Guidance on making Donations to other charities from University funds.

Introduction

This Financial Advice Note covers the payment of Donations from the University to other charities.

The University is a charitable organisation and making a donation to another charity is exceptional. This is because of restrictions placed on the use of the University’s funds by charity law and our general requirements of financial probity in the management of our affairs.

A donation is a gift made with no expectation of receiving anything in return so, by definition, a donation cannot be made in exchange for goods or services of any kind received by the University from the recipient.

It is vitally important that before any donation is proposed a check is made to ensure that there are no terms or conditions attached to the source of the University funds from which the donation is to be made preventing this from being done. For example, if the source of the University funding is an externally awarded grant or contract, the terms of that funding agreement must be checked to ensure that donations ARE an eligible item of expenditure, which would be unusual. If it is not clear in the contract or agreement then this must be verified in writing as acceptable with the original funding body.

Donations cannot be made in lieu of payment to be received by an individual or an organisation for work completed or services provided to the University. For example, a fee payable to an individual must be paid directly to that individual. It is not possible for this to be converted into a donation to be made by the University to a charity of that person’s choice.

Establishing whether a donation can be made to a particular Charity.

The University cannot donate money to a non charitable organisation or to an individual. Donations can only be made to charities with specified charitable purposes, as detailed below. The Charities Commission web site can be used to check if an organisation is a charity if they cannot provide a registered charity number.

Under Charity Law, as a charity itself, the University can only apply its funds (i.e. commit expenditure) for the purposes of furthering its own charitable objects. So, the key question is whether the charity to which the proposed donation is to be made has charitable objects that are sufficiently close or aligned to the University’s.

The University’s charitable objects are quite wide in their definition and are basically to “advance education through teaching and research”.

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So, if a donation was proposed to a local charity that included in its objects the raising of funds for research into a particular disease or medical condition, then this would be sufficiently closely aligned to the University’s own objects to make this allowable (subject to meeting any conditions we may wish to attach to the use of those funds).

If a link between the University’s charitable objects and those of the proposed donation recipient are less obvious, then advice must be sought from both the Corporate Affairs team and also the Tax team in the Finance Department. The Tax team have responsibility for ensuring compliance with the taxable aspects of University expenditure and the Corporate Affairs team have an oversight of the University’s collaborations with its range of partners.

Other considerations

Staff proposing that a donation is made from University funds to another charity must be aware that this is a potentially sensitive matter and should be prepared to explain and justify why this action is required.

- Care must be taken by the person proposing the donation to check the objects of the recipient charity;
- If these are found to be wider objects than those of the University, no donation can be made without assurances that the funds will be used for only those objects that do align with the narrower University ones.
- Where the recipient charity does not have compatible objects, it is likely to be difficult to justify making any donation to them. This is because, by its nature, the use of any donation is unlikely to further the University’s own charitable objects and the University has no authority under its governing documents to make donations in these circumstances.
- Proposed donations to charities linked to particular political campaigns or religious organisations are unlikely to meet the requirement of close alignment with the University’s own charitable aims. As such, proposals would require justification and consultation with the Corporate Affairs team before they are considered.
- Any expenditure that the University makes is subject to the Freedom of Information Act and hence the number and value of any donations made by the University can, at any time, be subject of a request for publication.