



DFID Supply Partner Code of Conduct

Frequently Asked Questions

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Supplier Signatory

Question	DfID Response
<p>With regards to the declaration of acceptance of the DFID supply partner code of conduct, please confirm that completion and signature of Annex 1b fulfils this requirement?</p>	<ul style="list-style-type: none"> - Signing a contract under the new Terms and Conditions constitutes acceptance of the Supply Partner Code of Conduct. Completion of Annex 1b is required on an annual basis. - Any agreed timing allowances for reaching the fully required compliance level relating to a KPI area past the contract commencement date should be set out in Section 4 Special Conditions of Contract.
<p>Please clarify whether we need to reconfirm on each bid and each contract award/contract extension that we are signed up to the Code of Conduct, or will PCD keep a record of which suppliers have already done so, to avoid having to ask each time?</p>	<ul style="list-style-type: none"> - Suppliers will need to confirm overall acceptance to the relevant question on the Code of Conduct for any tender exercise they participate in. DfID PCD will keep a record of each supplier’s live contract portfolio and their submitted organisational policies and procedures - Where organisational policy documentation has been submitted to PCD previously in relation to other live contracts, and where these are still applicable then re-submitting in relation to a new contract award will not be necessary
<p>Under Annex 1b of the Code of Conduct, suppliers are required to submit an annual compliance declaration on behalf of their supply partners. Do we need to obtain an annual compliance declaration from all Compliance Level 1 and 2 sub-contractors at Tier 1?</p>	<ul style="list-style-type: none"> - Yes, as per their applicable compliance level. Requirements of the new Code of Conduct are applicable to an individual supply partner, and also to their delivery chain partners. Delivery chain partner



	<p>compliance will be required at the level appropriate to their specific sub-contracted component value. As detailed in the Code we expect direct and indirect supply partners to comply with all applicable areas as set out for the relevant level to the contractual value of their DFID funded work. The level of reporting and assurance expectations are considerably reduced for supply partners (whether directly or indirectly funded by DfID as part of a delivery network) with an individual contract of an overall value of £1m or less with DfID.</p>
<p>Is it a requirement that our Tier 1 suppliers obtain an annual compliance declaration from all Tier 2 Compliance Level 1 and 2 delivery chain partners, including NGO's?</p>	<ul style="list-style-type: none"> - Directly funded DfID supply partners are responsible for ensuring their sub-contractors (including contracted NGOs) are fully compliant, in accordance with the appropriate threshold. A declaration from our prime supplier on their behalf is sufficient for the annual declaration. When DfID undertake compliance checks you may be asked to verify/ evidence details of supply chain compliance.
<p>Will we be expected to hold our sub-partners to the same level of compliance, even if their budget is under the GBP 1m threshold? In other words, does the compliance level apply to the grant or to the organization? And throughout the various parts of the code of ethics, which apply to the specific award vs the organization?</p>	<ul style="list-style-type: none"> - The value of the sub-contract is what dictates the compliance level. E.g. if the subcontract or grant component value is £<1m this would equate to compliance level 2 or if the subcontract value is £50k, then this would equate to compliance level 3 (or indeed under the OJEU threshold).
<p>It is understood that under the DfID Supply Partner Code of Conduct, only Supply Partner organisations directly contracting to</p>	<ul style="list-style-type: none"> - Supply partners and their intended sub-contractors should read, understand and comply with the Code which sets out the



<p>DfID and meeting the prescribed thresholds for each Compliance Level will be subject to KPI monitoring. However where the Supply Partners subcontractor's total value of DfID funded contracts is below the EU Threshold, they will not be required to complete the Supplier Partner Compliance Declaration but will be required to adhere to the overarching principles.</p>	<p>appropriate levels of compliance required. KPI monitoring for level 1 and 2 suppliers will be based on contract / contract component value. Suppliers and their supply chain partners should be aware that spot checks may be undertaken for these levels and if a deep dive takes place this may involve further scrutiny. It is the responsibility of the prime supplier to complete the declaration on behalf of themselves and their supply chain partners, as appropriate. Contract commencement and annual compliance declarations will not be required to be submitted for compliance level 3 supply chain partners.</p>
<p>In order to determine our compliance level (1 or 2) could you please clarify whether the current criteria apply to projects where we are a prime contractor (i.e. contract directly with DFID) only or whether it also takes into account projects where we are sub-contractors to other suppliers.</p>	<ul style="list-style-type: none"> - Your portfolio calculation should be based on the level of DfID funded work you hold, whether this is as a prime or as a sub-contractor in a supply chain. The compliance team should be able to confirm your level if you have any doubts.
<p>As part of our commitment to bringing in local expertise we often work with local organisations in the delivery of our contracts, both as sub-contractors and primes. Given their size and capabilities, many of these organisations will not have the systems in place or resources required to be fully compliant with the new T&Cs. However, the joint and several liability clause implies that responsibility for ensuring compliance applies to all firms in a consortia. Does DfID intend to roll out local supplier training on the T&Cs and/or would we be able to factor in this cost to our proposals?</p>	<ul style="list-style-type: none"> - A prime supplier or consortium lead has responsibility for ensuring consortium members and sub-contractors are fully aware of their responsibilities at the level commensurate to their value of DfID funded business i.e. a small local supply partner may only require to comply at compliance level 2 or 3.



<p>The Code of Conduct requires a number of documents (including policy documents, audited accounts etc) to be evidenced by annual submission. Could you clarify whether this will be a requirement for each project in delivery, and whether the requirement will extend to both primes and subcontractors? Or would this be carried out centrally on an annual basis by all suppliers?</p>	<ul style="list-style-type: none"> - Annual compliance returns and any required documentation is to be submitted annually (at the end of the financial year throughout April/May) to the central compliance contact point provided to a supplier at contract commencement. Again, prime and sub-contractor documentation requirements will be in line with compliance level (i.e. 1/2/3). Where a portfolio of contracts is held by one supply partner then generic 'supplier' policy and procedure documentation applicable overall for all contracts held but also some contract specific detail (e.g. delivery chain details) will be required on a per Contract basis.
<p>Can DFID provide guidance if one of our Subs is unwilling to certify per Annex 1b? Would we be allowed to drop the sub or expected to work with the sub to get them to a point of certification?</p>	<ul style="list-style-type: none"> - Decisions regarding subcontractors should be based on their agreement to comply with the Code of Conduct at the relevant compliance level (outlined above). It is the responsibility of the prime partner to ensure that subcontractors are Code compliant.
<p>In reference to signatory of the UN Global Compact there are two levels of membership:</p> <ul style="list-style-type: none"> - 'Participant' - actively engage at the global level with the UN Global Compact - 'Signatory'- actively engage at their national or regional level with the UN Global Compact <p>Based on the wording of the SQ, are we required to sign up as a 'Participant' or will it be sufficient to sign up as a 'Signatory'?</p>	<ul style="list-style-type: none"> - UN Global Compact signatory membership is acceptable for a DFID contractor to hold.



<p>Where a supplier meets the standards of Compliance Level 1, but work in countries that are not recognised by the UN (e.g. Palestine), must they sign up to the UN Global Compact?</p>	<ul style="list-style-type: none"> - All level 1 suppliers funded by DfID within a delivery chain should be signatories to the UN Global Compact. Any problems in doing so should be alerted to the programme manager for consideration/discussion with their PCD compliance contact.
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Value for Money and Governance

KPI	Question	DfID Response
Economic and Governance Policies		
1a	<p>Please clarify the definition of "Economic Policies" and the requirement "with detailed financial breakdown relating to contract".</p>	<ul style="list-style-type: none"> - DfID will look to see that a suppliers financial and VfM commitments relating to the relevant contract are being managed/monitored to ensure expectations remain achievable and are being achieved in accordance with the agreed contract structure over the life of the contract. The submittal of a relevant economic policy setting out the methodology for this should help provide this assurance.
1a	<p>What is required to provide evidence of our economic and governance policies?</p>	<ul style="list-style-type: none"> - You may have the requirements for this fully covered within your tender response. If you consider this to be the case then highlight this. You should reference the compliance and wider T&C requirements in general but advise a particular focus on the contract governance and payment and taxation Clause requirements.



VfM Maximisation		
1b	Please clarify the definition of profit for the purposes of the Code of Conduct and the T&Cs.	<ul style="list-style-type: none"> - This is the profit (or NPAC) as declared in the tender. The projected profit margin is the profit which the supplier expects to achieve over the term as set out in the schedule of costs. Whereas the actual profit margin is the actual profit achieved during the relevant period. We will periodically review the actual profit level against the projected profit and may seek adjustments in line with Clause 20 of the T&Cs.
1b	<p>In the new DFID Supplier Terms & Conditions, section 20 covers Supplier Profit. This requires reporting on the Actual Profit level against the level set out in the original submitted contract cost template.</p> <p>Is there a template for the profit margin reporting and what supporting information is required?</p>	<ul style="list-style-type: none"> - The template is the same cost pro-forma suppliers complete as part of the tender submission. This only applies to contracts where the new cost pro-forma and template has been used from contract commencement, or if otherwise agreed. - Contracted supply partners are required to provide an updated cost pro-forma every six month to the programme Senior Responsible Officer (SRO). DFID will review this and if there are any significant cost changes, may seek adjustments in line with Clause 20 of the T&Cs.
1b	Can DFID kindly clarify the submission deadline (yearly or on a six-month basis) of the Actual Profit Margin Report, as well as the format, which is to be determined by DFID per Clause 20.1.	<ul style="list-style-type: none"> - For reporting the deadline will be 12 months from the contract start date. Any variation of this timing, to suit a particular contract, can be agreed with the programme team during the inception phase. The profit report is in effect the re-submission of the ITT cost pro-forma, reflecting any interim cost changes but still reflecting the full value of the contract.



1b	<p>Do 1b (2) and 1b (3) refer to identifying and resolving issues related to program and/or finances? Do lessons learned apply to program and/or finances?</p>	<ul style="list-style-type: none"> - KPI 1b) is specific to the delivery of the contract with regards to VfM practices. Contract management discussions at country level are more likely to be where VfM (for DFID from the specific contract) is being assessed. Centrally, the compliance team may contact the country teams for specific details with regards to the contract as part of the overall review of a supplier’s compliance with the Code in these areas.
1b	<p>Can DfID clarify whether risk/contingency is an eligible or ineligible cost? In the Programme Expenditure guidelines (clause 3, page 2) it is listed as ineligible although the clause also specifies that the list does not override activities which are deemed eligible and explicitly agreed as part of the grant agreement or contract. On the other side, the OBCM guidelines as well as the T&Cs on page 38 (Schedule 1, Open Book Accounting definition, point g: “an explanation of the type and value of risk and contingencies associated with the provision of the Services, including the amount of money attributed to each risk and/or contingency”) seem to indicate that a (reasonable) contingency is eligible. Can we assume that if reasonable and included in the award budget at signature, contingency is therefore eligible?</p>	<ul style="list-style-type: none"> - We would advise that as per the Eligible cost policy ‘contingency’ is not permitted as a general cost line. However, there could be examples where a level of flexibility is required in the budget. In this event, there are two options; - Option 1 – to provide a budget based upon the situation as it is known today and if that situation changes, a discussion can take place with DfID re any additional budget needs and whether these are justified. - Option 2 – include a provision for additional costs, but it has to be associated with a cost line item e.g. transport, with a note at the bottom of the cost pro-forma to say that £x is additional and will only be utilised with the approval of DFID in the event of an agreed change in circumstances.
Tax Declaration		
1c	<p>In reference to Tax Declaration please clarify:</p>	<ul style="list-style-type: none"> - Tax details required to be disclosed would be considered on a contract/supplier basis and in most cases this information will be as agreed at contract commencement



	<ul style="list-style-type: none"> • Whether Tax Declaration is applicable in countries considering that some parts of our organisation are not subject to Corporation Tax? • Whether this requirement is for countries of a given DFID-funded project, or all countries we operate in? • Whether this requirement applies to non-UK based partners as well? 	
1c	<p>With regard to the requirement to provide "annually updated documentation submitted by contracted suppliers and on behalf of delivery chain partners" - our due diligence process covers the relevant checks in regard to tax compliance, however we are unable to make a declaration on behalf of our suppliers as we do not have the ability to verify the relevant information. Is due diligence sufficient for us to be compliant with this requirement.</p>	<ul style="list-style-type: none"> - We would advise that suppliers position themselves to be able to confirm that funded supply partners have been advised this is a requirement of the receipt of any funding that has been sourced from DfID.
1c	<p>Will DfID be able to provide guidance to suppliers in relation to tax requirements in relation to tender submissions?</p>	<ul style="list-style-type: none"> - It will remain the responsibility of suppliers to research and include all costs, including any relevant taxes in their bids, as DFID will not provide specific tax advice.
1c	<p>As standard practice we use "good faith effort" to comply with the tax requirements of the country of operation, specifically to comply with VAT, employee tax obligations, and employer contributions. Is this acceptable or are their additional tax requirements we must abide by?</p>	<ul style="list-style-type: none"> - This is a sufficient declaration but organisations would still be required to confirm this is applicable for the past 3 years.



1c	Please clarify what is meant by “HMRC format” for the tax declaration as specified at section 1c of the Code of Conduct.	<ul style="list-style-type: none"> - The UK government format for bullet 1 of section 1c can be viewed at www.gov.uk/file-your-company-accounts-and-tax-return
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Ethical Behaviour

Recruitment Policy		
2a	There is a requirement for an annual return on the recruitment policy. Please can you clarify what the content of this should be?	<ul style="list-style-type: none"> - Any updates to the policy content should be advised annually. The content should reflect Terms and Conditions Clauses 6, 51, 54.
Conflict of Interest		
2b	With regards to Conflict of Interest what are the ‘management procedures’? Are these to be agreed on a contract/project specific basis or are there other procedures we should be aware of. We have Col procedures at company level but is there an additional requirement from DFID?	<ul style="list-style-type: none"> - For a new contract commencement, and if we have not already done so for a supplier in relation to a previous contract, we would review a supplier’s management of COI procedures (e.g. recruitment is a main area of concern to Dfid regarding previous employment of individuals, particularly if ex Dfid personnel regarding the handling of contractual information) and advise if mitigation and management processes are acceptable. We would then use this as the benchmark for spot check / deep dive reviews to ensure adherence in any contracts held with Dfid.



Business Appointment Rules		
2f	Please clarify how Crown “business appointment rules” apply to a supplier and partner staff.	<ul style="list-style-type: none">- Business appointment rules cover appointments which crown servants propose to take up after their last day of paid service. For those at SCS1 level and above (and equivalents), the rules apply for two years after leaving the Civil Service. For those below SCS1 level (and equivalents), they normally apply for one year after leaving the Civil Service.- Departments have discretion to apply the rules for up to two years for specific roles below SCS1 level (and equivalents) where there is an exceptional case for doing so. In circumstances where an individual is undertaking a role on temporary promotion immediately prior to leaving the Civil Service, it will be the temporary grade that will determine how the rules are to be applied.- These rules apply to both permanent and fixed term civil servants and to special advisers. Employees or ex-employees cannot accept an offer of employment until their application has been approved. The onus of proof lies with the individual seeking employment and suppliers must request this approval for evidence purposes.- When a civil servant takes up an outside appointment there should be no cause for any suspicion of impropriety or conflict of interest. The aim of the rules is to maintain public trust in the crown services by ensuring that the core values in the civil service code continue to be upheld. Directors and those in grades above director level must submit a business appointment application for any new appointment or



		<p>employment (this includes proposals to work as a consultant) that they wish to take up - before they accept the offer of employment.</p> <ul style="list-style-type: none"> - Under new transparency guidelines, Cabinet Office will publish details of any SCS individuals who have moved to new roles out with the Civil Service through the BAR process. - The following link provides a summary of guidance for Crown Servants on accepting outside appointments after leaving a Crown service position: https://www.gov.uk/guidance/crown-servants-new-jobs-and-business-appointments
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Transparency and Delivery Chain Management

IATI Compliance		
3a	For IATI compliance check please advise which documentation is required to be submitted to DFID.	<ul style="list-style-type: none"> - Please submit IATI registration details for delivery chain partners, if any changes to previous declaration.
3a	Please could you confirm that IATI compliance is only required by Compliance Level 1 Tier 1 partners?	<ul style="list-style-type: none"> - IATI compliance is expected for all delivery chain activities, as set out in DFID contract T&C Clause 28.
3a	For IATI, what information does DFID expect to be published? Is the information contract/grant specific or for the entire organization? If we have multiple DFID awards, do we file once per year for our organisation, or do we file once per year per award? Do we include the Sub partners in our submission, or do they do their own submission, particularly if	<ul style="list-style-type: none"> - You can follow the IATI Guidance here: https://www.gov.uk/government/publications/dfid-iati-guidelines



	they may be on other awards with other prime partners or if they are a prime themselves?	
Downstream Supply Partners		
3b	In reference to provision of up to date and accurate records of all downstream supply partners, does disclosure refer to our spend on MSMEs, women owned businesses and apprenticeships only, or does it also include our downstream suppliers?	<ul style="list-style-type: none"> - We expect this information should be available for all downstream suppliers as set out in your delivery chain map.
3b	With regards provision of up to date and accurate records of all downstream supply partners can this information be reported in our monthly invoices or in quarterly accruals? And is there a DfID template for how this information should be presented?	<ul style="list-style-type: none"> - If a DfID department is in receipt of the information in a format that can be interpreted by the Compliance team this will be acceptable. The Compliance team will advise you if presentation format should be altered at all if interpretation is a problem. - For guidance on format requirements please see Terms and Conditions clause 28.7.
3b	For partners (3b), is it anticipated that these documents are submitted somewhere beyond the prime? There is reference in the guidance to an annual return, as well as spot checking and contract management. We need to make sure we give our subs appropriate guidance on what documentation to submit to us and what might need to be formally submitted beyond us, if at all. Also, in Annex 1b, the certification statement refers to tracking annual contractual spend on MSMEs, women owned businesses and apprenticeships in place.	<ul style="list-style-type: none"> - For this KPI, the main deliverable will be a delivery chain map submitted as part of your contract management processes. - For supply chain partners, you should refer to the 'Policy & Document Checklist' which gives examples of what we may seek during compliance checking processes and what you should be checking is in place as part of your supply chain due diligence. The requirement to annually report on the areas set out in the certification statement of 3b are applicable to Compliance Level 1 only.



<p>3b</p>	<p>Where a supplier issues grants to sub-contractors to deliver the programme, with a significant fraction of project spending (and almost all project contracts greater than £20K) allocated through six-monthly or annual competitive calls for proposals, it is not known at the start of a contract which potential subcontractors may eventually exceed the EU Threshold, and may be impossible to predict (especially when the contractual period is short, as in the costed extension). Would we be expected to predict who might exceed the threshold?</p>	<ul style="list-style-type: none"> - DfID would expect a supplier to follow the following procedure: - At start of contract form a view of subcontractor business value over the contractual life and allocate each one into the appropriate compliance level. - Compliance to the Code will be reviewed for the lead supplier on an annual basis, and DFID would expect the delivery chain mapping and compliance level allocation to be refreshed in line with this cycle. A subcontractor approaching level 2 from level 3 should be preparing, and be prepared, to work on that basis.
<p>3b</p>	<p>The Code definitions state that Compliance Level 3 (CL3) will apply to “Supply partners with an individual contract value or component of a Contract with a value below the EU Threshold.” Will a supplier with three contracts of £50K each (at different points in time) therefore be subject to CL3, as each individual contract is below the EU threshold, or does the cumulative total (£150K in this case) mean that the supplier becomes subject to CL2 when the third contract is signed?</p>	<ul style="list-style-type: none"> - The important words here are at different points in time. If none of these contracts overlap in terms of time, then they will be regarded as individual values and will fall under CL3. If they run consecutively or concurrently, then the total value should be applied and they will fall under CL2.
<p>3b</p>	<p>With regards the definition of sub-contract in relation to downstream supply partners is it correct to differentiate between: a) implementing partners: providers of services or facilities which are material for the provision of the contract; and b) vendors: providers of ancillary services which are not material for the provision of the contract. At local level, this for example could be a small local NGO building latrine’s, or</p>	<ul style="list-style-type: none"> - As per the definition of Sub-Contractor within the DfID Terms and Conditions a Sub-Contractor means any person other than the supplier who is party to a Sub-Contract and the servants and agents of that person. Where someone is supplying you with goods to deliver the intervention, this is not seen as a sub-contractor relationship if they are not material to the delivery of the contract, however the lead supplier must abide by Clause 11



	local vendor selling us a small quantity of local building material.	<p>& 12, 'procurement of equipment' & 'use of and responsibility for equipment'.</p> <ul style="list-style-type: none"> - To be clear 'material' is a provider that has either been relied upon as a named party through the tender process, named in Section 4 of the contract and their substitution/removal would constitute a change in the technical or economic proposal agreed.
Tax Evasion, Bribery & Fraud		
3d	In reference to Tax evasion, bribery, corruption and fraud, please clarify what sort of information or statement is required.	<ul style="list-style-type: none"> - Please submit any changes to previous declaration.
HMG Prompt Payment Policy		
3f	For confirmation of adherence to HMG prompt payment policy is this required for each individual project, or is one overarching annual declaration for the supplier sufficient? And what documentary evidence should be submitted?	<ul style="list-style-type: none"> - An overarching annual declaration is acceptable, on behalf of all funded contractors in the delivery chain. This should detail any non-adherence that has taken place.
3f	Our understanding of HMG prompt payment policy is that under the Public Contracts Regulations 2015, Statutory guidance for public sector buyers and suppliers on paying undisputed, valid invoices within 30 days down the public-sector supply chain came into force on 26 February 2015. Public sector buyers must pay prime contractors (Tier 1 suppliers) within 30 days and must ensure that their contractors include equivalent 30-day payment terms in any subcontracts through the supply chain. In addition, public	<ul style="list-style-type: none"> - This is correct noting the requirement for application down the delivery chain tiers.



	<p>sector buyers are to start publishing annual payment performance data after March 2016. Our corporate policy states we will pay the Subcontractor/Vendor's invoice within thirty (30) business days after both a) our approval of the Subcontractor's deliverables, and b) receipt of the Subcontractor's invoice. We believe our policies are in line with HMG prompt payment policy. Can DFID confirm that this interpretation is accurate?</p>	
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Environmental Issues

<p>4a</p>	<p>In our experience with other Donors, upon contract award, the Donor provides us with an Initial Environmental Evaluation (IEE), which provides a brief statement of the factual basis for formal Agency decisions that determine whether a proposed Agency action is a major action significantly affecting the environment, sets out conditions and threshold decision against proposed activities for the life of the project. Depending on the environmental threshold determination for activity, we will create an Environmental Mitigation and Monitoring Plan, consult with the Donor about whether an activity is worth pursuing, or take no further action. Will Dfid provide an initial assessment of project activities for any environmental risks, similar to the IEE, or if suppliers will be responsible for initiating this assessment?</p>	<ul style="list-style-type: none"> - Environmental risks and requirements would be as stipulated in the body of the contract Terms of Reference
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4a	Are the KPI's in reference to country-of-implementation-level or at the HQ-level?	<ul style="list-style-type: none"> - Requirements against the Environmental Issues KPIs would be highlighted on a contract by contract basis and would be linked to the content of the TOR's. The detail set out would provide clarity where this applies on a country or HQ basis.
4b	Can we ensure monitoring of environmental issues through the risk register and regular and documented monitoring, spot checks? KPI target refers to submission of an annual environmental performance report. Can this be documented within the regular programmatic report, or does it need to be a separate report? If separate, can you give guidance on the format and where it would be submitted?	<ul style="list-style-type: none"> - Yes, a risk register is encouraged and we will spot check the existence and quality of this document. Yes, it can and should be included within any specific or regular reporting for a contract.

Terrorism and Security

5b	Please elaborate on what is meant by certification as noted in 5b) – who provides it and the process.	<ul style="list-style-type: none"> - Supply Partners will be asked to confirm on an annual basis that their declaration response and status relevant to the Terrorism and Security questions at tender submission have not changed.
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Safeguarding, Social Responsibility and Human Rights

Membership of ILO and ETI		
6b	Can DFID confirm whether memberships with the International Labour Organisation (ILO) or Ethical Trading Initiative (ETI) are required?	<ul style="list-style-type: none"> - There is no supply partner membership requirement for the ILO, DfID expect awareness of the principles within our supply partners and we will check for good practice examples. - Although we encourage ETI membership for our suppliers and their supply chain partners (as this would go a long way to providing risk mitigation on aspects of MDS for example) DFID is no longer making ETI membership a contractual requirement.
UN Global Compact Principles Cascaded		
6c	With regards our policy document which outlines the principles of good practice service delivery approaches to UN Global Compact Principles 1 & 2 to be cascaded to employees and delivery chain partners, how should this be submitted to Dfid?	<ul style="list-style-type: none"> - Please forward an updated version of this with your annual compliance declaration to allow it to be shared with the compliance team.
Commitment to Code		
6d	With regard to 6d), “the level of commitment in relation to the Contract evident in delivery practices in line with the workplace and community guidance provided in the DFID Supply Partner Code of Conduct (updated documentation to be submitted once annually)” - is there a specific document which should evidence the level of commitment?	<ul style="list-style-type: none"> - The specific contract KPI is against 6c for Compliance Level 1 suppliers to submit evidence of internal staff and supply partner cascade of good practice delivery approaches regarding good practice application of the UN Global Compact principles 1 and 2 as set out. - Regarding 6d Compliance Level 1 Dfid suppliers should demonstrate innovation when developing TORs to reflect



		ways that they will be complying with laws, honouring international standards and giving consideration to high risk areas with weak governance. On an annual basis, a summary of progress against this should be provided.
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Additional Notes

<p>Whilst we will ask sub-contractors named within the contract to send Annex 1b annually (depending on their Compliance Level), for other suppliers (e.g. landlords of office premises, suppliers of petrol or office supplies) please clarify what is required in terms of accepting DfID’s Code of Conduct.</p>	<ul style="list-style-type: none"> - A deep dive audit may prompt a request for further and wider partner / provider details, but realistically this would only be if there is good reason to do so and our compliance focus is on the compliance of suppliers and their subs with a material relevance to a Contract
<p>Can you confirm that a “sub-contractor” (or “supply partner”) is defined as an entity with a direct contract with the lead supplier? The definition thus excludes contractors supplying generic services such as accommodation, travel, legal services, web site development etc.</p>	<ul style="list-style-type: none"> - The definition of a subcontractor is an entity within the DFID contract supply chain where the activity being undertaken has a material impact on the outcome of the DFID funded programme. Therefore, accommodation, travel and legal services may be excluded, however, website development may not be, depending on context. Please also remain aware of the 3 Code compliance levels and how these are applicable to subcontractors in the supply chain.
<p>Does this definition of sub-contractor apply to all of the Terms and Conditions, or just to Appendix B, the Supply Partner Code of Conduct?</p>	<ul style="list-style-type: none"> - Applies to all T&Cs.



<p>With regards to sub-contractors we are concerned that in some cases (especially smaller local/regional firms/SMEs) lack a full understanding of the requirements or do not have the capacity or resources to comply. Our understanding is that individual subcontractors are not expected to sign to the code, which appears to be tailored for corporate use.</p>	<ul style="list-style-type: none"> - To meet contractual requirements compliance with the DfID Code of Conduct for supply Partners is essential at all levels in the supply chain and it is the responsibility of the prime supplier to ensure sub-contractors are suitably briefed or educated regarding <u>the appropriate compliance level</u> for the value of their delivery component. Considerably less onerous compliance has been set for low value components which allows for the limitations of local or SME suppliers, however we need to remain mindful that risks exist regarding DfID funding and work at all levels in our supply network.
<p>The new DFID T&Cs, Code of Conduct and Supply Partner Handbook require "full delivery chain transparency":</p> <p>i) in the case of a subcontractor agreement with delivery partners, does that mean that supply partners need to show in our commercial proposal, the breakdown of our sub-contractors' fee or can we just show the final fee they provide to us?</p> <p>this question is particularly relevant in relation to small local organizations and NGOs we engage in some of our projects that may have some difficulties in providing that level of information.</p>	<ul style="list-style-type: none"> - You should be aware of the transparency requirements regarding delivery chain mapping as part of the bid proposal (e.g. providing overall fee rates to be incurred directly and within the delivery chain). Further be aware of transparency requirements in terms of the IATI publication requirements set out in the T&Cs.
<p>In programmes including delivery partners through subcontracting agreements (as opposed to joint-ventures) it is common (i.e. industry practice) that the leading organization includes in the programme's cost structure a small overhead to cover management costs related to subcontracting (overall consortium management, contract and financial management etc). Usually this is added, after mutual</p>	<ul style="list-style-type: none"> - The Project Team tab 2.4 of the Cost Template specifically requires subcontractor invoices (for recharge of staff employed to lead organisation) to be fully analysed across the subcontractor columns, so that the element relating to actual rate (inclusive of payroll on-costs) paid to employed staff is



<p>agreement, to the subcontractor's fee. However, we cannot see how this can be dealt with in a transparent manner in the new budget template. Could you please kindly advise?</p>	<p>distinct from any overhead/profit element charged to the lead organization by subcontractor.</p>
<p>Please can you clarify whether we need to reconfirm on each bid and each contract award/contract extension that we are signed up to the Code of Conduct, or will PCD keep a record of which suppliers have already done so, to avoid having to ask each time?</p>	<ul style="list-style-type: none"> - Regardless of other live Contracts held when completing their SQ suppliers will need to confirm overall acceptance at the relevant question on the Code of Conduct for any tender exercise they participate in. Prior to a new contract award, they will also need to complete a compliance declaration (Code annex 1b) on behalf of any new delivery chain partners being introduced and regarding any Term Of Reference specific KPIs (e.g. for Global Digital Principles, environmental matters, financial matters). - The Compliance team in PCD will be keeping a record of each supplier's live contract portfolio (and updating when they have contracts mobilised or demobilised) held by a supplier, allowing for overall communications on live contracts to be minimised.
<p>Please clarify Code requirement level for grantees where a contractor to DfID is distributing funds.</p>	<ul style="list-style-type: none"> - When a Contract (the Contract may be at a financial level within category 1 or 2) with responsibility for dispersing funds to Grantees on DFID's behalf to NGOs is held and this funding distribution is not via a Contract but from a DfID Grant funding stream then the application of the DFID Grant conditions, along with the value of the funds being provided, would apply to these arrangements.



<p>Prior to formal signing of the contract would DfID be satisfied with an indication that we're happy to sign up to the Code of Conduct in principle? For example, it will take time to ensure that all of our delivery partners will be happy to sign up to the new compliance burdens implied by the code. Can the Code be subject to clarification?</p>	<ul style="list-style-type: none"> - Although we have wording in annex 1b to say that the KPI compliance checklist declaration should be completed prior to contract award it should be noted that signing up to the new T&Cs of a Contract in itself constitutes sign up to the Code and all the areas contained in it. The KPI compliance checklist signature is mostly about the annual submission to confirm things are still the same or to advise of any updates to our live Contracts. We are currently working on making it possible for our suppliers to submit their annual updates at the end of each financial year electronically, with an electronic signature enabled. - Rather than saying 'in principle', prior to Contract commencement the form should be completed and any commentary required (e.g. timings and responsibilities for full contract compliance in place by, information relevant to delivery partners etc ...) provided in the available box against the relevant KPI for start of contract. We are realistic about the practicalities concerning this and expect (and will accept) this may take until the end of the 2017/18 financial year. - If timings for KPI compliance are to be extended past contract commencing then this should be set out in Section 4 – Special Conditions of Contract, with the reviewed timing allowance stipulated.
<p>Is it a requirement that the CEO or senior officer within an organisation sign the Code of Conduct?</p>	<ul style="list-style-type: none"> - It is acceptable for the task of signing on behalf of an organisation to be delegated to a suitable substitute.



<p>Does DFID also require the prime supplier to carry out KPI spot checks on its Tier 1 suppliers or to contractually retain the right for DFID to do so?</p>	<ul style="list-style-type: none"> - We expect our prime suppliers to be able to provide DFID with evidence of compliance on behalf of their contracted supply chain partners.
<p>We have the relevant tools in place for open book accounting. Could you clarify whether spot checks carried out by DFID will relate to individual projects currently being implemented, or whether they would also be carried out on general company accounts?</p>	<ul style="list-style-type: none"> - This would be on the basis of DfID specific Contracts or Grants.
<p>It would be very helpful if DFID could share its existing standard policy documents for us to review (in line with the policies required in the supplier code of conduct). This will ensure we align our policies with DFID's, and flow these down appropriately to sub-contractors.</p>	<ul style="list-style-type: none"> - Government and specific DfID Policy documents can be referenced via the Code of Conduct footnote reference links. Pleas also see the link to business appointment rules at annex 1a (2f). All this information can be accessed electronically via the DfID Procurement pages. - Follow the link to view the new DFID Staff Code of Practice for working with external partners: https://www.gov.uk/government/publications/dfids-supplier-review - Further useful links can be found within the DFID website procurement pages.
<p>We support the new requirements in principle - what we are concerned about is the additional resources which will be needed to meet them. These costs will either need to be passed on to DFID (accepting them as a cost of doing business) or will put organisations off the idea of bidding for DFID contracts.</p>	<ul style="list-style-type: none"> - Cost implications of meeting our compliance standards are applicable to all bidders. DfID is committed to the Code principles and therefore seeks to work with and to be assured that delivery partners are similarly principled and the right ones to be working with.



<p>The checking mechanism notes an annual return and spot checks. Where would the annual return be filed? Are spot checks sufficient for monitoring purposes?</p>	<ul style="list-style-type: none">- Annual returns will be submitted to the central compliance team at the beginning of the financial year by emailing suppliercompliance@dfid.gov.uk (until we are able to implement a digital solution - we are currently working on this).- Spot Checks are one of our internal checking mechanisms. We may also deep dive to more thoroughly check details relating to priority areas on a thematic basis throughout the life of a contract to verify compliance with the Code is sufficient and as declared.
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