

# Good Practice Guide - Quality Inclusions for Grants & Donations Policies

This Guide, informed by reflections from the Medicines Australia Monitoring Committee, is designed to help companies develop a robust and compliant approach to awarding grants and donations. Based on recent reviews of company policies, the Committee has provided general recommendations and benchmark examples that represent best practice. While not mandatory, these suggestions offer a strong foundation for approaches to grants & donations and should be considered when creating or updating policies. The Guide also recognises that policies should be proportionate to a company's size and nature to ensure practical and effective implementation. It provides an opportunity for companies to strengthen their training frameworks and support consistent, high-quality practice.

## Purpose of this Guide



This Guide assists companies to strengthen their internal company policies and procedures which govern decisions on the awarding of grants and donations, in line with Section 5.2 of the Code of Conduct.

Medicines Australia's members are committed to ensuring that no offer or provision by a company is made in a manner that could inappropriately influence the approval, recommendation, prescribing, and/or use of a product. To uphold this commitment, member companies have established policies and procedures that govern their interactions and funding arrangements.

Section 5.2 of the Code of Conduct outlines the principles companies must consider when entering into arrangements or deciding whether to provide grants, donations, financial or in-kind support to health-related institutions. This guidance specifically focuses on policies related to grants and donations.

*The Code collectively defines grants and donations as: "funds, assets or services freely given for the purpose of supporting healthcare, scientific research or education, with no consequent obligation on the recipient to provide goods or services to the benefit of the donor in return."*

## Key inclusions

### Define and clarify

The greatest risk arises when the nature of the relationship is unclear or poorly defined. Ambiguity creates space for perceived or unspoken expectations, which can give rise to the risk of inappropriate influence.

A company's policy should define grants & donations in alignment with the Code – stating that such support must be provided freely, without any expectation of tangible benefit or obligation in return, acknowledging that minor incidental benefits may occasionally arise unintentionally from the support provided.

### Address equipment loans

While loans are permitted under the Code, items provided to a medical practice or health-related organisation without a clear retrieval mechanism or defined loan review period are considered a gift, which are not permitted under the Code as they are regarded as an inappropriate form of influence.

To support clarity and avoid ambiguity for staff, it is recommended that company policies and procedures explicitly address equipment loans, particularly in relation to [Section 5.2 \(d\) and \(e\)](#) of the Code of Conduct. It is up to each company to decide where and how this is documented (e.g. in a separate policy from grants and donations, if preferred); however, the section addressing grants and donations should ideally cross-reference each other, given the related nature of these arrangements.



Robust policy frameworks include provisions for internal training to ensure staff are adequately equipped to manage grants and donations in a compliant and consistent manner. While this training requirement and frequency does not need to be detailed within the policy itself, it should be reflected in supporting documents such as training procedures or internal guidelines.

### Funding controls

Companies are encouraged to include practical safeguards to ensure a grant/donation does not underwrite a commercial business, generate income or pay for business operating costs for a practice or institution, as per [Section 5.2\(e\)](#).

An example safeguard is requiring a detailed budget breakdown from the healthcare organisation so that staff can assess whether the proposed costs are reasonable and confirm they relate to the supported project - rather than general business operating costs that serve the organisation's broader business goals, or staff salaries.

## Project-tied salaries

Some grants are time-bound, particularly those that fund a person's salary, whether partially or in full. Salary support is only acceptable when it is tied to a specific project or program for a defined period. A particular risk in salary support decisions arises when the role could be seen as income-generating or as part of a standard business operating cost, increasing the potential for perceived or actual inappropriate influence. Company policies should clearly reflect the time-bound nature of salary-support requirements.

## Governance

Policies should clearly outline a set of evaluation criteria used to assess and approve grants and donations, promoting transparency and accountability in decision-making.

## Good practice suggestions

- **Set a Standardised Support Cap:** Set a maximum threshold for financial support—such as a percentage of the recipient's annual operating costs—to ensure proportionality, maintain the organisation's financial independence, and minimise the risk of inappropriate influence. This safeguard promotes consistency in funding decisions and helps ensure the company is not effectively underwriting the organisation.
- **Conduct Due Diligence:** Implement a structured due diligence process to verify the legitimacy and integrity of recipients. This may include checks on governance, financial stability, previous funding history, and alignment with the intended purpose of the support.
- **Integrate with Related Policies:** Clearly reference or align grants and donations processes with other relevant corporate policies and procedures—such as transparency reporting, conflicts of interest, or sponsorships—even if these are outlined across multiple documents. This promotes consistency and helps embed a coherent compliance framework.
- **Consider a Risk-Based Approach:** Tailor the level of oversight and documentation based on the size and nature of the financial support. For example, higher-value grants may require more rigorous justification, approval, and monitoring processes than smaller contributions. Adopt a risk-based approach that guides the level of diligence based on amount of spend.
- **Address Conflicts of Interest (COIs):** Embed COI identification and management into the decision-making process, particularly where financial relationships could influence the recommendation, sale, or use of a product. This includes a clear process for declaring and managing real or perceived conflicts.
- **Implement Regular Reconciliation:** Establish a periodic reconciliation process (e.g. quarterly or annually) to verify that funds were used as intended. This process can include financial audits, activity reports, or outcome evaluations to support accountability and ongoing compliance. It is acknowledged that such reconciliation may not always be feasible for donations, especially when no reporting obligations are in place.