Due Diligence Checks

 Below is a guide to the checks we undertake:

1. We look at Governing documents:

* Check organisation appropriately constituted – i.e. registered charity/CIO or constituted not for profit community group with charitable objectives and dissolution clause.  Community Interest Companies (CICs) should be limited by guarantee not shares and contain asset lock.
* Proposed activities fall within the group’s charitable objectives.
* Need to see a list of names and addresses of trustees/management committee members – at least three of which are unrelated.

1. We look at the Charity Commission Website and Companies House records:

* Minimum of three unrelated Trustees/Directors.
* No returns to either organisation are overdue.
* There is not a proposal to remove the organisation from either register.
* Registered address is the same as on the application form.

1. We look at Accounts

* **Reserves** are reasonable given the size of the organisation and that these are in line with any reserves policies, we would usually expect between 3-6 months running costs and not more than 12 months free reserves. Organisations with significant reserves should be able to explain why these reserves cannot be used to cover the cost of the activity.
* **Income and expenditure** – we note whether there are significant differences in expenditure from one year to another and whether they could pay all creditors from bank balances.
* **Restricted funds** any deficit should be explained.
* **Auditor’s organisational and financial review** check this does not highlight any significant concerns.
* **Funding sources** are diverse and the organisation is not dependant on a particular funding stream that may be at risk.

1. We look at Bank Statements

* In the organisation’s name.
* Less than three months old.
* A bank account has at least two unrelated signatories. If signatories are related, a bank mandate should be provided preventing them from signing together.

1. We check policies

Check that the group has appropriate Safeguarding for their activities – needs to include the following:

* Definitions of abuse and signs of abuse and a description of how abuse is different for adults (if working with both children and vulnerable adults).
* Procedure for reporting safeguarding concerns.
* Procedure for handling cases of disclosure revealed by DBS checks.
* The name of the person responsible for protection.
* The name of the local safeguarding board.
* All staff, volunteers and Trustees who are working directly with vulnerable adults and/or children should have the appropriate DBS checks and there is an understanding of when enhanced DBS checks should be carried out.
* All staff, volunteers and trustees who work indirectly with vulnerable adults and/or children receive safeguarding training.
* Risk assessments are carried out to ensure vulnerable adults and/or children in their care are safe.
* Check frequency at which the policy is reviewed, suggest annually.
* General – check for any returns regarding serious incidents.

**Equity, Diversity and Inclusion Policy**

 References Equality Act 2010

* Policy should cover age, being married or in a civil partnership, being pregnant or having a child, disability, race, religion/belief or lack of, gender, sexual orientation, transitioning gender.
* Equal access to services and employment.
* Preventing harassment and ensuring everyone is treated equally.
* Complaints are dealt with fairly.

1. We check Staff and Trustees

* Proportionate amount of full-time and/or paid staff and Trustees for the size of the organisation

1. Track record

We check the group’s HCF track record for any concerns regarding monitoring if funded previously.