

## Foreign Funding and Higher Education

### *7 Core Elements of a Proactive Risk Assessment Model*

By Gerald McMahon, Principal, W1 Global Inc. and Darryl Wegner, Managing Director, PKF O'Connor Davies

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Higher education institutions face a rapidly shifting environment around foreign funding. As universities pursue new revenue sources, advancement offices, fund managers and institutional leaders must now operate amid heightened regulatory scrutiny, growing geopolitical tensions and increasingly sophisticated foreign actors seeking access and influence.

Foreign gifts, contracts and partnerships can create real opportunity — but they can also expose institutions to compliance failures, reputational harm and national security-adjacent risks. In response, colleges and universities should adopt a proactive, structured risk assessment model that evaluates foreign funding before issues arise. Done correctly, this approach supports responsible fundraising, strengthens governance and demonstrates good-faith compliance in an evolving enforcement environment.

#### **Why Foreign Funding Risk Is Rising**

Federal attention to foreign influence in higher education has intensified. U.S. officials have repeatedly warned that foreign actors, including state-aligned entities, may use funding to gain access to research, shape academic programs, suppress free expression or cultivate long-term influence on campus.

Regulatory scrutiny is increasing accordingly. Section 117 of the Higher Education Act already requires disclosure of certain foreign gifts and contracts. Proposed legislation, including the DETERRENT Act, would significantly expand reporting obligations and enforcement authority, while recent executive action has directed the Department of Education to strengthen oversight and coordination across federal agencies.

While current guidance calls for “reasonable due diligence,” institutions should expect that standard to evolve — and to be judged with hindsight. Importantly, many of the most significant risks lie outside federally funded research, in philanthropic gifts, endowments and non-research partnerships that have historically faced less formalized review.

#### **The Gap Outside Research Compliance**

Research compliance programs routinely assess export controls, conflicts of interest and foreign affiliations. Advancement and endowment teams, by contrast, often operate with less structured guidance, even as enforcement expands to all foreign funding streams.

Triggers for heightened scrutiny increasingly include:

- New or unfamiliar donors
- Significant dollar amounts or naming opportunities
- Ties to sensitive technologies or political influence
- Reputational red flags

- Opaque sources of wealth or complex ownership structures

These realities require a proactive model that goes beyond traditional donor screening and aligns advancement, compliance and leadership around a shared framework.

## **The 7 Core Elements of a Proactive Risk Assessment Model**

### **1. Transparent Communication With Donors and Partners**

Institutions should set expectations early. Explaining that enhanced diligence reflects regulatory requirements — not donor judgment — reduces friction and helps preserve trust while reinforcing governance standards.

### **2. Comprehensive Background Review**

A structured review should identify all relevant actors and assess sanctions exposure, political ties, litigation history and reputational vulnerabilities. Understanding networks and affiliations is as important as understanding individuals.

### **3. Targeted Open-Source Intelligence (OSINT) Review**

Focused OSINT research can surface media reporting, corporate structures, prior conduct and hidden connections. This step provides the foundation for a documented, audit-ready assessment.

### **4. Identification of Intermediaries and Beneficial Sources**

Foreign funding often flows through foundations, investment vehicles or cultural organizations. Identifying the ultimate beneficial source of funds is essential to understanding intent, legitimacy and risk.

### **5. Ground-Truth Validation**

Online research alone is often insufficient. In-country sources, regional experts and subject-matter specialists can provide critical real-world context, particularly where public information is limited or curated.

### **6. Direct Engagement Through Interviews**

In-person or virtual interviews with donors or partners help clarify objectives, confirm background information and assess alignment with institutional values. They also demonstrate the seriousness of the institution's process.

### **7. Awareness of Deception and Misrepresentation Risks**

Modern risk includes falsified identities, deepfakes and coordinated disinformation. Those conducting assessments should be trained to recognize inconsistencies and efforts to obscure true intent.

## **How This Model Supports Institutions**

For advancement teams, a proactive model creates consistency, speeds decision-making and protects institutional reputation. For compliance officers, general counsel and leadership, it provides a defensible framework aligned with federal expectations and supported by clear documentation.

Most importantly, this approach is not adversarial. It enables universities to pursue funding opportunities responsibly while ensuring gifts and partnerships advance institutional missions rather than introduce unseen risk.

## Final Thoughts

As oversight of foreign funding continues to expand, institutions that adopt proactive risk assessment models will be best positioned to protect their reputations, maintain compliance and preserve academic independence. Extending enhanced diligence beyond research funding to encompass all foreign gifts, contracts and partnerships creates clarity, predictability and confidence in an era of heightened scrutiny.

## How We Can Help

Institutions increasingly require diligence that extends beyond traditional compliance reviews. Integrating intelligence-led analysis with forensic financial expertise allows colleges and universities to assess geopolitical, reputational and financial risks more fully and make informed, defensible decisions.

These assessments support institutional governance, satisfy audit and disclosure requirements and demonstrate good-faith diligence to regulators and stakeholders.

## Contact Us

If you have any questions, please contact your client service team or:

[Darryl Wegner](#), JD

Managing Director, PKF O'Connor Davies

[dwegner@pkfod.com](mailto:dwegner@pkfod.com) | 781.937.5300

[Gerald McMahon](#)

Principal, W1 Global Inc.

[gerry.mcmahon@w1-global.com](mailto:gerry.mcmahon@w1-global.com) | 774.217.2221

[Joseph N. Russell](#)

Partner, PKF O'Connor Davies

[jrussell@pkfod.com](mailto:jrussell@pkfod.com) | 201.712.9800

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