

2025 edition

xapien

Due diligence guide for nonprofits

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Foreword

Sincere thanks to everyone who contributed to this guide. It brings together insights from interviews with leaders in the field, data from our 2024 due diligence survey of 236 organisations (conducted with BWF and Pyro.talks), coupled with our years of experience supporting clients across the world.

Due diligence in the nonprofit sector is still nascent, but evolving fast. While much of the focus has been on donor vetting, as risks become more complex and scrutiny increases, organisations are moving beyond traditional approaches and embracing proactive, institution-wide due diligence. You'll find reflections on these emerging practices throughout the guide.

We hope this resource helps you build efficient and effective due diligence processes that support sustainable growth at your organisations.

We intend for this playbook to be a live resource that we will update with new best practices and insights as they emerge. If you would like to contribute to the second edition, [please get in touch here](#).

Chris Green
CEO, Xapien



**Due diligence
in the nonprofit
sector is still
nascent, but
evolving fast.**

Chris Green
CEO, Xapien

01

The case for due diligence

Reputation is an asset that organisations cannot afford to mismanage. In an era of heightened scrutiny, institutions are held accountable not just for their own actions but also for those of their third parties. External stakeholders expect transparency and ethical alignment, and failure to meet these expectations can lead to severe reputational damage.

This is particularly true in the philanthropic sector, where credibility with media, donors, and supporters is everything. Trust is the foundation of donor relationships, and any misstep, such as a controversial partnership, can undermine fundraising efforts, deter future support, and damage the institution’s public image.

A superficial background check can easily miss critical red flags. Take the case of an alumnus being vetted to represent a university at a high-profile event. A basic search may appear clean, yet a deeper review could uncover:

- Criminal charges registered under an alias.
- Negative news coverage in a foreign language.
- Hidden legal disputes and financial scandals.

Without comprehensive vetting, institutions risk aligning themselves with individuals whose past actions could resurface and cause reputational harm.

A number of recent high-profile cases illustrate how weak due diligence can expose organisations to serious reputational risk.

The King’s Foundation (formerly The Prince’s Foundation) became embroiled in controversy when reports surfaced that key figures had facilitated honours and British citizenship for wealthy donors in exchange for financial contributions. Concerns arose over donations linked to Russian and Saudi businessmen, opaque financial transactions, and a scandal involving forged artwork valued at over £100m. The scandal led to a police investigation, high-profile resignations, and regulatory scrutiny from both the English and Scottish Charity Commissions. Although no legal wrongdoing was found, the damage to the foundation’s credibility was profound.

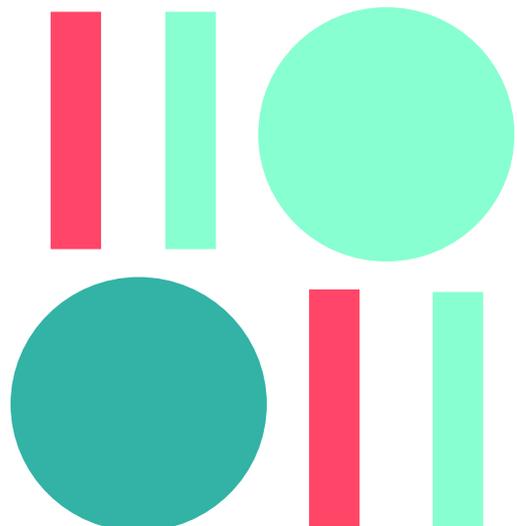
Similar cases have played out across arts, culture, and higher education institutions, where high-value donors may seek to use philanthropy to rehabilitate their image. Without proper due diligence, organisations risk being used for reputation laundering.



Reputational risk is a critical consideration, especially when dealing with major or transformational gifts.



Kelley McGeehan
Consultant,
Conduit Partner

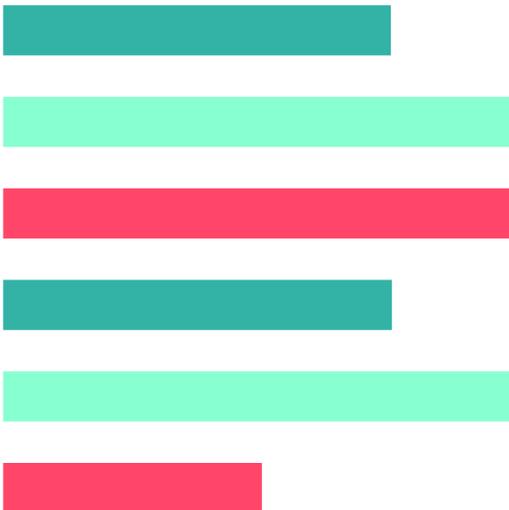


The value of a structured due diligence process

A structured and proactive approach to due diligence strengthens institutional resilience and enhances operational efficiency. By embedding due diligence within prospect research and decision-making, organisations can:

- Protect against reputational damage by identifying and mitigating risks.
- Eliminate organisational friction when due diligence teams raise concerns with partnerships after significant time and effort has been invested in their development.
- Improve the donor experience by avoiding last-minute compliance roadblocks that create delays and frustration.
- Prevent wasted effort on high-risk prospects unlikely to pass ethical or compliance checks.
- Provide fundraisers with insights that help them cultivate relationships more effectively.

➤ See Chapter 2 for more detail on structuring your due diligence process.



Your reputation depends on your third parties – all of them

Reputation is shaped by internal actions and by the conduct of partners, funders, and affiliates. Every third-party relationship is an opportunity to advance an organisation’s mission, but it also carries inherent risk. Who you partner with matters as much as what they contribute.

A donor may have good intentions, but their past actions and associations can surface unexpectedly. Negative affiliations can be exposed by stakeholders, the media, or even beneficiaries.

The same is true of research funding partners, honorary degree nominees, guest speakers, corporate partners and any other third party. The backlash can be swift, with public opinion shifting against institutions that appear to neglect ethical considerations.

Due diligence should extend beyond fundraising, applying to vendor partnerships, academic collaborations, and sponsorship deals. Without a consistent approach across departments, institutions risk contradictions that can erode trust. A development office may reject a donor based on ethical concerns, only for another department to honour the same individual with an award, creating a perceived double standard.

➤ See Chapter 3 for more detail on institution-wide due diligence.



Our structured due diligence process ensures clear parameters for reviewing major gifts and making decisions that align with our values.



Michael Foote
AVP of Development,
Operations and Performance,
Dartmouth College

02

Structuring your due diligence

84%

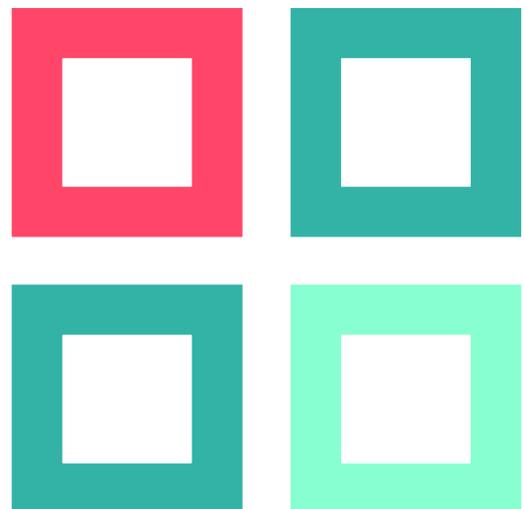
of organisations have a formal due diligence process, yet 48% of staff lack confidence in their due diligence work.

A structured due diligence process ensures **consistency, scalability, credibility** and **rigour** (we explore these benefits over the following pages). It should also be documented, accessible, and consistently applied. A formal policy defines when and how due diligence should be applied, eliminating ambiguity. It allows teams to follow clear steps, reducing the risk of subjective decision-making and last-minute uncertainties.

“ An external review identified an opportunity to improve our due diligence procedures to meet the standards of a world-leading research university. While effective in many respects, our previous approach was manual and conducted on a case-by-case basis. Recognising the potential for improvement, we set out to modernise and formalise our processes, making a significant step toward enhancing donor risk management.



Krista Pierce
Senior Associate Director
of Due Diligence Research,
Tufts University



The four benefits of a formal due diligence process

1. Consistency

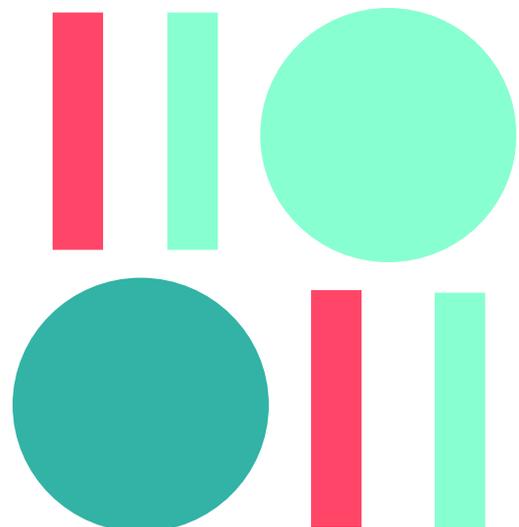
A formalised approach ensures that the same decisions are made using clear criteria, reducing bias or the appearance of bias. It ensures that all third parties are treated fairly, reduces the burden on a single decision maker, and ensures robust reputational protection when applied across the organisation.



It's important to strike a balance between centralisation for consistency and decentralisation for flexibility. Decisions can't be driven by personal values or negative feelings about a donor's past actions. Whoever is making the decision must do so in their capacity as a representative of the organisation, not based on personal biases. That's why having formalised policies and procedures is so important. They provide a clear framework, guiding teams through potentially contentious decisions. It's not about restricting people, it's about providing support. When teams have clear guidelines to follow, they can approach tough decisions with confidence. After all, when faced with a difficult decision in a grey area, the last thing anyone wants is to fear being blamed if things go wrong or worry that someone higher up will later question their choice.



Rhodri Davies
Director,
Why Philanthropy Matters



2. Scalability

A structured due diligence framework allows organisations to scale their process efficiently:

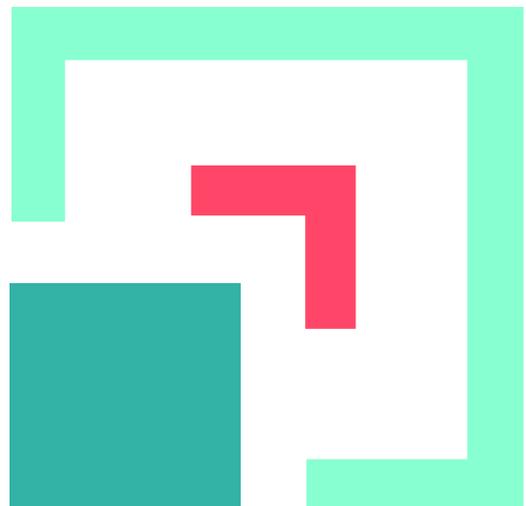
- Due diligence can be conducted without relying on institutional knowledge or individual expertise.
- The organisation can move quickly as frontline teams know which stakeholders need to be involved at each stage.
- As the organisation grows, due diligence remains manageable, preventing bottlenecks.

“ We unanimously chose Xapien for its intuitive user interface, robust reporting capabilities, streamlined operations, and comprehensive approach to due diligence. With Xapien, we can produce detailed research reports in just 15 minutes. The review process is streamlined and efficient, thanks to the summarised flags and the Xapien Insights section, which makes recommendations for approval. Xapien’s efficiency, reliability, and consistency have transformed our approach.

This platform has become integral to our due diligence activity. The investment in Xapien has proven to be highly beneficial, supporting us to continue building trusted and impactful international collaborations.



Dawn Taylor
Deputy Secretary
(Compliance & Risk),
Anglia Ruskin University



3. Credibility

A structured due diligence approach enhances both internal and external credibility. In some cases organisations share their due diligence process publicly (see below). This transparency reassures donors, beneficiaries, and regulators that decision-making is consistent and fair, strengthening trust in the organisation.

For instance, the University of York has published a [‘Philanthropy and recognition due diligence policy’](#), detailing procedures for evaluating potential donors and ensuring alignment with the university’s values. Surfers Against Sewage has a [‘Fundraising due diligence policy’](#), that outlines processes to identify potential risks associated with accepting donations, ensuring partnerships align with their mission to protect the UK’s marine environment.

With increasing regulatory requirements, such as [UKRI guidelines](#), certain organisations are obligated to document their due diligence processes to demonstrate compliance. Even for those not under a regulatory framework, maintaining detailed records of acceptance and rejection decisions ensures accountability and provides a clear audit trail if later questioned.

Given that due diligence outcomes can face public scrutiny, comprehensive documentation is essential. A well-documented process safeguards against reputational risks, reinforces ethical decision-making, and ensures that due diligence practices align with institutional values.

4. Rigour

A formal process does not guarantee rigour. For example, simply collecting and reviewing a bank statement might be labelled as due diligence but it would leave an organisation materially exposed.

A strong process ensures:

- In-depth risk assessment beyond basic identity verification.
- Comprehensive analysis of affiliations, backgrounds, and ethical considerations.
- Adaptability to evolving risks, ensuring ongoing compliance and reputational protection.

What should a formal due diligence process include?

While detailed implementation steps will be covered in later chapters, key elements of a formalised process include:

- Clearly defined parameters outlining which third-party relationships require due diligence.
- A risk-based approach to set triggers and thresholds for assessment.
- Adoption of the right technology to ensure consistency, scalability, and rigour.

Due diligence decisions should be documented clearly, ensuring:

- Records are easy to understand and share internally and externally.
- Information is professional and objective, considering that it could become public.
- Leadership has a clear basis for defence if a decision is ever questioned.



03

Thinking institution-wide

57%

of organisations conduct due diligence for corporate partnerships, 54% for leadership volunteers, and 35% for honorary degrees.

Reputation management is a whole-organisation, leadership-level issue because third-party risks extend across the institution. As such, due diligence should not be limited to donor screening, but should be applied to corporate partnerships, board members, research partners, honorary degree nominees, guest speakers, and more, to safeguard institutional integrity.

A corporate partner with a problematic supply chain can tarnish a nonprofit's reputation, just as a board member with negative media attention can deter potential donors.

Without an institution-wide due diligence framework, risks multiply:

- A development team may reject a donor that another department later honours.
- A faculty may partner with an organisation that contradicts institutional values.
- A guest speaker with a history of controversy may spark negative press attention.

The damage from inconsistent decision-making can be as significant as accepting a high-risk partner in the first place.

A consistent framework for due diligence reduces risk exposure, eliminates reputational inconsistencies, and ensures alignment with institutional values. Without it, organisations risk credibility gaps that can erode trust across multiple stakeholder groups.

However, implementation models vary:

- Fully centralised teams that handle all due diligence assessments.
- Broadening of scope for advancement teams to include due diligence on board of trustee appointments, honorary degree recipients etc.
- Decentralised models where a central function advises colleges or departments with oversight.



We use Xapien for donor due diligence but quickly recognised the opportunity to integrate it across different departments to expand its value and replace some of our manual processes. This included governance, prospect research, and partnerships. Our teams find Xapien's report customisation functionality helpful as it allows us to create tailored summaries for different team use cases, improving the overall efficiency of the research process.



Rachel Dyson
Deputy Director of Development,
The University of Sussex



We now use Xapien for all reputational risk checks, including board of trustees and honorary degree recipients. Our leadership team looks back on adopting Xapien as a pivotal moment in safeguarding our legacy for the next 200 years.



Michael Foote
AVP of Development,
Operations and Performance,
Dartmouth College



How to implement institution-wide due diligence

Secure institutional buy-in

Leadership must champion due diligence.

Define a policy that scales

Ask: will it apply across all third-party relationships or only some?

Invest in the right tooling

Technology enables scalability and supports consistent decision-making.

Ensure key stakeholders are involved

Policies should reflect the perspectives of all relevant teams.

Growing regulatory scrutiny on research partnerships

As global collaboration expands, so do risks, particularly in research partnerships. Funders such as UK Research and Innovation (UKRI) and the National Institute of Health Research (NIHR) now require stricter due diligence on funding recipients.

Best practices include conducting due diligence at the application stage to identify risks early. This aligns with broader institutional risk management, ensuring that partnerships meet compliance standards before funding agreements are finalised.

Proceeding with eyes wide open

No decision is ever without risk. Due diligence is not about eliminating risk entirely – it is about understanding it. A thorough due diligence process will surface potential concerns, but often the decision as to whether to proceed with the relationship is nuanced. Good due diligence doesn't always provide clear-cut 'yes' or 'no'. Instead, it enables organisations to move forward with their eyes wide open, fully aware of the risks involved and better able to mitigate them as necessary.

By clearly documenting the rationale behind their decisions, organisations put themselves in a stronger position to justify their actions and respond confidently to scrutiny. Rather than being caught off guard if challenges arise, they are prepared with evidence-based reasoning and risk mitigation strategies. This proactive approach not only enhances resilience but also reinforces trust with stakeholders, demonstrating that risks have been considered and addressed rather than overlooked.

04

Defining your organisation’s criteria

52%

of staff are confident their due diligence process protects their organisation’s reputation.

A formal due diligence process is only as effective as the guiding it. Without defined parameters, assessments can become subjective, leading to inconsistent decisions and unnecessary friction.



Our difficulty in defining ‘risk’ led to an excess of data for our legal team to analyse.



Katelin Newman
Assistant Director of Development Research, Presidential Engagement and Donor Experience, University of Michigan

Every organisation’s risk appetite is different. A veterans’ charity may accept funding from defence contractors, while a peace-focused organisation might reject it outright. Risk is contextual, and due diligence policies should reflect the organisation’s specific values and strategic priorities.

Setting clear, documented criteria prevents decisions from being made reactively or based on short-term pressures. It also ensures that:

- Due diligence decisions are aligned with institutional values.
- Teams apply the same standards, regardless of experience or perspective.
- The burden on individual decision-makers is reduced.
- Due diligence is applied consistently across the organisation.

Common potential risk factors and associated reputational risk

Risk factor

Association with controversial figures or organisations.

Operating in countries with sanctions or embargoes.

Potential for money laundering or terrorism financing.

Projects involving industries at odds with your cause.

High-visibility projects in politically polarised locations with high levels of violence or instability.

Projects conflicting with local customs or traditions.

Considerations

Risks negative media attention. Potentially alienating donors, stakeholders and the public.

Violates international laws and risks penalties or asset freezes.

Legal liability and reputational damage.

Contradicts mission and values. Potentially alienating staff, donors the public and other stakeholders.

Potential backlash and division among supporters.

Causes resistance and reduces community support.

Establishing a risk framework

Risk categories help distinguish between manageable concerns and unacceptable risks. Below is a typical example of how an organisation defines a two-tier risk category framework:

Red flags

Legal liabilities, fraud, criminal activity, or direct conflicts with the organisation's mission.

Yellow flags

Public criticism without verified misconduct, reputational concerns that require deeper review, or operational risks like lack of resources.

A graded scorecard can further standardise risk assessment. Assign impact scores to different levels of concern: one for low impact (minor reputational considerations); two for medium impact (potential controversy, but manageable); and three for high impact (clear ethical, legal, or reputational risks).

Any factor scoring three or more might trigger escalation to senior leadership. This systematises decision-making, preventing inconsistency, while allowing flexibility where needed.

Designing a risk framework

Things to address when creating a structured risk framework should include:

- Risk parameters: which relationships require scrutiny?
- Thresholds for escalation: at what level does a decision move to the next level of leadership?
- Process for reviewing flagged risks: who decides on complex cases?

Ensuring effective decisions

Due diligence criteria should not be set in isolation. The right stakeholders should be involved from the outset, as the framework must work across all departments.

Once established, the policy should be:

- Clearly documented and accessible to ensure consistent application.
- Reviewed regularly to adapt to evolving risks.
- Aligned across all third-party relationships, preventing contradictions across departments.



05

Setting financial and risk triggers

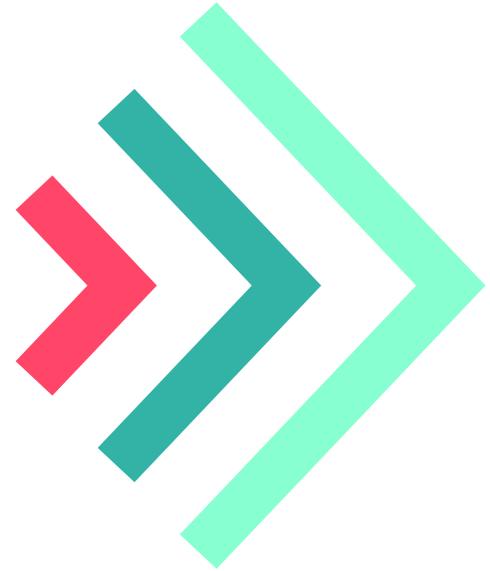
68%

of organisations have defined solicitation thresholds for activating due diligence.

Running due diligence on every third party is neither practical nor necessary. Due diligence should be proportional to the potential risk.

A small one-off low-value donor does not require the same scrutiny as a corporate sponsor with significant public exposure. The risk posed by a vendor supplying marketing materials differs from that of a research funding partner.

Establishing clear, predefined triggers ensures that due diligence resources are allocated appropriately to the risk posed. It enables consistency, prevents ad hoc decision-making, and allows due diligence processes to scale effectively.



Thresholds are highly context-dependent and should be tailored to fit your organisation’s specific situation, particularly its income profile. Smaller organisations might set a lower threshold, as even modest donations can make up a significant portion of funding. On the other hand, larger organisations typically receive more donations and larger amounts, requiring a different resource allocation strategy.



Rhodri Davies
Director,
Why Philanthropy Matters



As we prepared to launch a new corporate fundraising strategy, we recognised the importance of implementing rigorous due diligence to safeguard our reputation.

With growing attention on corporate ESG practices, we saw an opportunity to empower our fundraisers with a research tool that would streamline risk assessment and help them focus on building partnerships with the right corporate allies.



Camilla Fitzgerald
Philanthropy Manager,
ClientEarth

64%

of organisations say due diligence costs are increasing.

How to set due diligence triggers

Monetary thresholds

A common way to determine when due diligence is required is by setting a financial threshold for solicited gifts:

- In the UK, due diligence is typically triggered for donations over £10,000.
- In the US, thresholds are often higher, typically around \$1 million.

However, not all due diligence cases are financial. A guest speaker, honorary degree recipient, or research partner does not fit neatly into a monetary threshold.

Risk-based thresholds

Another approach is to trigger due diligence based on risk factors, regardless of financial value. Risk criteria may include:

Industry or sector

Organisations may have a red line against working with third parties involved in fossil fuels, tobacco, gambling, or defence contracting.

Nature of the relationship

Higher scrutiny is required when a partnership involves naming rights, public association, or access to institutional resources.

Public exposure

A useful rule of thumb is: Will there be a press release? Will this relationship be publicly known? If yes, due diligence should be done.

What matters most: pragmatism

There will always be a trade-off between risk management and available resources. No institution can conduct in-depth due diligence on every individual or entity it engages with. However, setting clear thresholds allows organisations to focus on high-impact risks while ensuring smaller engagements remain manageable.

Technology plays a critical role in enabling more efficient due diligence. With the right tools, organisations can:

- Lower thresholds without increasing administrative burden.
- Widen the scope of risk detection, leading to better reputational protection.
- Allocate due diligence resources proportionally to risks posed.

➤ See Chapter 9 for how technology enhances due diligence depth and scalability.



By lowering the threshold for due diligence, our team can now focus on what really matters: building stronger, more informed relationships with our donors.



Stephen Kehoe
Head of Development Services,
The University of Liverpool

06

Gift acceptance and ethics committees

56%

of organisations have a formal gift acceptance committee.

Not all due diligence outcomes are clear-cut. While some donors or gifts present obvious risks, others fall into a grey area where concerns exist but may not be deal-breakers. These situations are nuanced and require careful judgement, balancing financial benefit against reputational risk.

Consider:

- A major donor with strong political affiliations who wants to fund a programme aligned with their views. Their support may be genuine, or they may seek to influence institutional direction, raising concerns about independence.
- A corporate donor linked to a controversial industry. Their contribution could offer substantial funding but accepting it might contradict organisational values.
- Non-cash gifts such as real estate, artwork, or stocks. These may seem valuable but could bring hidden legal, financial, or reputational risks.

Gift acceptance committees provide a structured approach for handling these cases, ensuring decisions are made objectively and in alignment

“

The gift acceptance committee plays a crucial role in ensuring that major donations align with our values and uphold Tufts’ reputation. Our committee assesses reputational risks, such as associations with criminal activity or terrorism, to safeguard the University’s standing.



Krista Pierce
Senior Associate Director
of Due Diligence Research,
Tufts University



What makes a gift acceptance committee effective?

Committees are increasingly standard practice among institutions that take due diligence seriously. They prevent individual decision-makers from shouldering the burden alone, ensuring greater accountability and more balanced outcomes.

A well-structured committee:

- Applies a formal policy to determine which gifts require review.
- Includes representatives from different departments, ensuring diverse perspectives.
- Acts as a safeguard against undue influence from donors seeking to shape an organisation's agenda.
- Ensures alignment with risk appetite, approving only gifts that meet ethical and strategic criteria.

How to ensure committee decisions are efficient

A gift acceptance committee should not become a bottleneck. To keep the process streamlined:

Define clear pre-review criteria.

Ensure a policy exists to determine what does and does not require committee review. Routine or low-risk gifts should not be delayed by committee scrutiny.

Consider involving due diligence researchers in discussions. While they may not be decision-makers, having them in the room allows them to provide clarifications and insights and refine their understanding of what information is most valuable to stakeholders.

Present summarised, decision-ready information.

Committees should be equipped with concise, structured reports, not raw data that requires further clarification.

Avoid situations where additional data requests create unnecessary delays.

Ensure regular and timely meetings.

If committees meet too infrequently, donor approvals can stall, frustrating both fundraisers and donors. Early due diligence prevents the majority of gifts from requiring committee review, keeping the process efficient.



07

Initial due diligence

Traditionally, due diligence is conducted at the end of the fundraising process, just before a gift is accepted. Whilst pragmatic in a world of manual research, this approach can create unnecessary risk and inefficiency.

Emerging best practice is to integrate due diligence from the outset, ensuring that high-risk individuals or organisations are identified before significant resources are invested in nurturing a relationship.

Key benefits of early due diligence include **scalability** and **rigour**.

Consider this scenario:

A promising major donor is identified, and the fundraising team builds a relationship over several months.

Just as the ask is about to be made, due diligence uncovers historic allegations of links to organised crime.

The fundraising team must now reassess the relationship, delaying or cancelling the solicitation.

Leadership is involved in a last-minute reputational risk decision, frustrating both internal teams and the donor.

By conducting due diligence early, these situations can be avoided.

Scalability

Early due diligence ensures resources are focused on the right opportunities. By assessing risks upfront, organisations can avoid wasted time on unsuitable donors or partnerships. This enhances efficiency across departments and reduces internal friction. Teams operate with full knowledge of potential risks from the outset, preventing unexpected obstacles later in the process.

A proactive due diligence framework also accelerates key decisions. When risks have already been assessed, gifts can be recognised, and partnerships formalised without having to wait for lengthy due diligence checks to be conducted at the end of the process.

Rigour

Risk exposure begins at the first point of contact. Whether a donor is invited to an event, mentioned in internal discussions, or formally approached, their reputation becomes intertwined with the organisation as soon as contact is made. Without due diligence at this stage, institutions may unknowingly expose themselves to reputational harm.

Establishing objectivity early is also crucial. Once a donor relationship is cultivated, there is often greater resistance to walking away, even when significant risks emerge. By conducting due diligence before engagement deepens, organisations can make informed decisions without the pressure of pre-existing commitments and sunk costs.



When to conduct due diligence

It's best practice to integrate due diligence as early as possible in the engagement process.

At the prospect research stage, combining due diligence with initial research improves efficiency by consolidating risk assessment into existing workflows. This ensures potential concerns are identified before significant resources are invested.

Immediately after a first meeting with a research partner, due diligence helps uncover potential risks before formal agreements are developed. This proactive approach prevents complications that may arise from undisclosed issues later in the partnership.

The success of early due diligence depends on strong collaboration between risk and frontline teams. Clear communication channels between due diligence specialists, fundraisers, and leadership ensure that risk insights are shared early and appropriately, allowing organisations to make informed, strategic decisions.



We use Xapien at the application stage. If any red flags appear, we can address them early, avoiding later scrutiny from our funders.



Andrew Webb
Director of Research Assurance,
King's College London



We had to do some work with our front-line teams to explain that even if they had established a strong relationship with a donor over the years, they now needed to perform a reputational risk assessment before proceeding with any discussions. Understandably, some front-line officers were concerned that this new requirement could delay their processes or create uncomfortable conversations if something flagged unfavourably.

To address these concerns, we provided demos that highlighted and emphasised Xapien's capability to conduct efficient reputational risk assessments. This was critical to ensure buy-in from senior leadership at Dartmouth and within our advancement team. They all understood the importance of this initiative. With senior leadership's support, front-line teams began to understand why this process is now a necessary part of working with third parties.



Michael Foote
AVP of Development,
Operations and Performance,
Dartmouth College

Dynamic due diligence

Effective due diligence is not a one-time process. It should be dynamic, ongoing, and adaptable to emerging risks.

Risk is not static. As external conditions change, new risks can surface, requiring organisations to reassess existing relationships. A donor, corporate partner, or research funder that poses no risk today may become a reputational liability tomorrow. Organisations that treat due diligence as a one-time check leave themselves vulnerable to emerging risks that may only surface months or years later.

Periodic reviews, and/or ongoing monitoring, help:

- Identify new risks before they escalate into reputational crises.
- Adapt to changing global events, such as geopolitical shifts or regulatory changes.
- Ensure historically low-risk donors or partners remain suitable.

How often should due diligence be refreshed?

A well-structured due diligence system should enable both real-time interrogation of existing data when new threats emerge, and the capability to rerun due diligence checks easily and frequently.

For example, if geopolitical risks shift, such as increased sanctions on Russia, an organisation should be able to quickly identify past and current associations with individuals or entities from the affected region. Without this capability, institutions risk being blindsided by reputational damage tied to previously low-risk third parties.

By embedding continuous due diligence into standard processes, institutions can safeguard their reputation, stay ahead of regulatory requirements, and maintain confidence in their third party relationships.

“ Although UK government funders suggest reviews every three years, we do them annually to stay on top of updates and mitigate any new reputational risks.

Running a Xapien report takes only a few minutes on average, and reviewing the report typically takes about an hour, depending on the complexity of the collaborator’s profile. For our academics, Xapien is crucial when vetting third-party suggestions or building networks where an organisation has been recommended to them. Previously, we didn’t have the means to conduct a deep dive on these organisations.



Andrew Webb
Director of Research Assurance,
King’s College London

AI-powered due diligence

40%

of due diligence teams spend more than a week on each check. 68% of teams believe AI improves efficiency.

Due diligence has traditionally been a manual process, requiring extensive research across databases, corporate registries, media archives, and web sources. This approach was time-consuming, resource-intensive, and prone to human oversight. It was also flawed. Static databases only provide point-in-time information, and even the most thorough manual searches might miss hidden risks buried deep in blogs, media or web pages. It is also vulnerable to the skill, experience and attention level of the individual researcher.

As the volume of publicly available data grows exponentially, traditional methods are struggling to keep up. Meanwhile, bad actors are becoming more sophisticated at obscuring their tracks, making it even more difficult to detect risks using manual processes alone.

AI changes how organisations can approach due diligence. Rather than relying on fragmented searches, AI-powered solutions such as Xapien process vast amounts of risk-related data in real time. AI can analyse information the way an analyst would, but at far greater speed and scale. Instead of returning a disjointed collection of search results, it delivers a structured, comprehensive risk profile that reads as if written by a human, allowing teams to quickly assess risks and make informed decisions.

“

For years, we relied on manual web searches and databases like Companies House to conduct due diligence. It was time-consuming, resource-draining, and limited in scope. The process was slow, and as a result, gifts often got stuck in the pipeline. By integrating Xapien into our process, we've been able to produce thorough, comprehensive reports in a fraction of the time. This boost in efficiency means we can start due diligence earlier, tackle risks proactively, and make smarter, more informed decisions.



Stephen Kehoe
Head of Development Services,
The University of Liverpool

“

Integrating Xapien into our workflow has enabled us to handle multiple research and due diligence requests with remarkable efficiency and speed. We no longer need to allocate extensive time to manual due diligence work. Xapien saved us nearly four weeks of research in the first half year.



Sarah Muddle
Prospect Research Manager,
Sightsavers

09 AI-powered due diligence

Unlike static research methods, AI-driven due diligence is dynamic. The data can easily be interrogated and reports quickly re-run. This ensures that due diligence reports are not just snapshots in time but living, evolving risk profiles that can keep pace with emergent risks. AI allows organisations to move from reactive to proactive risk management, identifying threats before they escalate into crises.

AI also enhances risk discovery by identifying patterns and connections that may be difficult to detect manually. It can correlate name variations, track legal records across jurisdictions, and translate foreign-language media to uncover risks that may otherwise be missed. This capability is particularly valuable for institutions managing global partnerships, donor relationships, or cross-border financial transactions.



Several years ago, pressure for transparency increased from both internal and external stakeholders, prompting us to understand the implications of accepting solicited gifts from a reputational risk standpoint. Initially, we worked with a company that created 40-page dossiers, taking three and a half weeks and costing five figures. This process was totally unscalable if we wanted to check the reputations for lots of other individuals.



Michael Foote
AVP of Development,
Operations and Performance,
Dartmouth College

Impact of AI on due diligence

AI has rapidly had an outsize impact on due diligence processes. The benefits include:

- AI reduces repetitive research tasks, enabling due diligence professionals to work on strategic insights and risk mitigation rather than manual data gathering.
- AI-driven analysis reduces the likelihood of missing critical risks by scanning thousands of data points that would be impractical to manually review.
- AI applies a standardised approach to risk assessment, eliminating inconsistencies that arise from subjectivity.
- The efficiency savings with AI allow organisations to do due diligence on a broader range of third parties across the entire organisation, meaning that smaller-scale but high-risk relationships do not slip through the cracks.





Our previous research tools provided valuable insights, but the information was sometimes outdated and required significant time and effort, which posed challenges in keeping up with the fast-paced demands of new prospects and our organisational growth objectives. Recognising an opportunity to enhance efficiency and accuracy, we sought a solution that could support faster, more confident, and precise decision-making.

Since integrating Xapien into our workflow, we've experienced immediate benefits: faster and more accurate donor research, reduced administrative effort, and the ability to make well-informed decisions in real time. In minutes Xapien is able to concisely summarise research that previously took hours to sort through. This has allowed our team to focus on strategic outreach rather than being tied up with manual processes. With its scalability, Xapien has seamlessly aligned with our growth objectives, enabling us to expand donor research while supporting our mission.



Jennifer Russell
Senior Associate Director of
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The Ohio State University



See Chapter 10 for next steps and how you can get involved.



10 Next steps

We hope this guide serves as a useful framework for making the case for institution-wide due diligence, structuring due diligence policies and processes, setting risk thresholds, and using AI to enhance efficiency and accuracy.

The journey does not end here! This is a rapidly evolving field, and we're keen to carry on the conversation about the wide-ranging applications of due diligence and the value it can bring to the philanthropic sector.

Here's how you can get involved:

1

Join our [Xapien Xchange community](#) to exchange ideas and best practice with peers and thought leaders.

2

[Contribute your insights](#) to the next edition of this due diligence guide for nonprofits.

3

Reach out to a [Xapien consultant](#) for advice on building or enhancing your due diligence process.