

## **Working with suppliers - due diligence toolkit**

The following list of questions is a starting point to aid Heads of Individual Giving within charities considering using external suppliers to carry out face-to-face fundraising activities on their behalf. This list is neither designed to be comprehensive nor mandatory, but as a good practice tool to support the internal assessment and monitoring process. It is recognised that members may wish to apply additional checks and tailor questions to their own campaign needs and organisational requirements.

Template checklists for assessing suppliers (**Appendix 1**) and for the self-assessment of your charity's internal processes in working with suppliers (**Appendix 2**) can be found below.

### **Corporate Governance and Finances**

#### ***Ownership and leadership***

Do you know who the business owners are and what the ownership structure is? E.g. Is it a standalone company or part of a larger group of companies?

Do you know who the Directors of the company are, and if they've held positions in other companies previously?

Does the company have non-executive directors? Do you know who they are?

#### ***Finances***

What is the company's current level of assets and liabilities?

How much working capital does the company have?

What are the company's reserves?

#### ***Monitoring***

Are you monitoring the company's annual reports as they're submitted to Companies House?

Does the company conduct regular internal audits, and if so, are they willing to share those reports?

### **Fundraising Performance and Client Management**

#### **Other users**

Does the company only carry out fundraising/recruitment/sales for charity clients? Do you know who they are and how many clients they have?

If so, have you asked for references from these other charities about their experiences of working with the company? Are these references comprehensive and up-to-date?

### ***Campaign targets***

How much input do you intend to have in planning the detail of the campaign?

Do you have specific locations in mind where you want the company to fundraise? If so, how have you structured these requirements (i.e. contractual or non-contractual)?

Have you agreed donor acquisition performance targets in advance and how have these been incorporated into your contract? How will these be monitored?

Have you agreed specific demographics you want targeted in your campaign with the supplier? How will you monitor performance/adherence?

How is the payment for the campaign to be structured? Are any upfront payments involved and if so, what for? What arrangements are in place to mitigate the risk of non-delivery for pre-paid work?

### ***Measuring performance outcomes***

What is your process for resolving client-supplier disputes about donor acquisition performance?

Do you have an agreed methodology for measuring donor drop-out rates and a clear process for reconciling credits?

### **Complaints, Compliance and Standards**

The **Charities Bill** currently going through parliament requires that the agreement between charities and commercial suppliers must specify:

- any voluntary scheme for regulating fundraising, or any voluntary fundraising standard that the professional fundraiser or commercial participator agrees to adhere to.
- how the professional fundraiser or commercial participator will protect vulnerable people and other members of the public from the following behaviour:
  - unreasonable intrusion on a person's privacy
  - unreasonably persistent approaches
  - placing undue pressure on a person to give
- What arrangements that the charity has in place to monitor the supplier's compliance with the above.

The following questions may be helpful in evidencing the above requirements with suppliers:

- Is the supplier a member of the Public Fundraising Association?
- Does the company have a complaints policy? Is it clear and easy to find on their website?
- Have you agreed a clear process for an integrated complaints journey for the public (e.g. who handles the complainant and when are they passed on to another party)?
- What is the process for agreeing fundraising material (e.g. campaign literature, solicitation statements, complaints information etc)?
- Does the company have a policy on vulnerable people? If they do, have you reviewed and approved this policy?
- Does the supplier comply with data protection legislation (including notifying the Information Commissioner’s Office that they process personal information)? Does it have appropriate data protection and security systems for the exchange of personal and financial data with the lead provider?

### Appendix 1: Checklist for assessing suppliers

Area of Assessment	Supplier Assessment	Remedial Actions Agreed
<b>Corporate Governance and Finances</b>  Quality of information supplied on business owners and ownership structure	<i>Fully Met/ Partially Met/ Not Met</i>	<i>If Partially or Not Met, insert what remedial actions have been agreed.</i>
Quality of information supplied on non-executive directors		
Current level of assets and liabilities		
Amount of working capital		
Amount of reserves		

Regular internal audits by supplier?		
Supplier willing to share outcome of internal audits?		
<b>Fundraising Performance and Client Management</b>  Information supplied on number and identity of other clients		
<b>Area of Assessment</b>	<b>Supplier Assessment</b>	<b>Remedial Actions Agreed</b>
Up-to-date and comprehensive references from other charities	<i>Fully Met/ Partially Met/ Not Met</i>	<i>If Partially or Not Met, insert what remedial actions have been agreed.</i>
Planning the detail of the campaign		
Locations in mind where you want the company to fundraise		
<b>Complaints, Compliance and Standards</b>  Supplier a PFRA member?		
Clarity and accessibility of complaints policy		
Quality of policy on vulnerable people		

<p>Supplier has notified the Information Commissioner's Office that they process personal information</p> <p>Supplier has appropriate data protection and security systems for exchanging personal and financial data with your charity</p>		
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## Appendix 2: Checklist for assessing internal processes with suppliers

Area of Assessment	Internal Assessment	Remedial Actions Agreed
<p><b>Corporate Governance and Finances</b></p> <p>Monitoring of supplier's annual reports</p>	<p>Fully Met/ Partially Met/ Not Met</p>	<p>If Partially or Not Met, insert what remedial actions have been taken.</p>
<p><b>Fundraising Performance and Client Management</b></p> <p>Agreed donor acquisition performance targets in advance</p> <p>Agreed process for how performance targets are incorporated into your supplier contract</p> <p>Agreed process for how performance targets will be monitored (including any demographic engagement target)</p>		

<p>Process for resolving client-supplier disputes about donor acquisition performance</p> <p>(if upfront payments involved)</p> <p>Arrangements in place to mitigate the risk of non-delivery</p>		
<p><b>Complaints, Compliance and Standards</b></p> <p>Agreed process for an integrated complaints journey</p> <p>Agreed process for agreeing fundraising material</p>		