

Operational due diligence request list

Appendix A. The core documents and questions, by domain. No engagement uses every line: scope it to the manager, and record what was received, what was verified independently, and what was refused.

Manager / fund		Prepared by	
Fund		Date	

#	Request	Received	Verified	Note
Firm & Ownership Governance				
1	Organizational chart of the management company, including all affiliates, holding entities, and related parties.			
2	Ownership and economic split among founders, partners, and any external stakeholders; equity, vesting, and buy-sell arrangements.			
3	Biographies and full employment history of principals and senior operations, finance, and compliance staff.			
4	Governance bodies: board or management committee, meeting cadence, membership, and minutes.			
5	Headcount by function over the past several years, with hires and departures of senior staff.			
6	Key-person provisions, succession planning, and any documented contingency for the loss of a founder.			
7	Description of any litigation, regulatory action, or disciplinary history involving the firm or its principals.			
8	Related-party transactions and any economic relationships that could create divided loyalty.			
Fund Structure & Legal Documents				
9	Fund structure chart, including feeder vehicles, blockers, alternative investment vehicles, and jurisdictions.			
10	Limited Partnership Agreement (LPA) and any side letters or most-favored-nation elections.			
11	Private placement memorandum and subscription documents.			
12	Formation and good-standing documents for the fund and general partner entities.			
13	LPAC composition, mandate, and recent meeting materials.			
14	Fee, expense, and carried-interest terms, including offsets, waterfalls, and clawback mechanics.			
15	Investment restrictions, concentration limits, and borrowing or leverage provisions.			
16	Terms governing subscription lines and any fund-level credit facilities.			
Finance & Financial Controls				
17	Management company financial statements and evidence of financial stability and adequate working capital.			
18	Description of the finance team, its reporting lines, and its independence from the deal team.			
19	Segregation-of-duties matrix covering initiation, approval, and settlement of payments.			
20	Cash controls: authorization thresholds, dual-signature or dual-approval requirements, and callback procedures for payment instructions.			
21	Expense allocation policy distinguishing management-company from fund expenses, with examples.			
22	Budget-to-actual process for fund operating expenses.			
23	Management fee calculation methodology and evidence of independent verification.			
Administration, Custody & Cash				

#	Request	Received	Verified	Note
24	Identity of the fund administrator, scope of services, and the administration agreement.			
25	Whether the administrator is independent, and the extent of the manager's involvement in NAV production.			
26	Bank and custody relationships, account structure, and who holds signing authority.			
27	Reconciliation process and frequency between administrator, custodian, and manager records.			
28	Controls over the movement of cash, including new-payee setup and change-of-instruction verification.			
29	Handling of capital calls and distributions, including notice procedures and investor verification.			
30	Any use of self-administration and the compensating controls if so.			
Auditors, Tax & Providers				
31	Identity of the external auditor, tenure, and scope of the audit engagement.			
32	Most recent audited financial statements and any qualifications, emphases of matter, or restatements.			
33	History of auditor changes and the stated reasons.			
34	Tax advisers and the structure of the fund's tax reporting to investors.			
35	Legal counsel for the fund and the management company.			
36	Inventory of all material service providers, the services each performs, and the contracts governing them.			
37	Provider oversight process: how the manager selects, monitors, and reviews the firms it relies on.			
Compliance & Conflicts				
38	Compliance manual, code of ethics, and the identity and independence of the Chief Compliance Officer (CCO).			
39	Regulatory registrations and jurisdictions, and the most recent regulatory examination correspondence if available.			
40	Personal-trading, gifts-and-entertainment, and outside-business-activity policies and monitoring.			
41	Conflicts-of-interest register and the process for identifying, disclosing, and resolving conflicts.			
42	Allocation policy for investment opportunities across funds, co-investors, and accounts.			
43	Anti-money-laundering, know-your-customer, and sanctions-screening procedures.			
44	Marketing and fundraising compliance, including track-record substantiation.			
45	Whistleblower policy and any reported matters and their resolution.			
Technology, Cyber & Business Continuity				
46	Overview of core systems for portfolio, accounting, communications, and document management.			
47	Information-security policy, access controls, and identity management.			
48	Cyber program: endpoint protection, email security, patching, penetration testing, and phishing training.			
49	History of security incidents and how each was handled.			
50	Third-party technology providers, their SOC reports, and the manager's vendor-risk process.			
51	Data backup, encryption, and recovery arrangements.			
52	Business continuity and disaster recovery plans, and the date and results of the last test.			

#	Request	Received	Verified	Note
53	Cyber insurance coverage and its scope.			
Valuation Governance				
54	Valuation policy, methodology by asset type, and adherence to a recognized framework.			
55	Composition and independence of the valuation committee and its meeting cadence.			
56	Process for challenging, approving, and documenting marks, and the separation from the deal team.			
57	Use of third-party valuation advisers and the scope of their engagement.			
58	Treatment of hard-to-value positions, and consistency of methodology across periods.			
59	Reconciliation of internal marks to audited year-end valuations and the history of any adjustments.			
ESG, Culture & Non-Financial Risk				
60	ESG policy, its integration into the investment process, and any external commitments or frameworks referenced.			
61	Responsibility for ESG and non-financial risk within the firm.			
62	Diversity, equity, and inclusion data and initiatives, at both the firm and portfolio level where relevant.			
63	Human-capital practices: performance review, compensation philosophy, and staff retention.			
64	Culture and conduct: reporting channels, harassment and misconduct policy, and any material incidents.			
65	Reputational-risk considerations in the firm's investment and operating decisions.			
Business Continuity				
66	Documented continuity plan covering key personnel, premises, systems, and providers.			
67	Remote-working capability and its resilience under stress.			
68	Dependency mapping for critical providers and the plan if one fails.			
69	Communication plan for investors and counterparties during a disruption.			
70	Date, scenario, and outcome of the most recent continuity test.			

Red-flag register

Appendix B. Red flags are not verdicts. Record what was seen, the explanation offered, and whether it was verified. The pattern and the candour of the answers matter more than any single flag.

Manager		Prepared by	
Fund		Date	

#	Red flag, and why it matters	Seen?	Explanation offered	Verified?
1	Manager involvement in NAV production When the party being measured helps produce the measurement, the independence of the reported value is compromised. Look for genuine administrator independence and reconciliation.			
2	Reluctance to grant direct access to the administrator or auditor A confident manager encourages you to verify. Resistance to letting you speak with providers directly suggests something is being managed rather than disclosed.			
3	Frequent changes of auditor, administrator, or key providers Turnover among the firms that check the manager's work can signal disputes over marks, controls, or fees that the manager would rather you not learn about.			
4	Weak or absent segregation of duties When one person can initiate, approve, and settle a payment, the door to error and fraud is open. This is among the most common enablers of operational loss.			
5	Concentrated authority in a single founder Charismatic control without checks means no one can say no. Dominant principals who bypass their own controls are a recurring feature of failures.			
6	Vague or evasive answers on cash controls Cash is where operational risk becomes real loss. Imprecision about payment authorization and callback procedures is disproportionately alarming.			
7	Valuations that consistently exceed eventual audited or realized values A pattern of optimistic marks that quietly correct at year-end suggests a valuation process that serves the narrative rather than the truth.			
8	A part-time, outsourced, or conflicted compliance function Compliance without independence or standing is decorative. A CCO who reports to the person they must police cannot do the job.			
9	Undisclosed or poorly managed conflicts of interest Conflicts are inevitable; hidden or unresolved conflicts are the danger. Their concealment is worse than their existence.			
10	Commingling of personal and fund expenses It signals either weak controls or weak boundaries around whose money is whose—often the first visible symptom of deeper problems.			
11	Key-person risk with no succession plan If the departure of one individual would cripple the firm, investors are exposed to an event no return can compensate for.			
12	Litigation or regulatory history that is minimized or omitted The issue is rarely the past event itself but the manager's willingness to be forthright about it. Minimization is a candor test failed.			
13	Stale or untested business continuity and cyber plans A plan that has never been tested is a document, not a capability. Untested resilience tends to fail precisely when it is needed.			

#	Red flag, and why it matters	Seen?	Explanation offered	Verified?
14	High or unexplained staff turnover in operations, finance, or compliance The people who run and check the controls are leaving. They often know something before the outside reviewer does.			
15	Round-number expenses, missing invoices, or unusual related-party payments Anomalies in the detail of the books are where control weaknesses and misappropriation first show themselves.			
16	Defensiveness, hostility, or theatrical offense at reasonable questions Good managers welcome scrutiny. A reaction disproportionate to the question is itself information about culture and about what may lie beneath.			

Rating scorecard and recommendation

Chapters 3 and 14, and Appendix E. Score each domain from 1 (low concern) to 5 (high). Apply the veto rules before the average: a single fatal flaw overrides an otherwise strong profile.

Manager		Prepared by	
Fund		Date	

Domain	Veto	Score 1-5	Evidence	Open questions
Governance				
Structure & terms				
Finance & controls				
Admin, custody, cash	veto			
Service providers				
Compliance & conflicts	veto			
Technology & resilience				
Valuation	veto			

Decision rule	Result
Worst veto domain: a 5 disqualifies, a 4 caps at Not yet	
Average of the eight domains	
Recommendation from the average (approve at 2.00 or below, conditions at 3.00, not yet at 3.50)	
Recommendation after the veto rules	
Analyst-points from a different recommendation (how fragile is it?)	
Conditions attached, owner and deadline	

Second reviewer: domains scored differently, and how the difference was resolved

The first ninety days of an ODD analyst

Appendix C. Foundations, not expertise: learn how the institution works, do the work under supervision, then carry a review with real ownership.

Analyst		Prepared by	
Fund		Date	

Period	What the book asks for	Done	Evidence / note
First 30 Days	Learn how your institution actually works.		
	Read your program's ODD policy, framework, and rating model until you can explain them without notes, and read a range of completed ODD reports—especially those that resulted in a negative or conditional conclusion, because they teach you where the line sits.		
	Sit in on every call and on-site you can, saying little and absorbing much.		
	Map your program's providers, systems, and templates.		
	Introduce yourself to the investment, legal, compliance, and finance colleagues you will work alongside, and understand how your conclusions feed the commitment decision.		
	Begin building your reference library: sample LPAs, sample SOC reports, and a good glossary.		
	Your task this month is orientation, not output.		
Days 31–60	Start doing the work under supervision.		
	Take ownership of discrete pieces of live reviews—drafting a questionnaire, summarizing legal terms, reconciling a provider list, writing up a single domain.		
	Prepare thoroughly for on-site visits and interviews, then attend and take structured notes, comparing what you captured against what your senior colleague drew out.		
	Practice turning documents into findings: not "the manager uses an administrator," but "the administrator is independent, reconciles monthly, and produces NAV without manager override—verified by direct contact." Begin forming and voicing tentative judgments, and invite correction.		
	Your task this month is to move from observing the process to executing pieces of it accurately.		
Days 61–90	Carry a review with real ownership.		
	Under review, take the lead on a manager: scope the request list, run the diligence, conduct portions of the interviews, and draft the full report and rating with your reasoning made explicit.		
	Learn to defend your conclusions when challenged and to change them when the challenge is right.		
	Identify one improvement to your program—a sharper questionnaire section, a cleaner template, a gap in the red-flag register—and propose it.		
	Seek direct feedback on your judgment, your writing, and your interviewing, and act on it.		
	By the end of ninety days you should be a contributing member of the function: not yet seasoned, but trusted with real work and visibly building the instinct the discipline requires.		