

## Undertaking due diligence

### 1. Why we carry out due diligence

We carry out due diligence for three reasons:

- To understand and evaluate the main risks our partners are facing so we can help mitigate them (if we are the right people to do so)
- To evaluate the risks to Blaggrave in funding, so we can inform team and board decision making appropriately
- To fulfil our duties for diligent grant making as required by the Charity Commission

The process of due diligence is closely allied with our position on risk. This is reviewed and decided by the Board on an annual basis.

### 2. Our understanding of due diligence

Grant making is a judgement that balances considerations between benefit and risk, to identify partnerships in line with our strategic priorities.

It is important to take risks in grant making because it helps us focus on the greatest need, including grassroots organisations embedded in the communities they support, rather than just those who are experienced at writing good funding applications. We recognise that the groups and organisations we support may be at different stages of development. Additionally, in some of our programmes we fund individuals directly.

For these reasons, due diligence looks different when considering organisations, individuals, and informal groups or movements. Nevertheless, we undertake the same careful assessment in each case. This document sets out our minimum expectations for due diligence, but we do not understand due diligence to be a 'pass or fail'. We can still fund in cases where due diligence reveals gaps, but we flag the risks in the grant proposal, discuss the risk mitigation options, and ensure that the CEO and / or the Board are aware of these at sign-off stage. Once support has been provided, we put in place a timescale by which partners will meet the criteria as a condition of our funding.

### 3. Timing of the process

Generally, we undertake due diligence in two stages. Publicly available information such as published accounts, safeguarding policies (if published), and profiles of those involved in the organisation's governance is considered at an early stage while we are looking at

the organisation as a potential new partner, alongside questions of strategy and alignment.

Following this, if a grant fits with mission, then we undertake the detailed due diligence below in preparation for a presentation of the grant proposal to the team or board.

Safeguarding due diligence is conducted by using the checklist provided by the safeguarding team, which sets out the expectations of partners and compliance standards.

At the point of continuation funding, we ask partners for up-to-date financial information (end of year information, levels of reserves, forecast for the coming year), whether there have been any [serious incidents](#) to report, whether there are any substantive changes to their safeguarding policy and procedures, changes in their programmes that may impact safeguarding (e.g. didn't work with adults at risk, now work with adults at risk) or leadership, before proposing the release of the next grant.

For time limited funding opportunities, the timing and what is involved with each stage of due diligence is designed in the programme set up plan.

#### **4. Who carries out due diligence**

Each Grant team member is responsible for conducting appropriate due diligence on their grant proposals, capturing the results on Salesforce, and assessing the level of risk. (For further guidance on assessing risk, see [Risk management overview](#)) The Head of Grants is responsible for ensuring this process is followed consistently across the team.

All members of the Grants Team attend training on the due diligence process via their induction and by attending training provided by the Association of Charitable Foundations.

#### **5. How we record our due diligence and how the process is supervised**

The results of due diligence process are captured on Salesforce (on the Funding Request, or the Grant Report tab for continuation payments). We record the process on Salesforce, including a copy of the Safeguarding due diligence checklist, and the Head of Grants bi-annually takes a sample of grants to check due diligence is being completed consistently. Due diligence findings are saved on the Funding Request or the Grants Report tab for continuation payments. All key due diligence documents are saved on the Funding Request.

#### **6. Funding via a third party**

Some of our funding will go to individuals and groups that are too early in their development to be constituted or have a bank account, or who don't meet all our due diligence requirements. In these cases, we can fund through a fiscal host. (see Blaggrave guidance on [fiscal hosting](#)). This could be an umbrella or host organisation. If this is the

case, we will expect the fiscal host to meet our criteria for due diligence. Our funding offer and terms and conditions will be with the host organisation.

For grants to individuals, we will use a fiscal host such as Open Collective, or ensure payments are released in appropriate instalments to any personal bank account.

## **7. Eligibility**

For most of our programmes, we would expect the partner to be one of the following types:

- a. An individual (**Challenge and Change only**)
- b. Unconstituted group or movement (**Challenge and Change**)
- c. Charitable Incorporated Organisation
- d. Charitable Trust
- e. Community Interest Company
- f. Registered company limited by Guarantee with a not-for-profit clause in its articles.
- g. Co-operative Society (as long as it has a not-for-profit clause in the Society Rules and is registered with the Financial Services Authority)
- h. Registered company limited by guarantee

By exception, we will consider grants to a private limited company limited by shares, only when the funded work is charitable, and the organisation has a charitable clause in its constitution. In these cases, we provide restricted grants for charitable work and would likely need legal advice.

## **8. Risk**

Each grant recommended for approval is given a Risk rating, according to the Board's risk appetite. (see Blaggrave's risk policy). All grants proposed that do not meet our minimum expectations on due diligence will be rated as High risk, there may be conditions to the grant and there would be a risk mitigation strategy in place. Grant decisions on grants of £20,000 or less are delegated to the CEO and Head of Operations for authorisation. Any delegated grant marked as high risk would be approved by the Board.

## **9. Risk mitigation**

Each Grants Team Member will develop a support package appropriate to the needs of grant partners when managing a programme of work. In high-risk cases where organisations/ groups or individuals do not meet our due diligence criteria, we ensure:

- Clear terms and conditions of grant which stipulate money can only be used for charitable work in the public benefit
- Conditions of grant included in our terms, if appropriate
- Provision of specific training if required such as on finance, safeguarding and charity law

- Timetable for meeting minimum expectations agreed

In managing high-risk grants, we ensure:

- Regular catch-up meetings (quarterly) to monitor these expectations
- Meeting notes recorded on Salesforce
- Board escalation on any grant decisions

The following provides guidance on our expectations according to our partners' stage of development. Expectations at each stage of the process are greater for organisations who are more resourced and established and have greater capacity.

NOTE: Detailed iterations of the evidence we expect to see at each stage, definitions and a guide to the process can be found [here](#):

	<b>Finance</b>	<b>Governance</b>	<b>Safeguarding</b>	<b>Reputational</b>	<b>Charity law compliance</b>
<b>Individuals</b>	<p>They have the right to work in the UK or they have clear support from a registered charity which has a volunteer expenses policy. In this scenario, we would conduct due diligence on this supporting agency.</p> <p>Evidence of a bank statement in the name of the grant holder (where we are transferring funds into a private bank account) or an organisations / collectives' account.</p> <p>We have discussed using fiscal host with them. If they do not wish to use a</p>	<p>The individual is solely responsible for their work and any legal risk. If they become a group or register as a CIC during the period of the grant, the responsibility for the grant remains with the individual.</p>	<p>All those working with children and/or adults at risk have a DBS check at the correct level.</p> <p>If they are working with children or adults at risk, they must have a safeguarding policy and embedded procedures. If not, they must confirm they accept ours.</p> <p>They agree to attend safeguarding training and support from the team if using our policy or as an interim to them creating their own. (this will happen before work with children or at-risk</p>	<p>Their publicly available, current, profile checked through Google or LinkedIn gives no cause for concern'</p>	<p>Their activity is compliant with charitable purpose 'advancement of citizenship'.</p> <p>They understand what it means to be charity law compliant with our funding.</p>

	<p>fiscal host, then we will pay their grant into a personal bank account in a minimum of two instalments.</p> <p>They can provide evidence of successful budget management of a grant in the past, or we have discussed what support they need to do this.</p>		adult begins using our funds)		
<p><b>Unconstituted groups or movements (will be funded as either individuals, or via a host organisation)</b></p>	<p>Individual or lead of collective has the right to work in the UK or they have clear support from a registered organisation which has a volunteer expenses policy. In this scenario, we would conduct due diligence on this supporting agency.</p> <p>There is a bank account in the name of the group</p>	<p>There is a guiding document in place which contains the process for making decisions.</p> <p>Their guiding document clearly states their non-profit status.</p>	<p>All those working with children and/or adults at risk have a DBS check at the right level.</p> <p>If they are working with children or adults at risk, they must have a safeguarding policy.</p> <p>If they do not have a safeguarding policy already in place, they:</p>	<p>Their publicly available, current, profile checked through Google or LinkedIn gives no cause for concern.</p>	<p>Their activity is compliant with charitable purpose 'advancement of citizenship'.</p> <p>They understand what it means to be charity law compliant with our funding.</p>

	<p>and all payments require at least two unrelated signatories. <i>Or</i> they are using a third-party platform such as Open Collective.</p> <p>They can provide evidence of successful budget management of a grant in the past, or we have discussed what support they need to do this.</p>		<ul style="list-style-type: none"> <li>- must confirm they accept to fall under ours as an interim until they create their own.</li> <li>- agree to attend safeguarding training from the team before using our funding to begin work with children or at-risk adult.</li> <li>- put in place, a timescale to produce their own policy and agree to this as a condition of grant.</li> </ul>		
<p><b>Newly constituted in the past 24 months</b></p>	<p>They can provide evidence of successful budget management of a grant in the past, or we have discussed what support they need to do this.</p>	<p>There are three unrelated people involved in running the group <i>or</i> timetable to put this in place.</p>	<p>All those working with children and/or adults at risk have a DBS check at the right level.</p> <p>If they are working with children or adults at risk,</p>	<p>Their publicly available, current, profile checked through Google or LinkedIn gives no cause for concern.</p>	<p>There is a clear charitable purpose, and public benefit to the work.</p>

	<p>They have a plan for income generation that is wider than our funding.</p> <p>For non-charities there is a not-for-profit statement in the constitution OR the organisation is working with an umbrella body that has this in place.</p> <p>The constitution states that if the organisation closes, the assets must be used for charitable purpose.</p> <p>If the organisation is a company limited by shares, there is a charitable clause in the constitution meaning directors cannot draw down assets.</p>	<p>External support and challenge are in place, this could include non-executive boards, steering groups, infrastructure organisations, or other funders.</p> <p>If they are a charity, they are registered with the Charity Commission or if they are a company or CIC, Companies House.</p> <p>If registered, they are up to date with Charity Commission or Companies House requirements.</p>	<p>they must have a safeguarding policy and procedure that includes:</p> <ul style="list-style-type: none"> <li>- named staff and trustee lead for safeguarding.</li> <li>- staff working with Children or adults at risk receive appropriate training.</li> </ul> <p>If they do not have a safeguarding policy already in place, they:</p> <ul style="list-style-type: none"> <li>- must confirm they accept to fall under ours as an interim until they create their own.</li> <li>- agree to attend safeguarding training from the team before using our funding to begin work with children or at-risk adult.</li> </ul>	<p>They have received charitable or commissioned income from other sources in the past.</p>	
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			<ul style="list-style-type: none"> <li>- put in place, a timescale to produce their own policy and agree to this as a condition of grant.</li> </ul>		
<b>Established registered organisation</b>	<p>There are published end of year accounts available approved by the Trustees that are no more than 18 months old.</p> <p>There are internal accounts available for the most recent financial full year which show a breakeven or surplus position</p> <p>The current year's budget is showing at least a breakeven position, or, if a deficit is forecast, there is a rationale for this, or a fundraising plan in place</p>	<p>There are at least three unrelated trustees</p> <p>The Trustee board holds a range of professional skills and experience</p> <p>The organisation is properly registered with the appropriate body (Charity Commission or Companies House)</p> <p>Accounts have been filed on time</p>	<p>There is a safeguarding policy personalised and relevant to the organisation, which names the safeguarding lead (one at trustee and one at staff level), is signed by the board and has been reviewed in the last 12 months.</p> <p>Alongside the policy (or within it) there is a safeguarding procedure which sets out clear steps to take in the event of an incident or disclosure, including</p>	<p>Organisational: what's their history, how do they support/protect staff and users if caught in a media storm?</p> <p>The organisation has not been subject to financial fraud or other illegal practice in the last 3 years. (As shown on charity commission website)</p>	<p>There is a clear charitable purpose.</p> <p>There is a clear public benefit to the work.</p>

	<p>and sufficient capacity to carry this through</p> <p>At least one board member has some financial expertise such as a qualified accountant, or holds a paid finance role at another organisation, and if turnover is greater than £100k pa, a staff member has financial training or qualifications</p> <p>There is a current budget for this financial year which is being monitored and reported on</p> <p>For charities, the Trustees have set out a level of unrestricted reserves in the organisation's accounts and this is being met or exceeded. For non-charities, the organisation has sufficient unrestricted reserves relative to its commitments</p>		<p>who to inform and how to contact them.</p> <p>The policy makes provision for safeguarding training for all staff, volunteers, who have face-to-face contact with young people.</p> <p>The organisation operates safer recruitment policies including all people working with children are subject to appropriate DBS checks</p> <p>There is a clear way for people within the organisation to raise alarm over concerns i.e. a whistleblowing procedure and the intent to provide support to whistleblowers</p> <p>The procedure includes reference to</p>		
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	<p>Organisations are not overly reliant on just one income source</p> <p>Organisations have a financial history which demonstrates their track record of good management</p>		<p>safeguarding in an online context if the organisation is doing this sort of work</p> <p>Where relevant, the organisation is aware of the differences involved in safeguarding children (under 18) and adults (over 18) and their policies and procedures reflect this awareness.</p>		
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