



Scottish Qualifications Authority

Due Diligence Guidance Notes

Incorporating human rights impact assessment

<p>Purpose of SQA due diligence process</p>	<p>Due diligence prior to and following engagement with partners is one of the tools used by SQA to help identify and manage risks (including countries, delivery partners, country agents and other third parties with which SQA engages) that could compromise SQA's Governing Principles, reputation, financial stability, human right obligations and regulatory compliance.</p> <p>This due diligence process has been designed to obtain a level of assurance of a potential partner's capacity and capability in relation to the delivery of SQA qualifications in line with SQA's overarching ethos and Governing Principles and, where appropriate, SQA's regulatory compliance obligations.</p> <p>It will enable SQA to identify controls to mitigate identified risks and provide an assessment on the partner as a basis for future partnership considerations as well as a basis for ongoing monitoring against the information and undertakings provided by partners as part of this process.</p>
<p>Scope of SQA due diligence</p>	<p>Due diligence assessments will be undertaken for all proposed and existing partners with scrutiny focused on the risks arising as a result of the partner's capacity, capability, systems or policies (including governance, respect for human rights, potential partnership arrangements and financial stability).</p> <p>As part of the due diligence process, SQA will undertake a human rights impact assessment (HRIA) which considers each country, proposed/existing partner and its directors with which we are proposing to have a business relationship.</p> <p>It is intended that this process will provide assurances that human rights are considered and respected in line with the Universal</p>

	<p>Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.</p>
<p>Timing</p>	<p>This due diligence process must be completed prior to a business relationship being started and in all cases prior to entering into the Centre Operating Agreement (COA), Memorandum of Understanding (MOU) or contracts.</p> <p>This process must be completed before confirming an inbound study visit or SQA attendance at an international event.</p>
<p>SQA approach</p>	<p>The due diligence process and its application provide SQA staff with a consistent approach when undertaking assessments on potential partners, using an agreed set of assessment activities and clear responsibilities for undertaking those assessments.</p> <p>The assessment must be applied to all proposed international partners or international events considering the nature of the partner, the value of the service, assessed risks of the planned activity and any previous assurance SQA may hold.</p> <p>This process allows us to identify and understand potential risks faced in working with a country or partner and to ascertain if these can be appropriately managed to ensure the SQA service is delivered successfully and consistently. A potential outcome of the due diligence process may be the application of various forms of risk mitigation such as the inclusion of additional contractual or monitoring requirements relating to identified initial and/or ongoing risks.</p> <p>Once complete, the due diligence assessment will provide a clear understanding of the partner’s ability to successfully deliver the SQA service in accordance with our stated requirements and standards. It will also mitigate any identified risks to SQA’s objectives, including the promotion of human rights protection and regulatory compliance.</p> <p>If unacceptable risks have been identified, it is important to stop the process which will allow time to find more information or take remedial action if that is required and/or possible. SQA will not proceed beyond this point with a potential partner if the due diligence assessment is poor or unclear. SQA may use such information if subsequent applications from the proposed partner are received.</p> <p>In this process, SQA’s decision is final and there is no right of appeal.</p>

Evidence	<p>Due diligence assessments will be based on the most current and verifiable information available when assessing a potential partner's capacity, capability and integrity to deliver SQA services.</p> <p>Human rights information will be collated from the Foreign, Commonwealth and Development Office (FCDO) and a range of reliable international human rights sources.</p> <p>A country HRIA will be completed for every country SQA wishes to operate in or engage with (Form HRIA1). This includes inbound study visits to SQA or SQA attendance at international events.</p>
Responsibility	<p>The regional managers are responsible for initiating and undertaking the due diligence process for potential business partners (Form DD1).</p> <p>Finance managers will review and consider the financial stability of the proposed partner and record their findings on the same form.</p> <p>On completion, the overall due diligence assessment on a partner will be considered by directors for approval to engage.</p> <p>All due diligence assessments must be approved by heads of service (or delegated manager) prior to final approval by the Country and Centre Approval Group (CCAG).</p> <p>Heads of service will be responsible for due diligence to be undertaken for inbound international study visits or attendance at international events (conferences etc). The CCAG can be convened at short notice to consider recommendations to directors for such events.</p> <p>This country appraisal process will also apply to any approved SQA centre wishing to have additional delivery sites outwith Scotland in line with SQA's Alternative Assessment Site Policy.</p> <p>The SQA Research Team will compile the country human rights information from the FCDO and a number of international human rights agencies. They will also input from the business area on the anticipated service delivery. This information will be stored in the country human rights matrix and updated on a regular basis as a result of alerts or incidents.</p> <p>In the case of country human rights appraisals it is the responsibility of the Appraisal Team to prepare the country HRIA for the Country and Centre Appraisal Group. The CCAG will consider and make a recommendation on the human rights assessment to the Product and Services Group and then directors. If no decision can be agreed</p>

	<p>then the chief executive officer has the final decision. The HRIA decision will be recorded on Form HRIA1. The Country and Centre Appraisal Group will meet on a monthly basis, or more often if required, to review and monitor country and centre assessments.</p>
<p>Record-keeping and monitoring</p>	<p>SQA will retain completed assessments on the country and partner (and directors) for review on a three-year cycle.</p> <p>Due diligence assessments will remain valid for three years unless within that timeframe there is a material change or a government or international agency alert, for example:</p> <ul style="list-style-type: none"> ◆ change of ownership ◆ fraud ◆ poor reputation of partner emerges ◆ management concerns and/or ◆ delivery, quality reports, payment history, human rights issues <p>Each partner must submit an annual signed declaration (Form DD2) to SQA to give assurance of compliance of their human rights obligations.</p> <p>As part of SQA quality assurance and monitoring visits, checks will be undertaken to ensure compliance of partner policies in respect to complaints, equality and human rights.</p> <p>If any material change is identified from Finance, Operations or Business Development Teams within SQA, or from external sources, the regional manager will ensure that the partner is re-assessed and may conduct an investigation to ascertain the partner's current circumstances. This will help assess the continuing capacity and capability of the partner and identify if any material changes have taken place which would have an adverse effect on the relationship with SQA. All re-assessments must be considered by directors before re-engaging with the partner.</p>
<p>Review of process</p>	<p>This process will be reviewed on an annual basis.</p> <p>First issued: March 2020 Reviewed: March 2021 Date of next review: March 2022</p>

Summary of Country and Partner Due Diligence Process

Stage 1

This applies to all SQA service provision — international engagement and contracts, international events and inbound international visits.

Country human rights impact assessment: SQA will undertake an HRIA at country level to measure the human rights issues within a country and how this affects SQA's reputation and operations. The HRIA will be undertaken by SQA and the assessment considered by the Country and Centre Appraisal Group.

The HRIA will include information from the Foreign, Commonwealth and Development Office and other international human rights agencies (SQA's Research Team will collate data).

The Country and Centre Appraisal Group will consider the relevant country data and make a recommendation to the Product and Services Group then directors for a decision to operate within the country. If approved, the country will be added to the list of approved countries in which SQA chooses to operate. (Form HRIA1 needs to be completed for country appraisal.)

The head of service of the business area must check with the Appraisal Team to ensure the country of proposed engagement is on SQA's list of approved countries.

If a new country is to be considered then the head of service must inform the Business Development (BD) Appraisal Team of the intention to engage with a country not on the approved list. The BD Appraisal Team will initiate the country human rights appraisal process as above.

Stage 2: Partner due diligence

a) Organisation level: When a new proposed partner wishes to engage with SQA in an approved country, we will undertake due diligence covering governance (owners/directors) of the new partner organisation, capacity to delivery SQA services, financial stability, third-party partnerships; and human rights record and processes. Checks will be made through United Nations lists, FCDO and credit agencies. (Form DD1 needs be completed by a regional manager or head of service of the business area requesting engagement.)

b) Individual level: Due diligence will be undertaken on named directors as identified in process 2a above. Checks will be made with the United Nations' individuals list and Office of Financial Sanctions Implementation (Gov.UK) and recorded on Form DD1.

Stage 3: Due diligence approval

Once due diligence information has been collated for a potential partner and assessed by the regional manager, a recommendation will be made to the relevant head of service and then director for approval or non-approval and recorded on Form DD1.

Existing partners will be reviewed on a maximum three-year cycle.