

## **DUE DILIGENCE PROCEDURE**

### **Introduction**

The University is committed to the enhancement and support of international collaborative activity across all areas of our learning, teaching, research and enterprise in accordance with our Corporate Strategy 2014 -2020. Partnership with other educational institutions, organisations and private companies allows us to deliver this objective both in Scotland and internationally.

### **Why do we carry out due diligence?**

The purpose of a due diligence process is to establish whether a proposed new partnership aligns with our strategy and to make sure it does not present unnecessary risk to our reputation. It also enables us to evaluate whether the proposed partner has the academic, financial, reputational and legal standing to ensure a high quality and sustainable working relationship with us.

Where a potential partnerships involves a UWS programme of study, approved modules or academic awards then due diligence is a requirement of the Quality Assurance Agency's Quality Code Section B10 – Management of Collaborative Arrangements.

The University is also committed to giving consideration to the ethical, social and environmental issues arising from its activities. As such, the provisions of the UWS Code of Ethics should be taken into account when undertaking the due diligence process.

### **When should due diligence be carried out?**

To ensure that the University's academic awards, resources and reputation are protected a due diligence exercise is required for any activity that involves a partner or collaborating body or that puts the University into either an academic agreement or contractual relationship with any organisation or individual for the delivery of academic provision. A due diligence exercise may also be advisable for contractual relationships which do not involve academic provision but where it would be prudent to carry out checks on a potential partner, for example, when the University is entering into a strategic partnership with another organisation. Advice on whether due diligence would be appropriate and the extent of the due diligence to be carried out should be obtained from the Legal Services team.

The scope and extent of the due diligence exercise will vary depending on the nature and scale of the proposed partnership and the type of organisation involved. For example, a streamlined approach to due diligence may be undertaken where the partnership is with another UK college or Government-led proposed partner organisation. Full due diligence must normally be conducted for private organisations, whether in the UK, EU or overseas.

Due diligence is 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 three years. Legal Services will be responsible for logging all approved due diligence and for notifying the School when updated due diligence is required and what information is required.

Additional due diligence may also be carried out on existing partners where there has been a material/significant change in the circumstances. For example:

- Where there is a change of ownership of the partner or the partner merges with another organisation;
- Where there are financial issues with the partner organisation, for example fees due to the University have not been paid;
- Where there is a significant change in the partnership, for example, there is a change in the delivery model or the country in which the programme is delivered or a new campus is proposed to be added to an existing agreement;
- Where the partner relocates to a new premises; or
- Where a report is issued by an external body which indicates significant issues with management of academic standards or the quality of learning opportunities offered by the partner.

It is the responsibility of the School to be aware of any such changes, including the examples above, and to notify Legal Services in a timely manner. Legal Services will advise the School what additional due diligence is required.

### **Who is responsible for carrying out due diligence?**

Due diligence will be carried out by the Due Diligence Group. The membership and remit of the Due Diligence Group is set out in appendix 1 to this document.

Due Diligence covers a number of areas so in order that the necessary information is centrally available to allow the Due Diligence Group to carry out their review responsibility for obtaining the necessary documentation from potential partners lies with the following:-

- Schools (for international collaborations and local college partnerships)
- The lead School/professional services department (for all other commercial arrangements).

### **What is the procedure that should be followed?**

Undertaking due diligence at an early stage is essential. For international collaborations and college partnerships the following procedure should be followed:-

1. The School should first identify which Due Diligence Checklist is appropriate as this will determine the process to be followed:
  - **Due Diligence Checklist** – to be completed for new partnerships (excluding further education colleges based in the UK)
  - **Due Diligence Checklist (Existing)** - to be completed for proposals to expand existing partnerships
  - **Due Diligence Checklist (New Campus)** – to be completed for proposals to add an additional campus to an existing partnership
  - **Due Diligence Checklist: FE Colleges (New)** – to be completed for new further education partnerships based in the UK
  - **Due Diligence Checklist: FE Colleges (Existing)** – to be completed when a School wishes to partner with a UK-based further education college where there has been a pre-existing collaboration
2. **The Due Diligence Checklist** (for new partners, excluding further education colleges in the UK) is split into two stages: DDS1 and DDS2. DDS1 is concerned with the

financial status of the partner and is carried out at an early stage to ensure that a proposal merits further exploration. DDS2 looks at all other elements of due diligence.

**All other Due Diligence Checklists** follow a one-stage process.

3. Parts one and two ('PCC1' and 'PCC2') of the pre-collaborative checklist (available on the Education Portal) should be completed by the proposed Partner. The School putting forward the proposal should facilitate this process.  
<https://connect.uws.ac.uk/education/sitepages/collab.aspx>
4. **For new partnerships (excluding further education colleges in the UK)**, DDS1 should be completed once the School has confirmed that PCC1 has been approved. The School should request the required information from the partner to enable them to complete DDS1. Template letters are available on the Legal Services intranet page. Once the School receives the required information from the partner, they should complete the DDS1 sections (A and B) of the Due Diligence Checklist and then send this to their Finance Business Partner for approval. If DDS1 is not approved by the Finance Business Partner, the proposal should not normally progress to the next stage.

DDS2 should be completed once PCC2 has been approved.

**For all other proposals**, due diligence should be carried out once the School has confirmed that both PCC1 and PCC2 have been approved.

5. Once the School has confirmed that PCC1 and PCC2 have been approved, they should send out a request for due diligence information to the proposed partner. Template letters are available on the Legal Services intranet page.

On receipt of the relevant information the appropriate Due Diligence Checklist must be prepared by the School. Templates and guidelines are available on the Legal Services intranet page. **Each response should include an assessment of the risk to UWS and how this will be mitigated, managed and controlled.** For international collaborations, support in this process is available from the International Office.

6. The completed Due Diligence Checklist (and any associated documents) should be sent to the Legal Services team by emailing [legal@uws.ac.uk](mailto:legal@uws.ac.uk) for initial scrutiny. Legal Services will also apply a 'Green', 'Amber' or 'Red' Risk Rating to the proposal. Guidance on risk rating criteria are set out in the 'Due Diligence Risk Rating Guidance' which is available on the Legal Services intranet page.
7. Proposals which are assigned a Green risk rating by the Legal Services team will be submitted for consideration at the next available meeting of the Due Diligence Group. Proposals which are assigned an Amber rating may be sent back to the School for clarification/further information or may be submitted to the Due Diligence Group with certain conditions attached. Proposals which are assigned a Red rating represent a material risk to the University or do not provide sufficient information for initial scrutiny to take place and in most cases, will not be allowed to progress to the Due Diligence Group.
8. The Due Diligence Checklist will be considered by the Due Diligence Group who may:-
  - Approve the proposal;
  - Reject the proposal; or

- Approve the proposal with conditions.
9. The decision of the Due Diligence Group will be reported to the Collaborative Forum. In the event that the Due Diligence Group have approved the proposal for due diligence purposes then the Collaborative Forum will consider the collaborative proposal and following scrutiny will approve the collaborative partnership.
  10. Once a proposal is approved by the Collaborative Forum, a formal legal agreement with the other institution/organisation will be put in place by QuEST. Any such agreements must be signed in line with the University's authorised signatory schedule.
  11. The implementation and review of the Collaborative Agreement will be monitored by the Collaborative Forum.

For all other types of partnership the School or professional services department should complete the Due Diligence Report (Commercial) available on the Legal Services intranet site and return this to the Legal Services team.

**Where can I obtain further advice and guidance?**

Template documents and a flowchart outlining the process are available on the Legal Services intranet page. Further advice and guidance on the due diligence process can be provided by the Legal Services team.

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| Procedure Author – University Solicitor        | Procedure Owner – University Secretary                         |
| Parent Policy Statement - Corporate Governance | Public Access or Staff Only Access - Public                    |
| Version 1 – 23 November 2018                   | Changes and Reason for Changes – Updated due diligence process |

Appendix 1

**Due Diligence Group**

**Membership**

|                        |   |
|------------------------|---|
| Chair                  | University Secretary  |
| Ex-officio             | Chief Finance Officer<br>Head of Quality Enhancement Support Team or nominee<br>Vice Principal (Global Engagement)<br>International Partnership Development Manager<br>University Solicitor<br>Associate Vice Principal (Research) or nominee (for research based proposals)<br>Director of Strategic Planning and Marketing, Recruitment & Engagement (or nominee) |
| Co-opted               | Others may be invited to attend the Committee to provide expert advice as required  |
| Administrative Support | Appointed by the University Secretary   |
| Attending              | ADI from each School proposing a partnership for consideration<br>Finance business partner for each School whose collaborative partnership is being considered  |

**Terms of Reference**

The Due Diligence Group convened by the University Secretary will consider new academic partnerships and collaborations. Documentation will be provided according to a University template which meets the expectations of Chapter B10 of the Quality Code for Higher Education. The Group will scrutinise the following areas within the guidance of the Due Diligence Policy.

|  |   |
|--|---|
| Financial Information                          | Chief Finance Officer   |
| Legal  | University Solicitor  |
| Quality Assurance<br>Reputational and Strategy | Head of Quality Enhancement Support Team or nominee<br>Vice Principal (Global Engagement)<br>Director of Strategic Planning and Marketing, Recruitment & Engagement |

There may also be consideration of employment and ethical issues and Equality Impact Assessment during the due diligence stage.

**Frequency of meetings**

The Group will meet approximately 3 weeks before each meeting of Collaborative Forum, and additional *ad hoc* meetings will be held as required. Meetings may be held virtually if needed to expedite responsive and timely decisions on proposals.

**Reporting**

The Group will report to the Collaborative Forum and other committees as required. Due Diligence reports will be signed off by the Chair of the Due Diligence Group.