

## **Policy and procedures for vetting and monitoring of contracts with charity partner organisations**

**Last Update: February 2017**

**Next Update: August 2017**

### **1. Policy Statement**

- 1.1 This policy and related procedures set out the reasonable measures that In Kind Direct takes to ensure that goods received from In Kind Direct are only used for purposes beneficial to the community.
- 1.2 It is not In Kind Direct's role to undertake criminal investigations or detailed investigations of an organisation's charitable status or activity. Those responsibilities are held by the police and/or the Charity Commission.

### **2 Responsibility for vetting and monitoring of partner organisations**

- 2.1 Responsibility for ensuring that goods distributed by In Kind Direct are used for purposes beneficial to the community is held ultimately by In Kind Direct's Trustees.
- 2.2 Lead operational responsibility for ensuring eligibility of partner organisations and for monitoring partner contracts with In Kind Direct is held by the Head of Charity Partnerships (HOCP).
- 2.3 The investigation team comprises HOCP, Head of Logistics and Production (HoL&P) and the Head of Finance (HoF). The Chief Executive Officer (CEO) will be notified of all investigations and involved as required. Other members of the charity and logistics teams may also be involved in carrying out investigations.

### **3 Partner organisation registration and initial vetting**

- 3.1 All partners benefiting from In Kind Direct's services must be self-governing organisations set up other than for financial gain to take action for the benefit of the community.
- 3.2 Ineligible organisations include schools except for special needs schools, although the Board has given some flexibility to pilot a schools scheme. Other ineligible organisations are Parent Teacher Associations, and bodies set up solely for the promotion of religion. Public sector organisations are generally ineligible except for specific projects at the organisations which can show evidence that their project meets a specific social or community need.
- 3.3 Each partner organisation must complete an electronic registration form and declaration (Appendix 1) before being able to access In Kind Direct's online catalogue and receive goods from In Kind Direct.
- 3.4 If a partner organisation wishes to distribute goods to other charities and groups, rather than, or additionally to distributing goods directly to individual beneficiaries, the partner organisation must also apply for and agree to sign the Coordinating Partner terms and conditions (Appendix 2).
- 3.5 Registration details may only be submitted by a person authorised to take responsibility on behalf of the organisation and must be 18 years old or over
- 3.6 The person registering must also give the name, email and phone number of a 'management contact' that is usually a senior manager of the organisation or

chair/member of the governing body. This person will be contacted by return email to confirm understanding and acceptance of the terms and conditions.

- 3.7 In the case of registered charities, Charity Commission registration numbers must be provided to In Kind Direct. All registered charity numbers are verified with the Charity Commission.
- 3.8 All charities in England and Wales with an income of £5,000 or more must be registered with the Charity Commission for England and Wales
- 3.9 Organisations with an income of less than £5,000 which are not registered with the Charity Commission must provide the following:
- most recent annual report
  - governing document
  - most recent accounts (or two bank statements if the organisation has existed for less than one year)
  - a list of all trustees or directors and contact details
- 3.10 Community Interest Companies (CICs) registered with the CIC regulator must also provide all of the information detailed in 3.8 above as well as their company name and number which is verified with Companies House by the charities team.
- 3.11 All charities in Scotland must be registered with the Office of the Scottish Charity Regulator (OSCR). They must also provide a list of trustees and their contact details. This is because this information is not shown on the OSCR website as it is on the Charity Commission site.
- 3.12 If an organisation does not have a website about their activities and cannot be identified online, In Kind Direct will ask to see other evidence of its charitable activities, such as promotional literature or user testimonials.
- 3.13 Information provided is checked by the charities team prior to goods being distributed to the organisation.
- 3.13 Confirmation of registration is sent to both contacts declared on the registration form.

#### **4 Ongoing monitoring of partner organisations**

- 4.1 All partner organisations must resubmit registration documents and an electronic declaration annually to remain within the network. Failure to resubmit a registration form and any required supporting documentation will result in suspension from the network.
- 4.2 A person authorised to act on behalf of the partner organisation must submit an electronic declaration agreeing the terms and conditions each time an order for goods is placed with In Kind Direct
- 4.3 Quarterly reports are run to identify all charities in the top 50 ordering charities in any three month period. All are audited by the HOCP. This may include a visit to meet senior staff and view the organisation's operations or it may be a request for further evidence regarding the use goods. When carrying out a visit, evidence of the charities' projects or activities should be clearly visible.
- 4.4 A monthly report is run to identify organisations with incomes below £50,000 that have paid over £1,500 in charges in any monthly period. These charities' orders are

reviewed and, as appropriate, they may be visited or asked for evidence of charitable use.

- 4.5 Spot checks are carried out on 5% of the remainder of the charity network on an ongoing basis.
- 4.6 Monthly reports are run to identify all charities ordering pallet quantities of goods. These charities are contacted to check that orders and quantities are in line with charitable objectives and scale.
- 4.7 Quarterly reports are run to identify charities that have sent goods overseas. All must provide export documents to verify that goods have gone overseas.
- 4.8 Orders are monitored on a daily basis for unusual ordering patterns. When an order contains goods that appear to be out of line with the charitable objects and scale, or it is going to an unusual shipping address, the organisation is asked to explain the reasons for this. If it is suspected that the goods are not being used for charitable benefit, the order will be held pending further investigation.
- 4.9 When a partner organisation wishes to have goods delivered to an address that is different from its registered address, an email is sent to the main contact and the management contact, and the organisation is asked to explain the reasons for this. If it is suspected that the goods are not being used for charitable benefit, the order will be held pending further investigation.
- 4.10 Examples of the questions that may be used to probe charities with unusual ordering patterns are included in Appendix 3.
- 4.11 Some partner organisations want to use the service, but have no funds for doing so unless their beneficiaries contribute. Selling In Kind Direct goods is strictly against the terms and conditions. In Kind Direct recognises that some beneficiaries may wish to make a small financial contribution, both to enable their organisation and themselves to benefit, and also if receiving goods free of charge carries a stigma, or affects a person's self-esteem. In these cases, partner organisations are required to set up membership schemes whereby beneficiaries pay a regular subscription fee which allows them to receive In Kind Direct goods. In Kind Direct requires that there is no connection between the membership amount paid and the value of the goods they receive. Partner organisations are required to submit all proposals for membership schemes to the HOCP for approval.

## **5 Other measures**

- 5.1 In Kind Direct tracks and keeps records of all goods distributed via our Customer Relationship Management (CRM) system, Navision.
- 5.2 Details of terms and conditions of contracts with In Kind Direct are advertised to charities on the website, catalogue and in other correspondence such as confirmation of their orders and the welcome pack that charities receive when they join the network.
- 5.3 The main contact at partner organisations receives copies of invoices for every order which includes the address the goods have been delivered to.
- 5.4 Each year, the main contact and management contact receive a statement that lists the goods ordered for the year, the deemed value of the goods, the total charges paid and all the addresses where their goods have been sent. Organisations that have paid £10,000 or more in charges for the previous year are required to have a trustee verify that the charity has processes in place to ensure that goods have been used charitably.

- 5.5 In Kind Direct staff trawl e-Bay and other auction sites weekly to identify organisations which may be infringing the terms and conditions.
- 5.6 Any accusation from a third party about a partner organisation infringing the terms and conditions is investigated. The identity of any person making such allegations is kept confidential unless permission is given by the individual, identification is required by law, or the information is already in the public domain.
- 5.7 In Kind Direct continuously builds upon its detailed knowledge of the charity partners, their operations and their ordering behaviours through day-to-day customer service activities, and regular charity visits. In particular, charity partners that have been part of the network for less than a year and are ordering regularly are prioritised for visits, as are continuous high level users of the service.

## **6 Investigation Process**

- 6.1 The exact investigation process is determined by the HOCP and the investigation team. The following are examples of tools that may be used to assess charities:
- Detailed examination of ordering profile of the charity against their stated aims and objectives and size to ascertain any anomalies.
  - Research using the organisation's website or other publicly available materials.
  - In the case of registered charities, checks will be made against information and accounts submitted and public information held by the Charity Commission.
  - Telephone calls/emails to charities to gain deeper understanding of operations and asking for clarification of any anomalies.
  - Request for evidence supporting charitable use of products eg: photos, written references from beneficiaries/funders or other stakeholders, details of overseas partner organisations and/or their distribution records.
  - Visits to partner organisations to understand their operations and processes.
- 6.2 If at the end of the investigation process it is felt that a breach in the terms and conditions was a minor isolated incident and/ or the evidence of a breach was not substantial, the organisation will be placed on probation.
- 6.3 Probationary periods will generally be six months and during this time the organisation will be required to submit regular reports stating where and how the goods are used and will be closely monitored by the HOCP.
- 6.4 Upon satisfactory completion of the probation period the charity is reinstated as a full partner.
- 6.5 A quarterly report of charity partners under investigation is provided to the CEO and the Finance and Audit Committee by the HOCP setting out the current status of investigations and decisions following investigations, including any suspensions or expulsions of charity partners.

## **7 Suspension, expulsion and reporting of partner organisations**

- 7.1 The decision to suspend a charity is delegated to the HOCP by the CEO, following recommendations of the Investigation Team (comprising the HOCP, the HoL&P and the HoF).
- 7.2 Partner organisations are suspended from the network upon evidence of breach of contract, or upon reasonable suspicion that the contract may have been breached subject to further investigation.
- 7.3 Following the decision to suspend a partner organisation from the network, no further goods will be supplied to that organisation. All or any In Kind Direct supplied goods still held by the charity may be recovered by In Kind Direct at the expense of the charity partner.
- 7.4 Written notification is given to charities detailing the reasons for their suspension from the network. Charities are given seven days in which to respond. A final decision will then be taken by In Kind Direct on whether to confirm the suspension.
- 7.5 Suspended organisations may occasionally be eligible to rejoin the network after a period of time determined by the investigation team and CEO, usually six months to one year. A partner organisation's eligibility to re-join the network is subject to In Kind Direct being satisfied that the charity will not break the terms of the contract again. This decision will be based on the gravity and extent of the original offence and the adequacy of controls put in place by the partner organisation to reduce the risk of a breach occurring again.
- 7.6 The decision whether or not to expel a charity permanently from the network will be taken by the CEO following recommendations from the investigations team.
- 7.7 Charities are expelled from the network upon evidence of severe or multiple breaches of contract. The decision about what constitutes a severe breach of contract rests with the CEO as recommended by the investigation team.
- 7.8 The procedure following expulsion of a charity from the network is the same as in 7.3 and 7.4, however the expulsion is permanent and the charity (and in some cases the specific person acting for another charity partner) will not be eligible to re-join the network.
- 7.9 Where illegal activity is suspected, this will be reported to the Charity Commission in the case of a registered charity and, if appropriate, to the police.

## **Appendix 1: In Kind Direct Partner Terms & Conditions**

### **Declaration by Partner Organisations**

- By registering with In Kind Direct, we confirm that we are a self-governing organisation set up other than for financial gain to take action for the benefit of the community.
- By registering with In Kind Direct, we confirm that orders made by our organisation will be placed, received and managed by someone over 18 years of age
- We understand that upon payment of the charges, title in the goods passes from In Kind Direct to our organisation.

Our organisation undertakes that:

- Goods we receive from In Kind Direct will be exclusively used either to meet our own operational needs or will be distributed by us free of charge solely in accordance with our organisation's charitable objectives
- Goods we receive from In Kind Direct will not be sold under any circumstances including in charity shops, markets or online.
- Goods will not be used for fundraising activities such as raffles or tombolas unless In Kind Direct communicates them as being ones which are specifically allowable for fundraising. Items identified as suitable for fundraising will be clearly marked on the catalogue and will be restricted to raffles and tombolas which take place at events. In Kind Direct goods must not be used for online fundraising activities such as e-auctions.
- Any goods given to staff or volunteers will be used solely to meet our organisational needs or charitable objectives.
- We will make available to In Kind Direct full records showing the whereabouts and use of the goods
- We will provide to In Kind Direct, export documentation for goods we take or send overseas
- We will not be involved in any communication or publication about a donor company without first asking In Kind Direct to obtain prior written approval of the contents from the relevant company
- We agree that breach of these conditions will result in the termination of our registration as a Direct Partner with In Kind Direct, that any or all of the goods donated to us may be recovered by In Kind Direct at our expense, and that legal action may be taken against us.
- We understand that if we breach the terms and conditions, In Kind Direct reserves the right to retain any credit balance on our account. The return of any money is at the discretion of the Chief Executive of In Kind Direct based upon the recommendation of the Monitoring and Vetting Committee.
- We understand and agree that, under the Data Protection Act, In Kind Direct will hold information about us and may disclose it to its trading subsidiary, third parties, and affiliate scheme partners, as a part of its charitable activities.

**Appendix 2:**

**Additional Co-ordinating Partner Terms and Conditions**

In order to also qualify as a co-ordinating partner of In Kind Direct, any organisation will need to adhere to the following actions and return the required information with this agreement:

1. Provide a full list of the charities and groups you wish to benefit from goods received, their addresses and your main contact. Updates must be sent to In Kind Direct each time an organisation is added or removed from your list and confirmed annually if there are no changes.
2. All the organisations must be signed up to In Kind Direct in their own right. This will enable In Kind Direct to routinely monitor them just like all other charity partners.
3. Recipient organisations must be informed when goods from the co-ordinating partner originate from In Kind Direct and that the usual terms and conditions apply.
4. Details of the co-ordinating partner's security arrangements for storage of goods must be provided to In Kind Direct and updated when changed.
5. Upon request from In Kind Direct, co-ordinating partners will make available full records showing the whereabouts and use of goods.
6. Co-ordinating partners may be offered bulk quantities not offered directly to all charity partners. Any organisations using or distributing products received from In Kind Direct in contravention of In Kind Direct's terms and conditions will be suspended or expelled from both In Kind Direct and as a co-ordinating partner recipient. Goods will be collected at the recipient's expense and legal action may be taken.
7. In order to meet its responsibilities, In Kind Direct reserves the right to change or implement additional terms and conditions as its work evolves.

In addition to agreeing to In Kind Direct's charity partner terms and conditions, by undertaking the additional actions above, our status with In Kind Direct will be both charity partner and co-ordinating partner.

Agreed on behalf of .....

### **Appendix 3**

#### **Examples of questions for use with charities in person or by email when carrying out vetting and monitoring activities**

1. What is your position within the organisation?
2. How many paid employees are there in your organisation?
3. How many volunteers work with your organisation?
4. Who are your beneficiaries/ service users?
5. How many service users/ beneficiaries do you work with?
6. What services or activities does your organisation provide?
7. How are goods received from In Kind Direct being used in enabling you to provide these services?
8. Details of the distribution and/or use of the goods received from In Kind Direct.
9. How do you decide what you give to any one beneficiary and who makes that decision?
10. Where are goods from In Kind Direct stored after delivery to the charity and who has access to them?
11. How does your organisation fund the charges paid to In Kind Direct?
12. How do you ensure that the goods are used rather than sold, for example on eBay?
13. What is the approximate percentage of your budget for goods that your organisation spends with In Kind Direct?