Spelthorne Borough Council
Procurement Policies & Procedures

06_Supplier Due Diligence Checklist

Version	v 3.0
Author	
Date Drafted	1 August 2025
Date Approved	
Review Date	August 2028

Supplier Due Diligence Checklist

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1. Introduction

The Council procures works, goods and services from a wide range of suppliers, and relies on the supplier to be financially solvent for the duration of the contract, to comply with its legal and commercial obligations as a trading company and to be a reputable organisation with which the Council is happy to be associated.

To ensure that suppliers can deliver the contract to the standard and quality required, and throughout the whole life of the contract, it is important to carry out effective supplier due diligence not only as part of the tender process, but during the contract term.

2. Purpose

This procedure provides guidance to officers who manage, or who are about to embark on managing, a contractual relationship with supplier(s), to provide assurance of supplier reliability.

The procedure details when due diligence needs to be carried out, and the scope of the due diligence check to be undertaken. A due diligence checklist is at Appendix A.

3. When to carry out Due Diligence

The financial health of a supplier should be checked at a number of stages:

- At tender stage, when the supplier submits their corporate information as part of their tender
- Prior to finalising the contract if this is a significant amount of time (6 months or more) after the tender submission

- At appropriate intervals during the contract, but a minimum of every six months is suggested if the supplier is providing a higher value (over the PCR threshold), complex or strategic contract.

4. Scope of the Due Diligence Check

The Supplier Information Questionnaire (SIQ), used as the basis for shortlisting suppliers during a formal, above threshold procurement process, provides a good template for conducting supplier due diligence both during the tender process and - in short form - during the life of the contract.

The SIQ covers the following key areas to consider:

- **Supplier Information**: such as trading name; company number; registration address; trading status (e.g. limited company), etc.
- **Grounds for Mandatory Exclusion**: Involvement in fraud, corruption, terrorist events, money laundering, modern slavery, etc. (also see below)
- **Grounds for Discretionary Exclusion**: breach of social, environmental or labour laws, significant underperformance of a public contract, etc. (also see below)
- **Evidence of Economic or Financial Standing:** two years' audited accounts, or other financial documents which demonstrate financial standing, etc.
- **Confirmation of suitable levels of Insurance:** as appropriate for the value and risk associated with the contract.
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NOTE: Under the Procurement Act 2023 there is provision to exclude suppliers from bidding on public contracts because of certain disqualifying behaviours. This is referred to as debarment.

The Cabinet Office has created a central debarment list Cabinet Office, which records suppliers (or connected/associated persons) who are barred from participating in public procurement for a period of up to five years.

Mandatory exclusions: If a supplier meets certain serious criteria—like cartel activity, criminal convictions, or other misconduct—they *must* be placed on the debarment list if the issue is ongoing or likely to recur
Discretionary exclusions: In other cases, the supplier *may* be debarred—but contracting authorities may still allow them to bid, provided they have good reasons to do so.

Corporate Procurement will check the Debarment list to verify whether suppliers must or could be exclude.

The SIQ will be used during the tender process. A short form of the SIQ will be used during the contract life to periodically check the supplier's status, including the debarment status. This can be found at Appendix A: Due Diligence Checklist.

Officers responsible for the management or administration of a contract are advised to conduct checks in accordance with the guidelines below:

Contract characteristics	Example	Frequency
High value, complex potentially high risk	Construction contract; Meals on Wheels	Start of contract; every 6 months thereafter
Medium value, lower risk	Cleaning contract; maintenance contracts	Annually
Low value, low risk	Stationery	Start of contract, not required thereafter

DUE DILIGENCE CHECKLIST

Supplier Information

Please complete the following in full:	
Contact name	
Supplier full trading name	
Registered office address	
Trading status (e.g. limited company, sole trader etc).	
Company registration number	
Registered VAT number	
Are you a Small, Medium or Micro Enterprise (SME)?	Yes ☐ No ☐
Name of immediate parent company, if applicable	
Role in organisation	
Telephone number	
Email address	
Signature (electronic is acceptable)	
Date	

Grounds for Mandatory Exclusion (also check Debarment list)

Please answer the following questions in full. Please indicate if, within the past five years you or your organisation have been convicted anywhere in the world of any of the offences within the summary below:	
Participation in a criminal organisation	Yes ☐ If yes, please provide details No ☐
Corruption	Yes ☐ If yes, please provide details No ☐
Fraud	Yes ☐ If yes, please provide details No ☐
Terrorist offences or offences linked to terrorist activities	Yes ☐ If yes, please provide details No ☐
Money laundering or terrorist financing	Yes ☐ If yes, please provide details No ☐
Appear on the UK Sanctions List	Yes ☐ If yes, please provide details No ☐
Child labour, Modern Slavery and / or other forms of trafficking in human beings	Yes ☐ If yes, please provide details No ☐

Grounds for Discretionary Exclusion (also check Debarment list)

Please indicate if, within the past three years, anywhere in the world any of the following situations have applied to you or your organisation:	
Breach of environmental obligations	Yes ☐ If yes, please provide details No ☐
Breach of social obligations (e.g. not delivered full social value as tendered within a contract)	Yes ☐ If yes, please provide details No ☐
Breach of labour law obligations	Yes ☐ If yes, please provide details No ☐
Breach of cyber security	Yes ☐ If yes, please provide details No ☐
Bankrupt or the subject of insolvency or winding-up proceedings, the organisation's assets being administered by a liquidator or by the court, has an arrangement with creditors, where business activities are suspended or similar?	Yes ☐ If yes, please provide details No ☐
Guilty of grave professional misconduct?	Yes ☐ If yes, please provide details No ☐
Entered into agreements with other economic operators aimed at distorting competition?	Yes ☐ If yes, please provide details No ☐
Shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public or other contract, including a concession contract, which led to early termination of that prior contract, damages or other comparable sanctions?	Yes ☐ If yes, please provide details No ☐

Economic & Financial Standing

Are you able to provide a copy of your audited accounts for the last two years, if requested, or a minimum of one of the following:	
(a) A statement of the turnover, Profit and Loss Account/Income Statement, Balance Sheet/Statement of Financial Position and Statement of Cash Flow for the most recent year of trading for this organisation; (b) A statement of the cash flow forecast for the current year and a bank letter outlining the current cash and credit position. (c) Alternative means of demonstrating financial status if any of the above are not available (e.g. forecast of turnover for the current year and a statement of funding provided by the owners and/or the bank	Yes ☐ No ☐
Note: Advice must be sought from the Finance Team to assess any financial documents provided by the Supplier.	

Insurance

Please confirm the levels of insurance cover you have, as below:
Employer's (Compulsory) Liability Insurance = £ Public Liability Insurance = £ Professional Indemnity Insurance = £ Product Liability Insurance = £TBC *It is a legal requirement that all companies hold Employer's (Compulsory) Liability Insurance of £5 million as a minimum (not applicable to Sole Traders)