



Ramsgate Pride in Place Community Action Grants Due Diligence and Assurance Process

1. What is Due Diligence?

- Due diligence is firmly established as an element of corporate good governance and is an investigation of a business, organisation or person prior to signing a contract.
- For the Ramsgate Pride in Place Community Action Grant, this document lays out the process in relation to any grants paid to third parties.
- Due diligence assists in the detection and treatment of risk in relation to the contract award. The process required for the reputational protection of the Ramsgate Neighbourhood Board as the decision makers for Ramsgate Pride in Place and Thanet District Council (and its finances) as the Accountable Body supporting the Board.
- Due diligence is required for the protection and reputation of the decision makers.
- A proportionate approach will be taken based on the level of risk, i.e value of the grant agreement.
- Due diligence checks will be an ongoing process with recipient organisations, prior and during the grant agreement period.

2. Financial Due Diligence

Financial checks are important to ensure that an organisation has the financial ability to deliver the project which is being grant funded and is aimed to answer questions such as:

- Does the entity have the resources to fulfil its obligations through the contract/project?

- The short and medium-term financial viability of the applicant organisation, including the extent of reliance on grant and other government funding;
- Does the entity issue annual accounts?
- Does the entity have a long track record, how many years has it been established?
- Does the entity have a stable structure and good governance around financial decision making?
- Will any country under economic sanctions have a financial interest in or receive a benefit from the grant being provided to the recipient?

a. Basic Information that will be required (some of these are requested in the application form)

Basic Information

- Name of organisation and directors/senior officers
- Registered organisation/business address
- Contact details
- Company/charity registration number and date of registration (where appropriate)
- Constitution or governing document (identifying your charitable objects and dissolution clause)
- VAT number/status
- Relevant experience of similar projects

Financial Information

- Last one- or two-years financial accounts
- Status of matching funds, including evidence of committed funds and forecasts

b. Additional Information/Checks that may be Requested/Undertaken

Basic Information

- Details of any other trading names or secondary companies and their affiliation to the core business
- CVs of directors, CEOs and senior leadership team
- Organisation chart

- Group structure (chart) showing how the organisation fits into the overall structure

Financial Information

- Last three years financial accounts
- List of bank accounts
- Bank statements
- Insurance policies
- Auditor contact details
- Financial plan/budget for financial year
- Details of company/organisation assets

Web Searches

- External credit rating
- Credit referencing (taken by the council)
- Companies house/charity commission searches as appropriate
- General company/organisation performance
- Public relations

Government Policy

- Compliance with money laundering regulations

3. Non-Financial Information that may be Considered

There are several areas just as important as financial due diligence that can be reviewed as part of the due diligence process, these checks can cover the following key areas:

Corporate Image

- Publicity, negative or otherwise and how the organisation has dealt with these
- Pending legal cases against the grant recipient
- Transparency, freedom of information etc.

Social Responsibility

- Is the entity involved primarily in activities that the Council does not wish to align with, i.e. tobacco, firearms?
- Does the entity openly discriminate against race, sex or religion?
- Are there any concerns with the entity around corporate social responsibility
- Is there any history regarding child or forced labour?
- Health & Safety and appropriate policies are in place
- How any country under economic sanctions may benefit from the organisation

Environmental Responsibility

- Does the entity assess the environmental impact of the project to be delivered?
- How does the entity monitor and set targets for improved environmental performance?
- Are there sufficient contingency plans to deal with emergencies relating to the project/contract?

Policy Compatibility

- Does the grant recipient comply with all statutory regulations?
- Is it subject to any investigations by government, i.e. HMRC?
- Would entering into the contract cause the Council any issues with regards to its own constitution?
- Where applicable, has building control and planning regulations been satisfied or is there a plan to satisfy them?

The due diligence process will take up to 30 working days and will be undertaken prior to the signing of grant offer letters.

Should Thanet District Council on behalf of Ramsgate Neighbourhood Board have any queries of the grant recipient, the recipient must respond within 10 working days of the request and the Council will assess these responses within 10 working days.

4. Conclusion

Due diligence assists in the detection and treatment of risk in relation to a grant award.

The process can be lengthy, but ultimately leads to the reputational protection of the Ramsgate Neighbourhood Board, Thanet District Council as the accountable body supporting the Board and its finances, as well as the protection and reputation of the decision makers.