

Due diligence

Are you vetting your subcontractors properly?

When you rush, the risk increases. Even if it's only a one-off transaction there may be something you find that requires further action to mitigate the risk.

What are the risks?



How can you mitigate these risks?

BUILD PROCESS

- Create a documented process
- Educate your personnel
- Take your time

VERIFY THE CONTRACTOR

- Full business name and registered address
- Names of directors
- Full contact details (including land line phone number and website address)
- Details of other branches
- Legal form (limited/plc)
- Operator licence number/details
- Company registration number
- Tax (vat) registration number

BE CLEAR AND ORGANISED

- Identify the exact services required
- Shortlist appropriate sub-contractors

CONSULT INDUSTRY PEERS

- Obtain trade references from customers/peers
- Accreditations (aeo/iso)
- Membership of trade organisations
- Verify standard trading conditions

ENSURE INSURANCE PROTECTION

- Request original copies of insurance policies
- Ensure the cover under the policy meets your expectations and provides back to back cover in the event of a loss

CHECK, CHECK, AND CHECK AGAIN

- Cross reference information to verify validity
- Verify the authority of the individual you are communicating with

APPROVE, AUDIT, ESCALATE

- Develop an approved contractor list
- Include robust escalation, approval and audit processes

WATCH OUT FOR RED FLAGS

- Unexpected approaches from unknown service providers
- Businesses using only free mail email accounts and mobile phone numbers
- Any changes to approved contractors

