

Due Diligence Policy

*1. Objective*

The objective of this policy is to ensure that the charity complies with best practice published by the Charity Commission regarding due diligence in undertaking its activities.

This includes fundraising, procurement of services, partnership agreements and ensuring funds are spent in accordance with the charity object set out in the governing document (the Constitution).

The Dragonfly Schools Foundation (TDSF) aims to be transparent in the way that it conducts its affairs and will publish its annual reports, applicable policies and other documents on its website.

TDSF state in their constitution that decisions will be recorded in the notes of Trustees meetings or in resolutions recorded electronically.

*2. Application of the Policy*

This policy applies to the Trustees, Directors, staff and any person engaged in fundraising or handling expenditure for TDSF.

TDSF Trustees are aware that they have ultimate responsibility for controlling and managing the affairs of the charity. They will comply with the law, including charity law and local laws when operating internationally, act in the best interest of the charity, comply with the legal principles of (a) duty of care, which requires that they exercise reasonable care and skill in carrying out their responsibilities and (b) duty of prudence to maintain control of and use charitable funds only in furtherance of the charity’s purposes, to ensure that the charity’s funds are used properly, and lawfully, and spent for the purposes for which they were raised.

As the Trustees are accountable for the proper and legitimate use of funds, they may have to repay any loss to the charity if funds have not been properly used, and the trustees failed to take reasonable steps to protect them and ensure they could be accounted for.

TDSF does not intend to incur non-charitable expenditure, since its tax reliefs can then be restricted, and it may be required to pay tax on its income and/or capital gains.

TDSF Trustees are aware that the use of charity money or property for unlawful purposes, either in the United Kingdom or in another country in which the charity operates, cannot in any circumstances be regarded as a proper use and is in breach of charity law. The Trustees might not be able to protect TDSF entirely from criminal abuse, but they understand they have a legal duty of care to the charity and must therefore take reasonable steps to protect all of the charity’s property, including funds, property and reputation as best as they can. Any suspected criminal activity will be reported to the police.

TDSF will undertake due diligence checks on all new trustees, where the proposed trustee is not already known to the Founding Directors or another trustee. This will involve verification of address, a check against the consolidated list of financial sanctions targets published by the Office of Financial Sanctions Implementation at the Treasury and following up references supplied.

*3. Data Protection*

TDSF will maintain a data protection policy and publish it on their website. This will comply with the Data Protection Act 2018 and the General Data Protection Regulation (2016/680).

*4. Donors*

Any donation of £1,000 or more will be deemed a large donation and will trigger a donor check. This will consist of:

a/ verified identity

b/ provenance of donated funds

c/ nature of business if it is from an organisation

d/ Charity Commission Registration check if it is a charity

e/ check against the consolidated list of financial sanctions targets published by the Office of Financial Sanctions Implementation at the Treasury

f/ details of a justification for any restriction on the use of the donated funds

Any concern emerging from these investigations will be raised with the Charity Commission by the Chairman or Treasurer.

Any donation that is either:

i/ substantial (of £10,000 or more)

ii/ given as an interest free loan

iii/ from a country on the UK or EU sanctions list

iv/ large and offered on a regular basis

v/ uses an unusual payment mechanism

will be considered high risk since it may be linked to money laundering. Any decision to accept a high-risk donation will be considered by the Trustees and the justification and conclusions recorded. Any donation of £25,000 or more from an unverified source will be referred to the Charity Commission. Tax relievable donations from a single donor of £25,000 in 12 months or £150,000 in 6 years will be referred to HMRC.

*5. Beneficiaries and Partners*

TDSF will enter into partnerships with other organisations and NGOs to sponsor apprenticeships and undertake other activities. Potential partners will be assessed for suitability using the following checks:

Difficulty in establishing the evidence for the above checklist, requests for unusual secrecy, difficulty in maintaining contact, use of unusual payment mechanisms, evidence of political involvement and lack of evidence of previous delivery are signs that should trigger extreme caution in establishing a relationship with a partner.

Before any funds are expended, a partnership agreement will be set up and signed by both parties. This reflects guidance set out in Tool 10 of the Charity Commission recommended practice toolkit. Performance against the agreement will be monitored using progress reports expected from partners on a regular basis and involving visits by TDSF Directors or Trustees.

*6. Financial controls and monitoring*

TDSF Trustees are responsible and accountable for ensuring that TDSF funds are spent legitimately and appropriate to the Object of the charity even if monitoring is undertaken by employed staff, internal or external auditors or independent examiners etc.

TDSF will maintain a Financial Management procedure that governs how income and expenditure are handled and applies to all Trustees and Directors. The Trustees listed in section 3 of that document as having access to the charity bank account will have filled in and signed a “Declaration for fit and proper persons” form in accordance with HMRC guidance. These forms will be stored for a minimum of 4 years after an individual has ceased to be a Trustee.

TDSF intends to have its annual accounts examined by an independent examiner even if its income does not exceed £25,000pa, which is the limit set by the Charity Commission. If income exceeds £250,000pa then the accounts will be formally audited.

Policy approved August 2018