



Tool 10: Know your partner

Outline partnership agreement

Important

This is not intended to be a precedent or definitive model agreement, but a guide and check-list. Every project and partnership will be different, and the content of the agreement will vary according to the particular situation. Legal advice in preparing the agreement, or reviewing it, is highly recommended, particularly where there is a significant level of funding, or where reputational risk is at stake.

Where the charity is entering into the partnership to enable the delivery of services which the charity is contracted to deliver by another body or donor, or where the funds have been supplied by a donor with particular conditions or restrictions attached, the terms of the partnership agreement should set the same or higher standards and obligations on the partner, to ensure that the charity does not inadvertently default on its head contract or funding agreement.

Key items that the partnership agreement is likely to need are set out below.

1. Date of agreement
2. Title of agreement/project
3. Parties' names and addresses
4. Brief overview of nature and duration of agreement

For example, "The charity and the partner agree to work together for the implementation of the project during the period 1 January 2010 to 31 December 2012 in accordance with the terms set out in this partnership agreement dated 15 December 2009 'the agreement'".

Brief summary of the purpose and aims of the project and the key deliverables. (Further detail is provided in the project Implementation document annexed to the agreement.)

5. The charity's responsibilities and obligations.

For example:

- to provide ongoing assistance to the partner in implementing the project within the limitations of resources and funding at its disposal for these purposes
- to advance funds in accordance with the agreed budget (annexed to the agreement) to the partner in a timely manner to a bank account nominated by the partner
- to carry out monitoring visits on dates as set out in the visit and reporting schedule (annexed to the agreement) or where the charity otherwise considers such a visit is reasonably required, and has given the partner reasonable notice in advance of the visit
- to make available to the partner assistance from appropriate and qualified personnel to provide expert technical advice on the project, whose fees will be funded by the partner in accordance with the budget
- to give reasonable consideration and a prompt response to requests from the partner for adjustments to the budget, or the project activities, or phasing of income and expenditure, or project deliverables or timescales under the agreement, or for the use of unspent funds
- to inform the partner in a timely manner of any changes to the financial, procedural or reporting requirements for the project

6. The partner's obligations

For example:

- to implement the project in accordance with the agreement, using its best endeavours to complete the activities and deliverables listed in the project implementation document (annexed to the agreement), within the budget and to target timescales
- to co-ordinate and co-operate with the charity, and to make available to the charity information relating to the project, including the submission of financial and narrative reports required by the visit and reporting schedule (annexed to the agreement) or such other material as the charity may reasonably request
- to comply with the financial reporting requirements (annexed to the agreement), and to request the funds required to implement the project in accordance with the budget (annexed to the agreement)
- to monitor regularly the project's progress, and to adapt activities where necessary and with the charity's prior agreement so as to ensure that the project is fully implemented within the total amount of the budget
- to manage the project in accordance with the charity's policies (annexed to the agreement)
- to facilitate visits to the project, in accordance with the visit and reporting schedule (annexed to the agreement)
- to use its best endeavours to ensure that no funds provided under the agreement are used for any purpose other than the project, or for any improper purposes, or purposes unlawful in the UK or the partner's country of operation, including money laundering, supporting terrorist activity, inappropriate private benefit, or for political purposes; nor to assist or be in contact with any person suspected of such activities; and to report any such suspicions to the charity as a matter of urgency
- in the event of the partner sub-contracting any aspect of the project to local partners, the partner must:
 - before selecting a local partner, conduct appropriate due diligence to ensure that the partner has compatible values, and the capacity and expertise to perform the sub-contract
 - put in place a binding written agreement with the local partner containing terms and conditions that reflect those in the agreement
 - regularly monitor and review the local partner's implementation of the project

7. Standard clauses

For example:

- how disputes will be dealt with and by whom – internal and/or external to the charity and the partner (alternative dispute resolution, jurisdiction?)
- how the agreement can be terminated
- the conditions under which the charity can withhold funds
- force majeure clause (what will happen in the event of any exceptional and insurmountable situation beyond the control of the parties, which affects the parties' ability to fulfil their obligations under the agreement?)
- who are the appropriate contact persons for each party to the agreement?
- confidentiality clauses?
- intellectual property considerations?

8. Signature by authorised officers on behalf of each party to the agreement

9. Annexes

For example:

- **Project implementation document**

Clearly setting out the details of the project:

- specific activities to be undertaken or other milestones
- where it should be delivered
- the nature of the beneficiaries
- the timeframe
- SMART objectives and deliverables (qualitative and quantitative)

- **Budget**

Setting out different heads of expenditure and amounts allocated to each. For example:

- staff costs (recruitment, salary, pension, other benefits, training)
- travel costs (travel tickets, subsistence, insurance)
- external costs (procurement of project items, legal fees, auditors, consultancy, bank charges, meeting/event costs, grants to other organisations/individuals)
- office costs (rent, telephone, internet, postage, stationery, printing, artwork/design, office equipment, photocopying)

- **Financial reporting requirements**

Setting out minimum financial standards the partner should follow. For example:

- maintenance of proper records for a specified period
- auditing requirements
- accounting requirements (keeping funds ring-fenced, accounting in such a way as to enable monthly monitoring of expenditure)
- how financial transactions should be conducted/authorised
- budget monitoring and forecasting requirements
- treatment and permitted levels of under spend or overspend
- treatment of exchange rate gains or losses
- how funds are drawn down (tied in with reporting)
- currency and exchange rate to be used for financial reporting

- **Visit and reporting schedule**

- dates for submission of reports (monthly/quarterly/annually/on project milestone dates/project end)
- periods which reports should cover
- format of reports (financial and narrative)
- dates for site visits
- format for site visits
- responsibilities of the partner for site visits
- responsibilities of the charity for site visits

- **Relevant policies**

Where a partner agency does not have its own policies in place, or its policies do not meet the standards to which the charity wishes it to adhere, the charity should explore whether the partner is willing and to adopt the charity's own policies, for the purposes of the partnership work.

Such policies may include:

- child protection
- staff security
- procurement
- staff handbook
- health and safety
- serious incident reporting
- insurance
- finance