

Due Diligence Checklist Policy

Policy Written	June 2023
Reviewed & Agreed by Trustees	April 2026
Next Review	April 2027

Scope

This due diligence policy covers the main issues Weave Foundation may need to think about and checks to be carried out.

The Scale of Risk - Factors to Consider

- Is the project/contract particularly sensitive, important, complex or large scale?
- Is the organisation/individual well known and respected, or might they hold views, undertake activities or work in an area that may potentially be problematic?
- How much potential is there for things to go wrong and what's the worst that could happen?

Due Diligence Checklist

Charity and Fundraising Ethics

Is the donor/potential project partner involved in any of the following?

- Activities that are illegal or incompatible with Weave Foundation's values.
- Issues such as corruption/bribery, criminal activities, discrimination, exploitation of people, or the environment.
- Involved with radical groups, or companies, regimes, products or services that conflict with Weave Foundation's aims/values.

Compliance

- Has the donor/potential project partner made any significant breaches of regulatory frameworks?
- Are they being investigated by government agencies or the police
- Have they had any court cases brought against them?
- Have they defaulted on any debts?
- Have they been disqualified?

- Check with relevant regulators for reports and other information that might be available.
- Confirm registrations with any relevant professional bodies and that any licences, qualification or insurances are held and in-date.
- For individuals check for disqualified directorships, insolvency/bankruptcy or Charity Commission automatic disqualification (or local equivalent).
- For donors - tax avoidance schemes

Finance Checklist

- Is there a risk of a takeover of the project?
- Are there sustained annual operating losses?
- Is the level of debt too high for their sector?
- Are there any cash flow issues?
- Do they have a weak asset base?
- Are there unusual financial transactions?
- Are there significant amounts of capital being taken out?
- Are there any CCJs (or local equivalent)?
- Are there any recent debt restructuring/redundancies?
- Where possible obtain copy of accounts from Companies House (or local equivalent)

Ability to Deliver

- What is their capacity to deliver services?
- Do they have a track record of delivering against outcomes?
- Take up references where possible, specifically covering any areas of concern.

Reputational Risk

- Have they received any negative media attention?
- Have there been any concerns from other funders/partners from being associated with this person/organisation?

Contract Due Diligence

- Check that the balance between the costs, benefits and liabilities is fair, and there are no onerous or unreasonable obligations.
- Check for any hidden costs -e.g. additional management fees, charges you weren't expecting, unreasonably large late payment penalties, automatic annual uplifts in prices, or increases decided by the other party without your agreement.

Conflicts of Interest

- Is our conflict of Interest Policy being complied with?
- Is due diligence being reviewed by a trustee who is sufficiently and demonstrably distant from the issue?

Anonymous Donations Sanctions and Scams

Donations through collection tins and online platforms are often anonymous and any donor may remain anonymous if he or she chooses to. The Charity Commission 'know your' donor principle does not mean charities cannot accept anonymous donations and doing so is perfectly acceptable providing charities look out for suspicious circumstances and put adequate safeguards in place.

Trustees will take reasonable and appropriate steps to know who the charity's donors are and will not accept a donation where the risk to the charity is assessed to be greater than the benefit of having the funds donated. There can be no absolute guide to what may be suspicious, but indicators are where significant sums are being donated, particularly if this is unusual, in cash or from overseas.

Any prospective donor who wishes cash to be forwarded in advance or for the charity to pay some of the donation to a third party will always be considered highly suspicious.

The trustees will consider reporting suspicious donations as a Charity Commission Incident report.

For more information see

- [Know Your Donor - Key Questions](#)
- [Advice on Suspect Donations](#)
- [Checklist of issues to consider when the charity receives donations from outside the UK](#)
- [Designated Persons List](#) - list of persons and entities to whom financial sanctions have been applied due to their assessed involvement in terrorist activity
- [Tainted Donations](#)

Charity Due Diligence - Sanctions

Sanctions can be applied to individuals, organisations or countries. These can vary and other countries all apply sanctions.

In some circumstances Weave Foundation may obtain a licence from OFSI or rely on an exception in the legislation. However, other than those exemptions, it is against the law to receive money, goods or economic resources from, or send these to – an individual or organisation subject to financial sanctions.

In the event of any grounds to suspect Weave Foundation may be involved, or may become involved with a sanctioned individual, organisation or work in a sanctioned country, the first step is to read the OFSI guidance, then seek and comply with their advice.

- [Financial Sanctions: Guidance](#)

- UK Sanctions List

Charity Due Diligence - Trustees and Management

Trustees and CEOs may delegate authority, but the responsibility for getting it right remains theirs.

- What could go wrong?
- What have we done to prevent things going wrong?

Charity Due Diligence - Further Help

- 'Know Your Partner' Key Issues to Think About
- Verification of Proposed Partner Form
- Charities: due diligence, monitoring and verifying the end use of charitable funds