



# REO Due Diligence Policy and Process: For funded research projects (Including overseas partners)

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## Background and Context

The purpose of this policy is to ensure that an appropriate and proportionate approach is taken to due diligence for externally funded research projects where the University has the responsibility of managing the funding for external research partners. The policy is separate from but related to the “Policy Statement on Funding from Ethically Difficult External Sources or in Ethical Difficult Cases”. The policy can be found at: <https://www.essex.ac.uk/-/media/documents/directories/reo/research-funding.pdf>

It is particularly important that a thorough approach is taken to due diligence projects that are deemed to be at high risk, and it is acknowledged that this work will be necessarily time consuming. Within the UK context, funding organisations, especially UK Research and Innovation (UKRI), are periodically auditing universities on their processes around due diligence pertaining to funded research projects. Undertaking such due diligence is often a condition of funding.

The risks relating to funding going overseas are much greater than for funding going to UK Research Organisations that undergo stringent audit checks. This is especially the case when organisations from DAC (Development Assistance Committee) list countries are involved in projects. In this respect, funds which are badged as GCRF (Global Challenges Research Fund) or ODA (Official Development Assistance) have increasing requirements about information required to complete due diligence on partner organisations which are required to be evidenced to the funder.

This policy and process applies to all externally funded research projects managed by the University. Where a research partner subcontracts further work, it is recommended that the policy is adopted by those partners, or that a similar policy is created.

## Why do we carry out Due Diligence Checks?

The purpose of due diligence is to ensure the University is aware of the risks presented by a proposed research partner, and can take the necessary action in advance to mitigate such risks, or choose to refuse working with the partner if there is a significant risk associated with them. Due diligence will enable the University to evaluate whether the proposed partner has the academic, financial, reputational and legal standing to ensure a high quality and sustainable working relationship.

Due diligence provides a way to mitigate the risks, share good practice and have assurance that all partners have the capacity and expertise to carry out the planned activities. The due diligence risks will be managed in line with the University’s Risk Management framework. The research partner due diligence process at Appendix A is managed by the REO Research Governance Team ([reo-governance@essex.ac.uk](mailto:reo-governance@essex.ac.uk))

## Alignment with UKRI Due Diligence Guidelines

UKRI require Research Organisations that are involved in partnering with overseas organisations to have policies and processes in place regarding due diligence, and to carry out the process using a risk-based approach. This policy aligns with and utilises the UKRI due diligence guidelines. As such this policy and process should be read alongside the UKRI guidelines.

## The Due Diligence process

The level of due diligence should be commensurate with the risk. The University does not expect the same level of due diligence checks for e.g. £2k of funding being distributed as they would for £200k.

All research partners receiving funds managed via the University will be subject to the due diligence process. This will be either a light touch review or a full due diligence review. The “Due Diligence Process for Research Partners” details the criteria and pathways for light touch and full due diligence reviews and is shown at Appendix A.

The University will also build in an additional level of assurance using a selected due diligence screening system. This will ensure faster decision making without additional risk, as the University will have access to the world's largest commercial database which will help to verify the identity of companies and individuals, validate shareholders, and establish beneficial ownership.

## The Pillars

**Due diligence should cover the following UKRI Guidelines:**

<b>Governance and Control</b>	<b>Ability to Deliver</b>	<b>Financial Stability</b>
Governance	Past Performance	Financial Viability
Fraud, bribery, corruption, money laundering and slavery.	Staff capacity and capability (number, track record)	Financial Management e.g. experience of finance team and segregation of duties
Internal controls	Infrastructure and programme management for research	Strength of audit, internal and External
Risk Management	Monitoring and management	Value for money
Ethics	Training	Policies, procedures and systems – incl IT systems
Assurance Processes	Equality and Diversity	Separate bank account
Research Governance	Data Management	Income from other sources – diversity of income streams
Scientific Misconduct	Openness and Publications transparency	

## Prior Checks

Before any light touch or full due diligence work is carried out, the REO Governance team will check if there has been any previous due diligence work on the proposed

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partner organisation. Currently, this is done through checking RCP records on Unit 4 and by producing reports from the application and awards tableau dashboard.

The checks should also review if there were any due diligence issues and if so, have they been actioned accordingly. This is done through engaging with the PI who worked with the organisation to see if there were any problems. If there were no problems, then proceed to the relevant due diligence review.

The due diligence should be valid for a period of two years, but with periodic checks on the selected due diligence screening system.

## **Light Touch Due Diligence**

This will be undertaken on those organisations deemed at low risk and with funding approved for <£25k. Low risk will be defined in line with the transparency international corruption index rating where the average country score is 43/100 or above. The “Due Diligence Process for Research Partners” details the criteria and pathways for light touch

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and full due diligence reviews and is shown at Appendix A.

The light touch due diligence checks will focus on the following areas:

Organisation:

Postal Address:

Date Established:

Have UoE Partnered Before (RCP ref):

System Screening Check:

Financial Statements:

Media Check:

Corruption Index (perceived levels of public sector corruption on a scale of 0 (Highly Corrupt) to 100 (very clean) :

UK Foreign and Commonwealth Office Guidance:

General Comments:

**Step 1** – A light touch questionnaire is sent to the organisation via the Principal Investigator (PI) to complete (see Appendix B).

**Step 2** – The light touch due diligence is carried out using the light touch checklist (see Appendix B)

**Step 3** - When the review is completed and there are no issues found, the outcome is confirmed to the following:

GCRF@Essex funded projects – Dr Beate Knight, Research Development Manager EU/International, Research and Enterprise Office – [beate.knight@essex.ac.uk](mailto:beate.knight@essex.ac.uk)

All Other Research Projects - Shereen Anderson, Deputy Director (Research Support) Research and Enterprise Office – [shereena@essex.ac.uk](mailto:shereena@essex.ac.uk)

For any issues found such as negative press on the proposed partner organisation, or if a high risk country, these are escalated in the first instance to the following:

GCRF@Essex funded projects – Dr Beate Knight, Research Development Manager EU/International, Research and Enterprise Office – [beate.knight@essex.ac.uk](mailto:beate.knight@essex.ac.uk)

All Other Research Projects - Shereen Anderson, Deputy Director (Research Support) Research and Enterprise Office – [shereena@essex.ac.uk](mailto:shereena@essex.ac.uk).

If escalations cannot be resolved in the first instance, these are then forwarded to the Director, REO for final decision to proceed or not.

**Step 4** – When review is complete, the completed files are stored in the team Box area and within the RCP record on Unit 4

## Full Due Diligence

This will be undertaken on those organisations deemed at high risk and where funding has been approved for >£25k. High risk will be defined in line with the transparency international corruption index rating where the average country score is 43/100 or above. The full due diligence review will be a thorough check and cover all the areas confirmed in the pillars shown above. The due diligence checklist will be reviewed with recommendations made by the REO due diligence team to either: -

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- 1) Approve the partnership;
  - 2) Approve the partnership with conditions or
  - 3) Reject the partnership;

The “Due Diligence Process for Research Partners” details the criteria and pathways for light touch and full due diligence reviews and is shown at Appendix A.

The output of each full review is the completion of a due diligence report which is prepared for Senior Management and for approval to proceed confirmation from the Director, REO.

**Step 1** – A full due diligence questionnaire is sent to the organisation via the Principal Investigator (PI) to complete (see Appendix B)

**Step 2** – The full due diligence review is carried out using the full due diligence checklist (see Appendix B)

**Step 3** – A risk assessment is carried out using the full due diligence risk assessment template (see Appendix B)

**Step 4** – A full due diligence output report is produced (see Appendix B)

The report will include recommendations to proceed or not, and is distributed in the first instance to the following for review: GCRF@Essex funded projects – Dr Beate Knight, Research Development Manager EU/International, Research and Enterprise Office – [beate.knight@essex.ac.uk](mailto:beate.knight@essex.ac.uk)

All Other Research Projects - Shereen Anderson, Deputy Director (Research Support) Research and Enterprise Office – [shereena@essex.ac.uk](mailto:shereena@essex.ac.uk) and the Contracts team at [reo-contracts@essex.ac.uk](mailto:reo-contracts@essex.ac.uk)

**Step 5** - The Contracts Manager will check that the contract covers any concerns raised in the report. If it does not, then the contracts manager will where possible re-draft the relevant part/s of the contract to ensure it is covered. If the contracts manager is having difficulties with implementing any recommendations, they will discuss this with the REO due diligence lead.

If the Contracts Manager faces difficulties with getting the other side/s to agree to those provisions which were designed to implement the report recommendations, the Contracts Manager will at the first instance approach the due diligence lead for advice and to either reconsider the recommendations, or determine whether this needs to be escalated further.

**Step 6** - Where there are no issues and recommendations have been accepted, this report will go to the Deputy Director (Research Support) Research and Enterprise Office for approval to proceed.

Where there are firm recommendations not to proceed, the report will be forwarded to the Director, REO for the final decision to confirm not to go ahead.

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**Step 7** – Upon approval to proceed and after the contract is signed by all parties, the Contracts team will notify the Post Award team, who will set up the cost centre and issue the award announcement in due course.

**Step 8** - When all reviews are complete, all relevant files are stored in the REO team Box area and within the RCP record on Unit 4

**Escalations:**

**GCRF** – In the first instance, these are directed to Dr Beate Knight, Research Development Manager EU/International, Research and Enterprise Office – [beate.knight@essex.ac.uk](mailto:beate.knight@essex.ac.uk)

**External Research Funding** – In the first instance, these are directed to Shereen Anderson, Deputy Director (Research Support), Research and Enterprise Office – [shereena@essex.ac.uk](mailto:shereena@essex.ac.uk)

This will be initially to gauge what next steps are taken (e.g. seek clarification from the partner, is there anything they can do to resolve potential issues). Advice is taken from specialists before escalation to the Director of REO. Escalations will go to the Registrar and Secretary after the Director of REO if necessary.

## Ongoing due diligence

Due diligence should be an ongoing exercise throughout the duration of any collaboration. Conducting due diligence on a periodic basis will help ensure that the University continues to collaborate with appropriate partner organisations.

Due diligence on existing partners will be periodically reviewed and normally carried out every two years to cover any issues or material changes with the overseas research organisation.

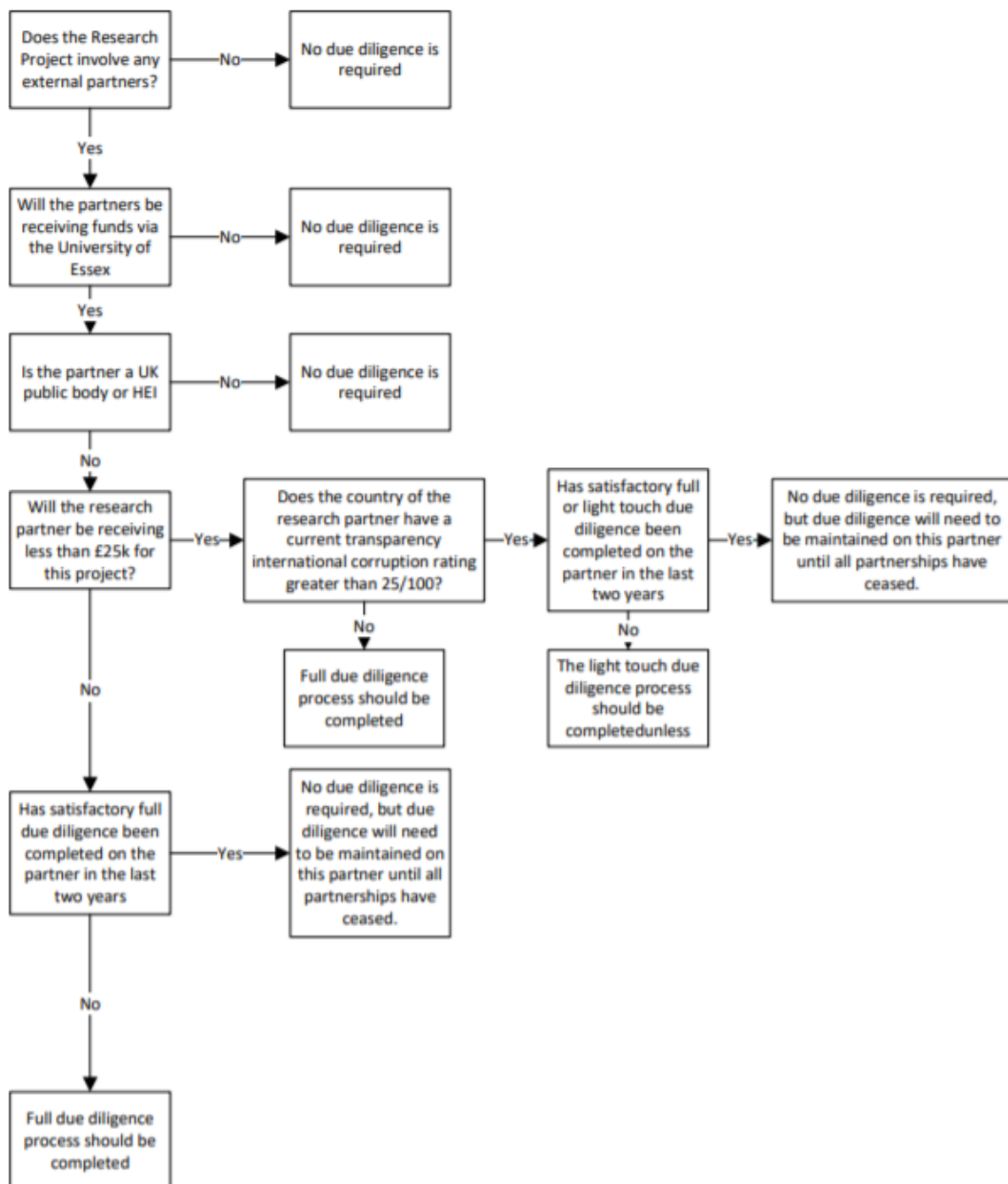
These checks will utilise the selected due diligence screening system and checking the corruption index of the country.



# Appendix A

## The Due Diligence Process for Research Partners

The Due Diligence Process for Research Partners



# Appendix B - Due Diligence documentation

## Light Touch Due Diligence Questionnaire



Light Touch due  
diligence questionair

## Light Touch Due Diligence Checklist



External Research  
Funding Light Touch C

## Full Due Diligence Questionnaire (New UKRI Format)



Full Due Diligence  
Questionnaire - New I

## Full Due Diligence Checklist (New UKRI Format)



Due Diligence Full  
Questionnaire Review

## Full Due Diligence Risk Assessment



DD risk assessment  
.xlsx

## Full Due Diligence Output Report



Due Diligence Output  
Report Template.docx

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## Appendix C - References

### **Transparency International**

<https://www.transparency.org/en/cpi/2020/index/nzl>

### **UKRI Due Diligence Guidance for Research Organisations**

<https://www.ukri.org/wp-content/uploads/2020/10/UKRI-251020-DueDiligenceGuidanceForResearchOrganisations-Jan20.pdf>

### **Policy Statement on Funding from Ethically Difficult External Sources or in Ethical Difficult Cases**

<https://www.essex.ac.uk/-/media/documents/directories/reo/research-funding.pdf>

### **Government advice on overseas business risks**

<https://www.gov.uk/government/collections/overseas-business-risk>

### **The UK Sanctions list**

<https://www.gov.uk/government/publications/the-uk-sanctions-list>