

Due diligence

This is a collection of some of the questions we need to answer to make a suitable risk assessment for an investment. This section is collected by IoUH. Note that these questions are about the organisation, not the specifics of the funded work.

Question	Answer	Commentary
Have you checked the objects or articles of association, and do they line up with ours?	Yes/No	
Why are we asking this?	We want to make more unrestricted grants. Our ability to do so is limited by the extent of the confluence between our charitable objects and any partner or potential partners'. We should be making a judgement <i>early</i> , because this helps frame the possibilities, and our legal team can and should advise, based on our initial assessment.	
Question	Answer	Commentary
Are there any ongoing or known upcoming litigation, claims, or industrial action?	Yes/No	
Why are we asking this?	We ask this for several reasons. One is to consider any potential reputational risks that could arise, and that in arising, would damage our ability to have impact. Another is to judge any potential risks that any funding we make available might be used for unexpected purposes. This is not a disqualifying question. Some partners do work which inherently attracts more risk, and we still wish to work with them.	
Question	Answer	Commentary
Do they have a documented strategy, or business plan, for the proposed funding period?	Yes/No/Partial	
Why are we asking this?	We want to be able to assess both the extent of our strategic overlap and how else we may be able to support them to reach their goals. We also believe that a strong strategy and business plan is a sign of a healthy organisation. However, this is different for different organisations.	
Question	Answer	Commentary
What are the governance arrangements?		

Why are we asking this?	Governance structures can be a good indication of the type of organisation and how well they are set up for success. We are checking here for: Legal structure Constitution of the board (if any) Other governance structures (advisory boards, etc.) We hypothesise that boards which include lived experience, local representation, and a good mix of skills, are better able to provide oversight that is meaningful and practical. Note that we are also interested in what might be called informal governance; for example, social leaders who are supported by an engaged advisory board is a good signal of healthy oversight, and for larger organisations, governance structures which provide specific oversight for core functions are preferred.	
Question	Answer	Commentary
Are they a Real Living Wage employer?	Yes/No	
Why are we asking this?	We support good work, and good pay is a part of good work; as a result, we're a Real Living Wage funder, not just employer. We should not support roles that pay less than the Real Living Wage, and ideally, we would not support organisations who do not pay all of their roles the Real Living Wage.	
Question	Answer	Commentary
How do you judge the ongoing financial status of the organisation?		
Why are we asking this?	So that we know how better to support partners, and so that we may take appropriate risks. The financial situation of our partners varies dramatically. More stable partners are better able to deliver on their own strategies, and to contribute to the change we have said we want in the world. Because we want to take risks, think long-term, and commit to building power, we <i>should</i> be working with partners whose financial situation is uncertain in a way that helps build more certainty, through, for example, targeted support that meets their needs. The healthy version of this, that we are aiming for, is that we fund organisations whose finances are of concern to them, but through our support, that changes.	