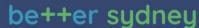
# **Guidance for council due diligence**











+ building + community + sustainability +

### What is due diligence?

### Due diligence is checking the supplier to understand:

- Are they genuine, capable, reliable, legitimate company?
- Are they financially stable?
- Do they have the required insurances, authorities, licences and management systems/processes in place?
- Do they have supporting documents achieving the desired sustainability goals and objectives or would like to innovate to create those outcomes?
- Any conflict of interests?

## Why should we ask questions of a potential supplier?

Due diligence helps to answer 3 main questions before entering into a relationship with the supplier or contractor:

1

Do we know enough about this supplier to make an informed decision about whether we should do business with them?

Are there any potential risks that council and the supplier we need to manage?



What are the areas the supplier must improve upon, to meet minimum standards and expectations?

## Tiered approach to due diligence:

# Baseline

#### Usually between \$2k to \$50k

- Do they have the business registration, required insurances etc.
- Validate business name
- Simple product or services risk assessment
- Follow your procurement policy and procedure.

# Medium Level

#### Usually between 50k to \$500k

- Baseline approach +
- · Financial viability assessment
- Non-technical sustainability questions tailored to the goods or services (see SSROC Guide)
- Tailored technical sustainability questions relevant to the goods or services and desired sustainability outcomes
- Check with your procurement department for RFQ or RFT and probity guidelines
- Check with your legal department if required.

## Formal

## For Large, Complex, or High risk

- Baseline and medium level due diligence levels +
- Detailed and tailored non-technical and technical sustainability questions relevant to the goods or services and desired sustainability outcomes
- Follow policy and procedures for engagement of consultants
- Ensure approvals under delegated authority.

## Checklist for due diligence - things to look for

- Operational capacity: risk/quality management ISO certification, insurance policy, past performance references
- Governance: code of conduct, board or management charter, whistle-blower policy
- **People**: labour, recruitment, equal opportunity, gender and diversity policies, employee screening process
- Work, health and safety: policy, incident register, track record
- Financial management: audit reports, financial policies and procedures manual, delegations of authority and limits policy
- Legal and regulatory: registration certificates, insurance certificates
- supply chain management: procurement policy and procedure, examples of completed evaluation matrices, copies of contracts
- Risk: risk management framework, copy of incident register
- Environment: eco-label/third party certifications, awards, published reports, demonstration of strong understanding of sustainability objectives, policies and reports.