



Standard Operating Procedure (SOP): Conducting due diligence on a supplier, including document review and site visit.

Introduction:

The evaluation committee is encouraged to perform due diligence as part of the procurement process to determine if the potential supplier has the resources/capabilities to meet Evidence Action's contract requirements. It is highly recommended to perform these Assessments for high value procurements worth more than \$20,000 USD, but the procurement team should always remember to check with the tender evaluation committee as it may be required for other procurements that are critical to program success.

This is a guideline to members of Procurement/Tender committees that will be involved in undertaking due diligence on potential suppliers during a procurement/ tender process.

1. Initial Screening Importance: Filters out unsuitable suppliers early, saving time and resources.

Steps:

- a. Review supplier's basic information (name, address, years in business)
- b. Check for any red flags (e.g., negative press, lawsuits)
- c. Verify legal registration and operating licenses

2. Document Request Importance: Gathers crucial information for thorough assessment.

Steps:

- a. Request financial statements (last 3 years)
- b. Ask for references from current clients
- c. Obtain copies of quality certifications (e.g., ISO)
- d. Request company policies (e.g., environmental, labour)

3. Document Review Importance: Provides insight into supplier's stability, capabilities, and compliance.

Steps:

- a. Analyze financial health (solvency, profitability ratios)
- b. Verify certifications and their validity
- c) Review policies for alignment with our standards
- c. Check references

4. Background Check Importance: Uncovers potential risks not evident in provided documents.

Steps:

- a. Conduct online research on company and key personnel
- b. Check for any sanctions or debarments
- c. Verify ownership structure and beneficial owners

5. Pre-Visit Questionnaire Importance: Prepares for site visit and identifies areas needing focus

Steps:

- a. Send detailed questionnaire about operations, capacity, quality control
- b. Review responses and note areas for follow-up during visit

6. Site Visit Preparation Importance: Ensures efficient and effective on-site assessment.

Steps:

- a. Schedule visit with supplier
- b. Prepare checklist based on document review and questionnaire
- c. Assign roles to team members (e.g., operations review, safety check)

7. Conduct Site Visit Importance: Provides first-hand verification of supplier's claims and capabilities.

Steps:

- a. Tour facilities, observing operations and conditions
- b. Interview key personnel
- c. Verify information provided in documents and questionnaire
- d. Assess safety measures and working conditions
- e. Evaluate quality control processes

8. Post-Visit Analysis Importance: Synthesizes all gathered information for decision-making.

Steps:

- a. Compile findings from document review and site visit
- b. Identify any discrepancies or areas of concern
- c. Assess overall risk level of engaging with the supplier

9. Due Diligence Report Importance: Summarizes findings and provides basis for decision.

Steps:

- a. Write comprehensive report detailing all aspects of due diligence

- b. Include risk assessment and recommendations
- c. Share report with relevant stakeholders

10. Decision and Follow-up Importance: Finalizes the process and sets stage for ongoing relationships.

Steps:

- a. Make decision on whether to engage supplier
- b. If approved, develop risk mitigation plan for any identified issues
- c. Set up regular review process for ongoing monitoring

This SOP ensures a thorough, systematic approach to supplier due diligence. Each step builds upon the previous one, creating a comprehensive picture of the supplier's capabilities, risks, and alignment with our standards and needs.