research Assurance, partners
 - Due Diligence questionnaire sent out by PC or PI (Research Assurance cc'd)
 - Who is the right person? Are they expecting it? Do they know what it is?
- Partner completes Due Diligence questionnaire
 - May not be able to complete all aspects – that's okay. Questions/Clarifications are okay – send to funding assurance mailbox (finance-research-assurance@glasgow.ac.uk).

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The Process – Award Stage

- PI, PC, Research Assurance, partners
 - Risk Assessment completed by Research Assurance team
 - Organisational risks identified (PC & PI should also conduct project risk assessment)
- Mitigating actions identified (PI & PC with Research Assurance & contracts)
 - Record-keeping? Funding in tranches? Advance payments? No advance payments?

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Some Common Myths/Mistakes

- If you've worked with the partner before, no Due Diligence is needed
- If the partner has completed the Due Diligence process for another UK HEI, they don't need to do it again for Glasgow
- If they've completed Due Diligence for Glasgow before, they don't need to do it again (frequency depends on risk assessment)
- If no money is being sent, Due Diligence is not needed
 - Do they have substantive input that would pose a reputational risk?

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The Process – Once Due Diligence is Complete...

- Contracts
 - Come back next time...

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Questions?

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Acronym Glossary

ARCP – UofG's Pre-Award Research Finance Management System
 ARMA – Association of Research Managers and Administrators
 DAC – Development Assistance Committee
 DFID – Department for International Development
 FCDO – Foreign, Commonwealth and Development Office
 FIC – Fund for International Collaboration
 GCID – Glasgow Centre for International Development
 GCRF – Global Challenges Research Fund
 GNI – Gross National Income
 ICAI – Independent Commission for Aid Impact
 LMIC – Low and Middle Income Countries
 NIHR – National Institute for Health Research
 ODA – Official Development Assistance
 PC – Project Coordinator
 SDGs – Sustainable Development Goals
 UKRI – UK Research and Innovation (formerly Research Councils UK)

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