



**ENABLE**

The Voluntary and Community Sector  
Learning and Skills Consortium

# **Due Diligence & Contracting Process**

## Change History

<b>First Published:</b>		August 2016	<b>Originally Created by:</b>	SMT
<b>Person Responsible for Policy:</b>		Enable CEO		
<b>Date of Review</b>	<b>Reviewed by</b>	<b>Policy changes</b>	<b>Approved by</b>	<b>Date of next review</b>
5 July 2018	Standards Officer	Change SFA to ESFA	Operations Manager	23 July 2018
13/09/2018	CEO	No amendments	Board of Trustees	10/09/2019
21/04/2020	CEO	No Amendments	SMT	21/04/2021

## Purpose

To ensure an open, robust and transparent contracting process which is the way Enable ensures that current and potential delivery providers are assessed annually that they are capable, contractually compliant and financially solvent in alignment with the Education and Skills Funding Agency's (ESFA) Common and Performance Management Funding Rules along with the Contract for Services – Education & Training supplied with the contract issued to Enable by the ESFA.

## Due Diligence Questionnaire

The Due Diligence runs on an annual basis (June). Although Enable reserves the right to open the Due Diligence questionnaire to all the Enable members, more than once within 12 months, where appropriate and change the month when the Due Diligence is run.

The exception to the above is any organisations who want to deliver Apprenticeships, Traineeship and Advance Learner loans. These organisations can access Due Diligence at the time notified by the Operations Manager.

Prior to annual Due Diligence process, Contract Managers review the questions on the Due Diligence questionnaire to see whether still valid or need revising.

Due Diligence Questionnaire advertised to all Enable members (June) – Communications Officer

Due Diligence questionnaire is completed on line within a given deadline.

Due Diligence questionnaire transferred onto spreadsheet for evaluation purposes.

Due Diligence evaluated by Operations Manager.

The evaluation consists of:

A credit risk check by the Finance Manager

Ensuring the questions have been completed correctly is checked by the Contract Managers

To have successfully completed the Due Diligence questionnaire the organisation must have:

A low credit risk rating

Health & Safety policy

Equality & Diversity policy

Safeguarding policy

Prevent Policy (separate or included as part of Safeguarding policy)

Quality policy

Information Security policy

The financial standing of the organisation/individuals must have all been answered correctly.

The following policies do not have to be in place, but should the organisation be successful in securing a contract, would need to address during the contract period:

Environmental & Sustainability policy

Attendance policy

The following statement, if the response is no, would be addressed as part of quality monitoring should the organisation be successful in securing a contract:

Do you conduct an annual self assessment against the Common Inspection Framework?

Following the evaluation, a meeting is held with the Chief Executive to ratify the outcome.

Organisations are classed as:

Green (successful) – credit risk low, financial standing questions answered and in order, and policies all in place.

Orange (queries) – credit risk low, but other information needs addressing, due to responses supplied.

Red (not successful) – credit risk high, or new company so credit risk cannot be done. The other information may or may not be in place, but the financial risk in this instance takes priority.

Where there is a high credit risk the organisation does have an opportunity to discuss this in the first instance with the Chief Executive within two weeks of the date of the letter.

Current status of organisations is held on N Drive Due Diligence Latest Due Diligence Status

Where there is no credit risk rating available, further financial information will be sought, which will be management accounts for the most recent year end, and projections for the next financial year(s) to include profit & loss (income and expenditure) and cash flows, plus balance sheets.

The credit worthiness in these situations will be assessed by applying the ESFA Health Check.

Where organisations have high credit risk the information is taken to the Enable Financial Sub-Committee (which acts on behalf of the Enable Board) for information and/or comment. This is noted in the minutes.

If an organisation subsequently provides information which changes the credit risk rating, this is taken to the Enable Financial Sub-Committee, to review and agree that the credit worthiness is now satisfactory. This is noted in the minutes.

Organisations notified of the outcome of the Due Diligence questionnaire by letter, to the contact and address on the Due Diligence questionnaire by the Operations Manager.

When all other information has been received to address any queries, the Contract Manager notes it has been received and the outcome of the Due Diligence can be changed, and the organisation notified accordingly by e-mail.

Should any funding opportunities become available; organisations that are green or orange will be notified.

Where an organisation is orange, if they apply for a funding opportunity, they have to ensure the outstanding information is supplied, for their application to be considered.

## **Contracting Process**

Application Forms are devised by the Operations Manager, relating to a specific funding stream.

Funding opportunity advertised to those green and orange organisations

Applications come in.

Check any information required from Due Diligence process has come in. If yes, take the appropriate action as outlined above to change status of organisation from orange to green.

Applications are evaluated by Operations Manager and other appropriate individuals within Enable.

The evaluation is based on:

- If the Application Form is fully completed.

- Submission of any supporting information.

- Historical performance data where available (retention, achievement and success rates)

- Contract performance where available (e.g. achieved all of the initial allocated contracted outputs, or was this reduced/increased etc)

- The quality of the completion of evidence paperwork

- Quality monitoring visit outcomes

- Provider response to follow up requests and/or improvements.

In addition to the above, a Operations Manager will evaluate against the responses to specific programme requirements.

Meeting held with Chief Executive to ratify outcome of evaluation and allocation.

Where the contract may lead to an actual or perceived conflict of interest, such as a contractor may also be an Enable Board Member, the Chief Executive to follow the process to seek written approval before issue of contract as outlined in the latest ESFA Common and Performance Management Funding Rules.

For all Information relating to the outcome of the evaluation and the proposed organisations that will be issued a contract (subject to all information being in place), is given to the Chief Executive, by the Operations Manager, to take to the Enable Board, This must be noted in the minutes.

As a minimum the information must show name of organisation, delivery location, type of contract and the amount of funding.

The Operations Manager is notified verbally by the Chief Executive, the outcome and whether to issue contracts or not.

Organisations notified of the outcome. This may include request for missing information as part of the application process.

Where all information is in place, contract issued

Working Papers	Reference and/or location
ESFA Common and Performance Management Funding Rules	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/533870/SFA_common_and_performance_management_funding_rules_2016_to_2017_V3.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/533870/SFA_common_and_performance_management_funding_rules_2016_to_2017_V3.pdf</a>
Contracts for Services – Education & Training	Enable contract with ESFA (Filing cabinet drawer)
Due Diligence Questionnaire	Hard copy on N Drive Due Diligence
Due Diligence Evaluation	Hard copy on N Drive Due Diligence/DD Results & Notification
Due Diligence current status information	N Drive/Due Diligence/Latest Due Diligence Status
Due Diligence Notification Letters	N Drive/Due Diligence/DD Results and Notification (by individual provider)
Specific contract application forms	N Drive/under the name of the funding stream
Evaluation Outcome & Contract Information	N Drive/under the name of the funding stream

Signed: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_