

## Due Diligence and Fundraising (CCG02)

**This Code Compliance Guide (CCG02) is not legal advice. It is advisory and non-exhaustive and is aimed at fundraising charities, their Trustees and third-party fundraisers. It may also be of interest to in-aid-of fundraising volunteers and donors to understand more about good practice in charity fundraising.**

**You should use this guide alongside other sources of guidance, good practice and your reasonable judgement to help you meet the requirements of the Code of Fundraising Practice (the code).**

**Where we say 'you' or 'your' it means a charitable institution and/or its Trustees, and/or a third-party fundraiser, as applicable.**

### Introduction

This is a short guide to help you to meet the code by carrying out due diligence. It provides examples of situations when due diligence checks are important, contains suggested good practice, and links to information and guidance provided by other organisations and regulators.

You must make sure you conduct due diligence whenever it is relevant to your fundraising activity in order to meet the code, even if it is not covered in this guide.

A handy list of top tips for conducting due diligence is also provided at the end to help you in your fundraising activity. You may also find it helpful to read some of our other guides together with this one, including 'Documenting your Fundraising Decisions' and 'Monitoring Paid Third-Party Fundraisers and Commercial Partners'.

### Importance of due diligence

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## Failing to carry out due diligence

You may not be compliant with the code if you fail to carry out proportionate due diligence checks when necessary. You may also face an increased risk of financial or reputational damage to your charitable institution and to fundraising, and in certain situations criminal liability.

## Due diligence and the law

*See more in the code at 1.1.1*

To meet the requirements of the code, you must make sure you are not breaking the law, including when working with or accepting donations from certain sources. You must be assured that your donors are not subject to restrictions, prohibitions or sanctions, such as:

- [Tainted donations](#)
- [Proceeds of crime](#)
- [Proscribed organisations](#)
- [Designated persons subject to UK government sanctions](#)

must know what to do if your due diligence checks indicate anything suspicious. This includes reporting the matter to the police and/or other relevant authorities.

## Risk management and due diligence

*See more in the code at 2.1.1*

To meet the requirements of the code you should assess and manage the risks associated with your fundraising activity, carry out proportionate due diligence checks and make reasonable decisions based on what you find.

Sometimes charitable institutions can become exposed to wrongdoing by those seeking to exploit their valuable fundraising activity. Charities can become targets of fraud, theft, bribery and corruption, money laundering, tax evasion, abuse, exploitation or other forms of illegality and unethical behaviour.

You should be alert to the risk of any form of inappropriate behaviour or wrongdoing and seek to reduce it by carrying out due diligence, including:

- Assessing the risks of accepting, declining or returning certain donations
- Obtaining assurance that donations do not come from an inappropriate or illegal source
- Assessing whether any conditions or restrictions accompanying a donation would compromise your independent and reasonable decision making
- Assessing the risk of working with a third-party fundraiser and/or any other party you are considering entering into an agreement with, in order to carry out your fundraising activity, e.g., commercial suppliers etc.

- Obtaining assurance that your fundraising activities will not cause harm
- Checking those who fundraise on your behalf, for example your Trustees, staff, or third-party fundraisers do not pose a risk of harm to others, to your fundraising reputation, and to that of fundraising generally

You should document in writing any risks you have identified, the actions you have taken to reduce or eliminate the risk to your institution and to fundraising, and any decisions you make as a consequence.

**See more:**

**In England and Wales:** [Charities and risk management](#) from the Charity Commission for England and Wales

**In Northern Ireland:** [Running your charity](#) from the Charity Commission for Northern Ireland

## Donors and donations

*See more in the code at 2.2.2*

The purpose of carrying out proportionate due diligence into donors and donations is to identify and verify the source and nature of a donation.

To meet the requirements of the code, you should carry out due diligence checks into the financial and reputational dealings of your donors and their donations, in proportion to the risk, before accepting. You do not need to question every donation. Due diligence checks into small cash donors and their donations will not normally be necessary unless there are other risk factors present. The due diligence you carry out will depend on the circumstances and context, including:

- the source, size and nature of the donation
- how much you already know about the donor
- the circumstances in which the donation is being made

You should always carry out proportionate due diligence checks when certain known risk factors are identified relating to donations, including:

- unsolicited donations
- anonymous donations or those made through an intermediary
- donations with unusual, unreasonable or potentially illegal conditions or restrictions
- donations associated with complex banking or tax arrangements
- time-limited donations
- donations in the form of loans
- donations from foreign sources or made in a foreign currency

- donations of a significantly different value than expected
- donations of property, particularly of significant or potentially appreciable value e.g., real estate or cryptoassets etc.

You should document in writing the due diligence checks you conduct and the decisions you make, to show they are in the best interests of your charitable institution. In some circumstances, you may need to report a donation to the police or other appropriate authorities and/or to your relevant charity regulator under its reporting serious incidents regime where applicable.

You should not gather more personal data than is necessary to carry out proportionate due diligence, in accordance with data protection legislation. Your privacy notice/policy should explain how and why personal data is processed in this context.

## **Fundraising partners and others you work with**

*See more in the code at 2.2.2 and 7.1.1*

Before entering into an agreement with a third-party fundraiser, or others indirectly related to your fundraising activity such as commercial suppliers etc., you must carry out proportionate due diligence. You may also need to conduct due diligence checks during your working relationship, particularly if you become aware of new risks.

Your checks should include, as relevant:

- who you are dealing with by verifying their identity, their business type, and the activities they engage in
- their ways of working and values
- the appropriateness of working with them
- what they can reasonably deliver for you

The code requires you to have a written agreement in place with third-party fundraisers. The law requires you to have a written agreement in place with any professional fundraisers or commercial participators that you work with.

You should monitor the activities of third-party fundraisers and others you have entered into agreements with relating to your fundraising throughout your working relationship, in a way that is proportionate to the nature and scale of your fundraising activity. This is to remain alert to anything inappropriate, unusual or suspicious. See our guide to 'Monitoring Paid Third-Party Fundraisers and Commercial Partners'.

## **Safeguarding**

*See more in the code at 5.2.1, 6.2, and 7.1.1*

To meet the requirements of the code, you must have and follow policies and procedures to avoid, identify and manage any risks of harm towards or by anyone

that you directly or indirectly engage with in your fundraising activity, including by carrying out a risk assessment.

You must have procedures in place to carry out due diligence checks into the suitability of people working or volunteering with you where they are likely to have access to children or vulnerable adults. If you use a third-party fundraiser, ensure that your written agreement with them requires them to carry out appropriate checks on anyone they employ to fundraise on your behalf.

You must meet your legal duty to safeguard your beneficiaries and your reputation by carrying out appropriate checks on those fundraising on your behalf. Carry out a basic Disclosure and Barring Service (DBS) check in England, a Level 1 (formerly 'basic') Disclosure Scotland check in Scotland, and an Access NI check in Northern Ireland on anyone over the age of 16 if your risk assessment determines it is appropriate. You should also conduct any other appropriate checks.

If the fundraising role will involve contact with children or vulnerable adults, consider whether it is eligible for a higher-level DBS check but only request such a check where you are legally allowed to do so.

You and your partners must also know how to rapidly refer or report safeguarding concerns and suspected or actual incidents of harm, and ensure you do so where the situation arises.

### See more

[Safeguarding resources and guides](#) from NCVO

**In England and Wales:** [Compliance Toolkit: Protecting Charities from Harm](#) and [Safeguarding and protecting people for charities and trustees](#) from the Charity Commission for England and Wales

[DBS checks: detailed guidance](#) from the Disclosure and Barring Service

**In Northern Ireland:** [Safeguarding resources](#) from the Charity Commission for Northern Ireland

[Disclosure and barring – protecting children and vulnerable adults](#) from NI Direct government services

**In Scotland:** [Safeguarding Guidance: Keeping vulnerable beneficiaries safe](#) from the OSCR Scottish Charity Regulator

[Disclosure and criminal record checks](#) from Disclosure Scotland

## Fit and proper persons

*See more in the code at 5.2.1, 8.3 and 8.4*

If you are promoting a house-to-house collection you must be licensed by the relevant authority, where required. You must exercise due diligence to ensure that people acting as collectors are fit and proper persons to comply with relevant legislation. Where the law allows, this could include considering volunteer past convictions or current investigations.

You must:

- Meet your legal duties on using the Disclosure and Barring Service, Disclosure Scotland or Access NI checks; and
- In England and Wales: conduct due diligence, or ensure that your third-party fundraiser does this, to ensure that the volunteer is a fit and proper person where a volunteer will be carrying out house-to-house collections on your behalf.

**See more:**

**In England and Wales:** [National exemption order scheme](#) from the Department for Culture, Media and Sport

**In Northern Ireland:** [House to house charitable collections – exemption orders](#) from the Department for Communities

**In Scotland:** [Public collections and exempt promoters](#) from the OSCR the Scottish Charity Regulator

## Top tips for conducting due diligence

*These top tips are not legal advice. They are advisory and non-exhaustive. You must follow all parts of the Code of Fundraising Practice that apply to you.*

1. Carry out due diligence checks into the financial and reputational dealings of your donors and their donations, in proportion to the risk, before accepting.
2. Make sure your donors are not subject to restrictions, prohibitions or sanctions.
3. Know what to do if your due diligence checks indicate anything suspicious, including reporting the matter to the police and/or other relevant authorities.
4. Document in writing any risks you have identified, the actions you have taken to reduce or eliminate the risk to your institution and to fundraising, and any decisions you make as a consequence.
5. Due diligence checks into small cash donors and their donations will not normally be necessary unless there are other risk factors present.
6. Before entering into any an agreement with a third-party fundraiser, or others directly related to your fundraising activity such as commercial suppliers etc., you must carry out proportionate due diligence.
7. Have procedures in place to carry out due diligence checks into the suitability of people working or volunteering with you where they are likely to have access to children or vulnerable adults.
8. If you use a third-party fundraiser, ensure that your written agreement with them requires them to carry out appropriate checks on anyone employed by them to fundraise on your behalf.
9. Know how to rapidly refer or report safeguarding concerns and suspected or actual incidents of harm and ensure you do so where the situation arises.
10. Make sure people acting as 'house-to-house' collectors are 'fit' and proper persons to comply with applicable legislation.