

RESEARCH THIRD PARTIES: FRAMEWORK FOR MANAGING DUE DILIGENCE

Title	RESEARCH THIRD PARTIES: FRAMEWORK FOR MANAGING DUE DILIGENCE
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1: INTRODUCTION

1.1 Description

Application: The Research Third Parties: Framework for Managing Due Diligence applies to all externally funded research activities. It describes the due diligence checks required for Third Parties involved in funded research collaboration activities and sets out the institutional responsibilities for verifying the suitability of Third Party relationships. Research relationships must be compliant with funder terms and conditions and with the provisions outlined in the College's subcontract agreements.

Exceptions: Applications for approval of exceptions should be made through the Director of the Research Office.

1.2 Background

Many of the College's main funders have placed responsibility on the lead institution to carry out appropriate due diligence checks on all Third Parties undertaking externally funded research collaboration activities. Research funders are increasingly aware of the risks of working with Third Parties and many have broadened their audit scope to assess the effectiveness of due diligence processes at award holding institutions. Lead institutions receive funds directly from the funder and are required to conduct, and retain evidence of, due diligence reviews when selecting Third Party providers and are also responsible for distributing funds and monitoring their activities.

Failure to adequately monitor the compliance of Third Parties with funder terms and conditions and mitigate associated risks could result in financial and/or reputational damage to the College and jeopardise current and future funding. It is the responsibility of the award-holding institution to ensure the sound management of external research funding.

1.3 Aims

The aims of this framework are to:

- a) Set out the operational process and responsibilities for conducting due diligence checks during project implementation stage which is devolved to Faculties and delegated to academic departments.
- b) Set out the operational process and responsibilities for ongoing Post-Award monitoring of Third Parties during the lifetime of the research project to identify and mitigate any risks that may impact the College's reputation, academic and quality standards, and research integrity.
- c) Outline the independent Pre-Award and Post-Award due diligence review, assessment and monitoring processes undertaken by the Research Office.
- d) Define the tools available to meet the College's due diligence responsibilities.
- e) Establish common standards of due diligence checking and monitoring, and outline the administrative responsibilities within faculties, departments and the Research Office.

2: GOVERNING PRINCIPLES

- 2.1 The College's [Relationship Review Policy](#) states that:

"All relationships with third parties entered into by Imperial College London (the College) should be subject to prior and continuing consideration at the appropriate level to check that they support the College's mission and strategic aims and are consistent with the overall objectives of the College".

- 2.2 The President has devolved operational responsibility for the management of research awards (through the Provost) to the Faculty Deans. Ownership of the associated processes is delegated to the academic departments and Faculty Research Services.
- 2.3 Authorisation to undertake due diligence checks and post award monitoring is only delegated to staff with the necessary skills and knowledge of relevant College procedures, processes and systems; the terms and conditions of funding; and any externally imposed conditions, regulations and guidelines.
- 2.4 If a Third Party is undertaking externally funded research collaboration activities, due diligence checks must be conducted using the [Research Third Parties: Relationship Review Questionnaire](#) **before** an award is accepted. A separate questionnaire should be completed for each Third Party associated with the project. The questionnaire considers a broad spectrum of financial, reputational, ethical, safeguarding and geo-political risks involved in research relationships.
- 2.5 Where the College is a research partner and is planning to transfer funding to other Third Parties, there is still a requirement to conduct due diligence checks on each Third Party associated with the College's part of the project.
- 2.5.1 Exceptions: Third Party due diligence checks will **not** apply to any of the following:
- a) When the activity undertaken by the Third Party is governed by the College's standard [Terms and Conditions of Business](#) which are managed by the [Purchasing Team](#).
 - b) When the Third Party is [eligible to receive UKRI funding](#).
 - c) When the Third Party is on the [HESA List](#) of UK higher education providers.
 - d) When the Third Party is a [UK Government Department, agency or public body](#).
 - e) When the project is funded by the European Commission (EC) and the Third Party is a proposed "beneficiary" to the EC Grant Agreement, but note that appropriate due diligence checks will still be required on other Third Parties who are engaged to deliver activities.
(NB: The EC conducts its own financial and organisation validation of a beneficiary)

3: DUE DILIGENCE PROCESSES AND RESPONSIBILITIES

3.1 Principal Investigators (PIs) and academic departments are responsible for:

- a) Undertaking a due diligence review of each Third Party with the direct input of the Third Party (*including initiation of checks on an organisation that is considered higher risk, even if it is subject to the exceptions outlined in 2.5.1 above*) and providing general oversight.
- b) Assessing each Third Party's suitability **before** award acceptance using the [Research Third Parties: Relationship Review Questionnaire](#).
- c) Providing a copy of the completed **Research Third Parties: Relationship Review Questionnaire** (authorised by the Head of Department) and associated documentation to the Research Office via rs.compliance@imperial.ac.uk as soon as the relationship is established and **before** the award is accepted so that any mitigating actions can be taken, such as making appropriate changes to the subcontract agreement and the Department's project management plan.
- d) Reviewing the Research Office's risk assessment recommendations and implementing mitigating actions at award acceptance stage.
- e) Confirming the work activities to be undertaken by the Third Party and taking account of any non-standard terms and conditions included within the subcontract agreement.
- f) Establishing Third Party monitoring processes to oversee progress and agreed deliverables.
- g) Monitoring the timely receipt of scientific reports from the Third Party as required.
- h) Supporting Faculty Research Services with the financial management and monitoring of Third Party expenditure and facilitating the resolution of queries as necessary.
- i) Liaising with Faculty Contracts Team during the lifetime of the award where amendments to the subcontract agreement are required.

3.2 Faculty Contracts are responsible for:

- a) Reviewing the Research Office's risk assessment recommendations.
- b) Incorporating non-standard terms and conditions and additional clauses into the subcontract agreement during the negotiation process to mitigate any identified risks.

3.3 Faculty Research Services are responsible for:

- a) Supporting the PI and Department with the financial management of the project and providing guidance on the use of financial templates by the Third Party (if relevant) to support financial reporting and preparation of invoices submitted to the funder.
- b) Reviewing expenditure incurred by the College and any Third Party to ensure it is in line with the awarded budget and funder terms and conditions before submitting invoices and/or financial statements to the funder.
- c) Notifying the PI and academic department where Third Party expenditure is ineligible or exceeds the allocated budget and liaising with the Third Party if further clarification and detailed justification is necessary.
- d) Engaging with the PI and academic department about the progress of the Third Party's deliverables throughout the lifetime of the award.

3.4 Research Office is responsible for:

- a) Undertaking independent assessments of 'Research Third Parties: Relationship Review Questionnaires' and recommending mitigating actions.
- b) Working with the PI, academic department and Faculty Research Services to monitor and review the relationship with the Third Party during the lifetime of the award and conducting end of project Third Party relationship assessments as appropriate.
- c) Monitoring and enhancing the tools that support the PI, academic department and Faculty Research Services, and ensuring they remain fit for purpose.
- d) Providing guidance and training on the due diligence and monitoring process to relevant stakeholders.
- e) Undertaking assurance reviews of the due diligence process and the implementation of recommended mitigating actions as appropriate.
- f) Maintaining records of risk assessments in line with data protection and GDPR requirements.

3.5 Faculties shall ensure that:

- a) Academic departments and Faculty Research Services are aware of and accept the responsibilities outlined in this framework.
- b) Delegation to Faculty Research Services is to the Faculty Research Services Manager or equivalent officer.
- c) Delegation to the academic department is jointly to the Principal Investigator (PI) and the senior administrative officer associated with the PI's academic department, e.g. Departmental Operations Manager or equivalent.

4: ESCALATION

Where concerns are raised as a result of Imperial's due diligence assessment processes or when a high-risk partnership is identified, the following escalation route applies:

- a) The Director of the Research Office will review the partnership in the first instance and recommend appropriate mitigating action(s) or request further scrutiny of the relationship.
- b) The Faculty Operating Officer and Faculty Dean will then be notified. Each should review the concerns and, having discussed the matter between them, provide further guidance. Where an ethical concern has been escalated, both the Faculty Operating Officer/Faculty Dean and the Director of the Research Office must confirm that the ethical matter has been resolved before any binding commitments are made.
- c) Where the Faculty Dean/Faculty Operating Officer and/or Director of the Research Office are not satisfied that the matter has been resolved, the issue should be referred to the Vice-Provost (Research and Enterprise) for a decision.