

## SYCF Due Diligence Processes

When we receive your application, as well as getting to know all about the project/activity/service you are applying for, we will also conduct due diligence on your organisation. This means we will be looking into how you are run, who is involved in your organisation and your accounts/finances. We need to know that your organisation is healthy – this doesn't mean that you need to be big or have lots of money – just that what you do have, is managed well.

For us to conduct due diligence, you need to make sure you have sent us the documents we request as part of your application. Without these, your application is incomplete and we cannot assess your request. If your organisation has recently received funding from SYCF then we may already have the appropriate documentation on our file and you will not need to resend. If it has been more than 12 months then we do ask you to share them again as they may have changed.

**The level of research we will conduct will depend on the funder requirements, the size of the grant you are applying for and may also depend on the competition for funding. You should always check the stated criteria for each of our fund to make sure you are eligible.**

The very first thing we will check, is that you/your organisation meets the stated eligibility criteria for the fund. We will contact you and withdraw your application immediately, if you do not. If you do, then the following activity will take place during our assessment period.

### How your organisation is run

You do not need to be incorporated to apply for grant funding, but you do need to be constituted. This means that you will have a governing document, or a memorandum of understanding which as an official document, will tell us:

- What your objectives and/or purposes are as an organisation. Why your organisation is in existence and who you are set up to benefit.
- Who is on your board of directors or who your trustees are.
- Your asset lock and distribution clause. This is a standard paragraph on governing documents that tell us what would happen if your organisation had to close and where any surplus donations or income would transfer to. An appropriate organisation (or description of a group with shared values) should be named here – we can't fund you if this detail is not included, particularly when competition for funds is high. We also can't fund you if any surplus monies would go to directors, volunteers or staff working for, or connected to, your organisation.
- How you make organisational decisions and run any meetings like AGMs.
- If you are new to SYCF or it has been more than three years since your last application, you should organise an independent reference to vouch for your organisation. Your referee must be independent from your organisation and not be in a position to benefit financially or otherwise from their recommendation.



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If you are a registered charity, we will also read through your Annual Report (s).

We will also check to see you have the relevant, up to date policies for the type of work your organisation does.

If you are incorporated, we will research your organisation on one or more of the following relevant websites:

- Charity Commission – if you are a registered charity
- Companies House – if you are limited by guarantee or a CIC
- Mutuels Public Register/Financial Conduct Authority – if you are a co-op, community benefit society or credit union.
- Giving is Great and/or 360giving– a national database that can tell us other places your organisation has received funding from, when and what for.

We will also look at your website and/or social media platforms.

#### Who is involved in your organisation

To be eligible for most grants administered by SYCF, you will need to have at least three unrelated people on your board. This is so no one person can have overall control and that your not-for-profit is run equitably and with your core purposes at the forefront of activities.

Organisations that include directors payments are not eligible. Directors can undertake a named paid role within the organisations, particularly if your organisation is a social enterprise and/or small. Trustees require permission from the Charity Commission to undertake paid roles within the organisation and we would expect to see this detailed in your annual report.

We will research your directors to see where else they may work or volunteer for. This is to check for any conflicts of interest.

Salaries, where applicable, should be within market value and be paid at least the real living wage. Collectively, they should also be proportionate to the size and turnover of your organisation.

#### Finances

We will need to see an up to date account of your finances. This could be a simple income/expenditure document – it does not have to be part of an Annual Report, but it does need to show us where your money comes from, and where it goes. If you are new, then you should send us a forecast of your income/expenditure.

Depending on your size we will also look at your level of reserves – i.e. is it much higher or lower than your stated amount? A high level of reserves may mean that your case for support is less strong. Much lower may mean that your organisation could be at risk of closure, which for some funders could be problematic. If either of these are true of your organisation please make sure this



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is noted in your reserves policy or within an annual report, or that an explanation is included in your application.

We will check to see that your turnover meets the criteria for the fund you are applying for. We will need to count both restricted and unrestricted income against this turnover and we will use the last complete set of accounts to note this.

We will need to see a copy of your bank statement – most funds can only be paid to organisations. We do not need to see transactions but we do need to see that it is in the name of your organisation, and the bank details for any payments. Your organisation bank account should be administered by at least two unrelated people, ideally with 2-step authorisation to guard against fraud. This information is generally noted in your governing document, or you can include it on the application form itself.

If you are a social enterprise (see below) we may also look for evidence of where your profits are directed.

Overall we want to see that you are doing a good job at managing the organisation's finances, that you are submitting any required documents on time (i.e. to Charity Commission and/or Companies House) and that you are addressing any problems sensibly.

#### Social Enterprises and/or CICs

We are proud to support social enterprises at SYCF. To be eligible for a grant your organisation should be transparent in the way it operates, have a clear social purpose and demonstrate that you are, or will be, reinvesting any profits back into your social purpose.

If you are incorporated, we would expect to see you set up as a CIC or company limited by guarantee (as a general rule we do not fund sole traders or companies limited by shares).

- Any payments to directors should be clearly communicated in your governing document, be within market value and have a named role, even if they are employed as a consultant. If this is not clear, or does not meet this criteria, your application will not be eligible.
- No one person should have 'significant control' and there must be at least three unrelated directors associated with the organisation.
- Any difference between a trading name and an operating name must be clearly communicated in your governing document. We will look into both.
- Any links to partner organisations and/or shared directors should also be clearly communicated. We will research other organisations your directors are linked to.
- You should have a clear asset lock and distribution clause. Please see the note on this above.



### Project Due Diligence

When we are assessing your project, activity or service that you are applying for, we will:

- Ensure we clearly understand what you are asking for, and the need for and impact on your community
- Check any public announcement about your activity, if applicable
- Check through the costings on your budget
- Have any quotes if relevant, and can see they are valid
- Have received any reference, if relevant.

### Overall Assessment Considerations

We pride ourselves in being an accessible funder and want to be here to support you, and get your application through for a positive decision. Like most funders, we always have more applications than money available so your application will not always be successful but we will aim to give you individual advice and feedback so your application has the very best chance of success.

You will need to be available during the assessment period to answer any questions we may have (please let us know who to contact if you are going to be away).

Generally, we will always ask for clarification if any of the above points regarding your organisation or application are unclear but if timings are particularly tight for a programme, our 'window' for asking these questions may be very small and we may have to withdraw your application on due diligence grounds if what you have supplied is unclear. We may also have to apply this to applications where we are heavily oversubscribed against the amount of money available. If you do not or cannot answer any questions we may have, your application will be withdrawn on due diligence grounds.

If you meet the eligibility criteria and pass due diligence then your application will be put forward for a decision. That can be internal at SYCF, to an independent panel of volunteers and/or to the funder themselves. These details, along with intended timescales will be communicated with the grant programme information itself.

Decisions will be communicated via email, to the main contact you have supplied to us and we will give you feedback if you are unsuccessful (either by due diligence or grant award decision.).

Through every step of the way with your application, we recommend you sign up with our colleagues at [South Yorkshire Funding Advice Bureau](#) (SYFAB) who can provide application and governance advice, and who offer surgeries and training courses to not-for-profit groups based in South Yorkshire. They can also advise you on other funds you may be eligible for to apply for.

We look forward to receiving your application!



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