Annex 5: Due diligence self-assessment form

Instructions

This form outlines the mandatory due diligence standards that Freedom Fund expects organisations to meet in order to receive funding. The purpose of this form is to help potential partners understand Freedom Fund’s mandatory standards and evaluate whether they meet its requirements for funding. The form should be completed and returned to Freedom Fund but will not be scored as part of the Concept Note stage. Please be aware that the form will be used as part of Freedom Fund formal due diligence process at proposal stage, which will include an on-site visit and physical checks of the documentation detailed below (at Concept Note stage you do not need to provide the documentation with the submission of this form).

Please complete this form following the instructions below:

1. Read through each of the mandatory standards.
2. Assess your organisation against each standard. In the last column, assign a number rating according to the following scale:

1= Standard not met

2= Standard partially met

3= Standard fully met

1. Return the form to Freedom Fund, along with the full proposal.

Please note that if your organisation is noncompliant against one or more of the standards, this does not necessarily mean you are ineligible for funding. In such instances, the organisation will be required to meet the standard within a given timeframe.

| **Component** | **Mandatory Standard** | **Checks** | **Compliant** | **Non-Compliant** | **Compliance Rating**  **1= Not met**  **2 = Partially met**  **3= Fully met** |
| --- | --- | --- | --- | --- | --- |
| **1. Legal** | * 1. The organisation has all required and up-to-date legal registration documentation. | - Legal Registration certificates  - Incorporation documents | The organisation is able to provide evidence of all required legal registration documentation. | The organisation is not able to provide evidence of all required legal registration documentation. |  |
| **2. Governance** | * 1. The organisation has a functional Board that guides, monitors and is responsible for the organisation’s operations and work. | How frequently does the Board meet? Obtain the minutes of the last meeting. | The Board meets at least quarterly. | The Board meets rarely. |  |
|  | * 1. The organisation has a functional Board that has a set of governing body bylaws. | Board bylaws**.** | The organisation is able to provide evidence of a set of governing body bylaws. | The organisation is not able to provide evidence of a set of governing body bylaws. |  |
|  | 2.3 An external audit is carried out on financial statements. | Inspect latest audited financial statements and management letter. | An external audit has been carried out. | An external audit has not been carried out. |  |
|  | * 1. The Board has a risk management system (including consideration of safeguarding risks) in place and clear accountability for safeguarding. | Risk Management Register – including safeguarding risks. | The organisation has a risk register in place and this is reviewed as part of regular Board meetings. | There is no risk register or assessment of risks in place. |  |
| **3. Finance** | * 1. The Head of Finance is suitably qualified. | Who is the person in charge of finance? What are his/her qualifications? For how long has he/she been in his/her current role and with the organisation? Check personnel file for CV and copies of relevant certificates. | Head of Finance is qualified accountant (ACA, ACCA, CIMA, CPA), qualified more than two years ago, has worked for the organisation for more than two years, has performed similar roles in similar organisations previously. | Head of Finance is not a qualified accountant, did not study accountancy / bookkeeping or equivalent at university, is new to the organisation and has not performed similar roles in similar organisations previously. |  |
|  | 3.2 All cash is kept in a locked cashbox or safe and access is limited to a certain number of people. | Verify existence of safe / cashbox, document arrangements for access to keys. | Cashbox or safe is used for all cash. It is kept locked and  is accessible by a limited number of authorised Finance staff members. | Cash easily accessible and/or accessible by many people (including staff members outside Finance team). |  |
|  | 3.3 Percentage of expenses paid in cash is limited. | Add all cash withdrawals over the past three months and divide by total expenditure for the period. | Cash payments are restricted to small transactions (less than 20% of expenditure). | Almost everything is paid in cash (more than 80% of expenditure). |  |
|  | 3.4 Advances made to staff to carry out expenditure (i.e. floats) are approved, documented and monitored. | Verify documentation to see if system in place is being implemented. | List detailing when and who took them out, reconciled with accounting records. | No records kept to show to whom cash is being advanced, or they are not being monitored. |  |
|  | 3.5 There are restrictions in place on who can take out floats and the amount that can be advanced. | Verify documentation to see if these restrictions are being adhered to. | Limits assigned to all staff members. | No limits exist, or they are not being enforced. |  |
|  | 3.6 It is not possible to withdraw more than one float at a time. | Check documentation to see if this has occurred. | All staff members have a maximum of one advance at a time. | Multiple advances have been made to individual staff members. |  |
|  | 3.7 Regular cash counts are performed. | Verify documentation to see how often this is being carried out. | Cash counts are performed at least on a weekly basis. | Cash counts are being performed infrequently or not at all. |  |
|  | 3.8 Bank accounts are in the name of the organisation. | Check organisation‘s bank statements . | All bank accounts should be in the name of the organisation. | Bank accounts used by the organisation in the name of other people/organisations. |  |
|  | 3.9 At least two signatories are required to sign a cheque/make a withdrawal/sign a bank transfer. | Check correspondence with bank. | At least two signatories should be required to sign a cheque/make a withdrawal/sign a bank transfer. | Only one signatory required to sign a cheque. |  |
|  | 3.10 Bank transfers are made on headed paper and are authorised. | Look at the documentation regarding bank transfer transactions – check for headed paper and authorisation. Check access to headed paper. | Headed paper used. | Headed paper not required. |  |
|  | 3.11 Chequebooks are kept in a secure place. | Verify physically. | Kept in the safe. | Easily accessible. |  |
|  | 3.12 Pre-signed cheques are never prepared. | Inspect chequebooks. | No. | Yes. |  |
|  | 3.13 Bank reconciliations are prepared often. | Inspect bank reconciliation documentation for frequency and to see if there are any outstanding items. | At least monthly. | Rarely. |  |
|  | 3.14 Bank reconciliations are reviewed by a senior staff member. | Inspect bank reconciliation documentation for signature. | Yes. | No. |  |
|  | 3.15 Cash transactions are recorded properly. | Check cashbooks. | Either in the accounting system, on Excel or in a manual cashbook. | Not being recorded properly. |  |
|  | 3.16 Bank transactions are recorded properly. | Check bankbooks. | Either in the accounting system, on Excel or in a manual cashbook. | Not being recorded properly. |  |
|  | 3.17 There is a number assigned to each transaction which is on both the accounting records and the transaction documentation. | Pick a sample of transactions from the accounting records and locate the supporting documentation in the files. | All transactions should be numbered, both in the accounting records and on the transaction documentation, and easily accessible. | Transactions not numbered or not filed numerically. |  |
|  | 3.18 There is a clear filing system in place for the documentation. |  |
|  | 3.19 The accounting records facilitate the production of reports to management and to donors. | Select a sample of financial reports and tie them back to the accounting records. Check for double-funding. | All financial reports should tie back to the accounting records. | Financial reports not tying back to accounting records. |  |
|  | 3.20 The accounting records are updated often. | Check the latest transactions recorded in the accounting records. | At least to the end of the previous month, and to previous week for cash transactions. | Accounting records not up to date. |  |
|  | 3.21 An organisational budget is prepared. | Verify existence of the document. | Organisational budget prepared. | No. |  |
|  | 3.22 The budget is approved by governing body. | Verify signatures on budget. | Approved by governing body. | Not approved. |  |
|  | 3.23 The management accounts are prepared monthly. | Check actual management accounts. | Management accounts prepared every month. | Rarely. |  |
|  | 3.24 The accounts are reviewed by the governing body every quarter. | Check for sign-off on document or approval recorded in Board meeting minutes. | Reviewed every quarter. | Management accounts are rarely or never reviewed. |  |
| **4. Procurement and inventory** | 4.1 There is clear authority delegation to approve expenditure, and specified to within what limits. | Written Authority Delegation document. Test a sample of transactions for written approval. | Authority Delegation document exists and is being adhered to. | No Authority Delegation document exists or is not adhered to. |  |
|  | 4.2 There is a clear procedure for expenditure approval. | Check for existence and adequacy of written procedures. Check a sample of transactions and verify if procedures have been followed. | Purchases approved in advance before being carried out. | Purchases carried out without having been approved in advance. |  |
|  | 4.3 Duties are segregated between the person purchasing and the person approving the purchase. | Check for existence and adequacy of written procedures. Check a sample of transactions and verify if procedures in place have been followed. | People do not authorise their own purchases. | People authorise their own purchases. |  |
|  | * 1. There is a clear procedure for payment of salaries. | Check for:  - Authorisation of payroll  - Existence of contracts/salary scales  - Method and timing of payment  - Acknowledgment of receipt  - Statutory returns and payments. | - Payroll authorised by Chief Executive  - All employees have contracts  - Salary scale in place, or salary specified on contract  - People are paid on time by cheque or bank transfer  - Tax collection agency paid on time. | - Payroll not authorised by Chief Executive  - Employees without contracts  - No salary scale in place, and salary not specified on contract  - People not paid on time, or are paid in cash  - Taxes overdue. |  |
| **5. Internal controls** | 5.1 Internal control procedures are documented. | If there is a Finance Manual, verify its existence and approval by the governing body. | Finance Manual exists and is approved by governing body. | No Finance Manual exists. |  |
|  | 5.2 There is a Fixed Asset Register in place. | Verify its existence, when it was last updated and when it was last checked. | Fixed Asset Register exists, is checked at least annually and updated regularly. | Fixed Asset Register does not exist or is neither updated nor checked regularly. |  |
|  | 5.3 If fraud has occurred, it has been investigated promptly and details are included in a fraud register. Appropriate actions have been taken to: a) deal with any guilty parties; b) put controls in place to prevent repetition. | Check fraud register and discuss any recorded incidents with senior staff (CEO or Head of Finance) | Fraud investigated promptly and appropriate actions taken. | Fraud is not recorded and/or investigated. No actions taken. |  |
|  | 5.4 Safeguarding reporting register exists and is used to record all safeguarding allegations. Register entries show how each allegation has been dealt with (responded to and referred or escalated). | Check safeguarding register; discuss with senior staff / safeguarding focal points to verify that safeguarding allegations are reported and deal with promptly. | All known safeguarding allegations are recorded and have been dealt with. | No register in place for safeguarding allegations. |  |
| **6. Human resources** | 6.1 The organisation has the following policies in place: anti-harassment policy, equal opportunities, non-discrimination, fraud and bribery, and whistleblowing. | Verify existence of all policies mentioned | All policies exist. | No policies exist. |  |
|  | 6.2 The organisation has appropriate vulnerable adult and child protection policies, which have been read and signed by staff. | Verify existence of vulnerable adult and child protection policy  - Ask at least two members of staff if they have read the policy and are familiar with the content  - Check personnel records hold evidence of policy having been signed by staff  - Ask senior managers for evidence of training on safeguarding matters  - Check there is a nominated safeguarding lead. | Policy exists and is closely aligned with the Freedom Fund policy. Staff are familiar with and have signed the document. Relevant staff have attended training. There is a nominated safeguarding lead for the organisation. | Policy doesn’t exist or is insufficient. |  |
|  | * 1. The organisation maintains adequate and up to date accident/liability insurance. | Verify existence of accident/liability insurance document. | The organisation can provide evidence of up to date accident/liability insurance. | The organisation does not have up to date accident/liability insurance. |  |
|  | * 1. All staff receive minimum wage in accordance with national laws. | Check payslips and payroll. | The organisation can provide evidence that all staff are paid minimum wage. | Staff do not receive minimum wage. |  |
|  | * 1. The organisation does not require employee contributions to the organisation or any of its members. | Talk to at least three employees and ask if they have been required to make contributions. | The organisation does not require employee contributions to the organisation or any of its members. | Staff members are required to make employee contributions to the organisation or any of its members. |  |
|  | 6.6 Recruitment of staff includes: - agreed job description (JD) - appropriate checks (references and police checks). | Check at least three recent recruitments. Are JDs in place? Have at least two references been received plus police check (if available in the jurisdiction)? | The organisation has JDs for all positions. References and police checks (where available) are taken for all new recruits. | No JDs in place and/or no checks/references made for new recruits. |  |
|  | 6.7 The are clear safeguarding focal points. | The organisation has appointed safeguarding focal point(s) and they have clear Terms of Reference. | There is a system in place where staff members know they need to report any safeguarding concerns. | There are no safeguarding focal points and/or a clear reporting system for safeguarding concerns does not exist. |  |
| **7. Project management** | 7.1 The organisation assigns qualified staff to project management positions. | Talk to at least two staff in project management positions. What are their qualifications and previous project management experience? How long have they been in their current roles and with the organisation? | Staff are suitably qualified to:  -Plan and deliver project activities  - Report on project deliverables  - Maintain project records  - Implement project management processes. | Staff are unable to manage projects. |  |
|  | 7.2 There is a process to ensure the timely delivery of planned project activities. | Talk to project managers and ask to see project budget and planning documents. | A process exists to ensure the timely delivery of planned project activities. | There is no process in place to ensure the timely delivery of project activities. |  |
|  | 7.3 There is a process to systematically collect, monitor and evaluate project monitoring data. | Who is the person in charge of M&E? What are his/her qualifications?  How is data collected? Ask to see a project monitoring plan. | There is an adequate process to collect, monitor and evaluate projects. | There is not an adequate process in place to collect, monitor and evaluate projects. |  |
| **8. Community relevance and credibility** | 8.1 The organisation’s track record and presence in the community and region adequately prepare it to work in the proposed project area and accomplish the project goals. | Verify that the organisation has worked or is known in the project’s target location. If possible, check with communities to see how the organisation is perceived. This might not be done at the same time as the visit to the organisation’s offices. | The organisation has a positive track record and presence in the proposed project location. | The organisation does not have a positive track record and presence in the project location. |  |
|  | * 1. The organisation’s funders and/or implementing partners say the organisation works to a high standard | Send reference check to other organisations/funders familiar with the organisation’s work. | Funders and/or implementing partners of the organisation say the organisation works to a high standard. | Funders and/or implementing partners of the organisation do not say that the organisation works to a high standard. |  |
|  | 8.3 Complaints system exists both within the organisation and at the community level. | A complaints system exists that invites, records and manages complaints, including complaints from community members. What is the level of confidence in the system? | A complaints system and register exists and is being used. Staff members can explain how the system works. | A complaints register does not exist and/or staff members are not aware how to use it. |  |

Documents checklist

Use this checklist to help you to prepare for the onsite Due Diligence visit. Freedom Fund staff will ask to see the documentation listed below to check whether your organisation fulfils the mandatory standards.

1. Legal

* Legal Registration certificates
* Incorporation documents

2. Governance

* Minutes of last board meeting
* Board meeting schedule for last year
* Governing body bylaws
* Most recent audited financial statements and management letter
* Risk Register
* Safeguarding focal point Terms of Reference

3. Finance

* Bank statements for last three months
* Head of finance’s CV and evidence of qualifications
* Financial manual (showing who has keys to the safe/cashbox)
* Cash advance policy (including limits for staff)
* Cash count documentation for last month
* Bank Mandate
* Bank transfer documents
* Bank reconciliation documentation for last three months
* Cheque books
* Cash books
* Bank books
* Organisational budget
* Management accounts
* Donor report

4. Procurement and inventory

* Written Authority Delegation Document
* Documentation of procedures for expenditure approvals
* Documentation of procedures for segregation of duties
* Staff contracts
* Payroll record/ staff payslips

5. Internal controls

* Financial manual
* Fixed Asset Register
* Fraud Register
* Safeguarding Register

6. Human Resources

* Anti-harassment policy
* Equal opportunities policy
* Non-discrimination policy
* Fraud and bribery policy
* Whistleblowing policy
* Vulnerable child and adult safeguarding policy
* Accident/Liability insurance document
* Recruitment policy (including sample JDs, reference and police check forms)

7. Project Management

* CVs of at least two project management staff
* Documents from an active project:
* Budget
* Planning documents
* Monitoring plan

8. Community Relevance

* Complaints systems protocols, flow chart, guidance