Due Diligence Community of Practice

Terminology

Due Diligence	Due diligence refers to the process of conducting compliance checks and verifying information about an organisation to ensure they meet requirements, and to identify potential risks.
Capacity Assessment	The process of assessing organisational capacity, either in general or a specific technical area. An optional process, usually conducted for programme planning or capacity strengthening purposes.
Harmonisation	Where two or more organisations develop a unified approach to due diligence, agreeing to use the same tool for assessments, but continue to conduct the assessment independently
Standardisation	Where an organisation assesses a partner or potential partner against a pre-determined external standard rather than against an (individual or harmonised) due diligence tool.
Certification	The process of organisation being assessed and receiving a recognised certification that demonstrates compliance in certain areas or with a set of standards.
Passporting	Where an organisation agrees to accept a due diligence or capacity assessment (in whole or in part) carried out on an existing or potential partner by another organisation or certification body in lieu of carrying out their own.
Risk Management	The identification and analysis of risks and the establishment of measures to address them
Risk Sharing	To assess and reasonably share the burden of preventative and reactive measures including reasonably sharing the responsibility of materialising risks.
Risk Transfer	A form of risk treatment where risks are passed from one entity to the other.
Compliance	Umbrella term for actions taken to ensure all programmes are carried out in line with donor and legal rules and guidelines