Supply Partner Compliance Guide - Contents

- What's in the Code?
- Collaborative Approach
- Compliance Levels
- Compliance Timeline
- Supplier Response
- Spot Check
- Deep Dive
- Delivery Chain Partners
- Non-Compliance
- Response Template
- Supporting Documents
Supply Partner Code of Conduct - What’s in it?

The Code of Conduct requires supply partners to follow these overarching principles:
✓ Act responsibly and with integrity
✓ Seek to improve value for money
✓ Be transparent and accountable
✓ Demonstrate commitment to poverty reduction and DFID priorities
✓ Demonstrate commitment to wider HMG priorities

It sets out specific requirements in six areas:
• Value for money and governance
• Ethical behaviour
• Transparency and delivery chain management
• Environmental issues
• Terrorism and security
• Safeguarding, social responsibility and human rights

Compliance will be monitored against supplier level and contract specific KPIs

The Supply Partner Code of Conduct gives DFID a mechanism to ensure supply partners are providing value for money and behaving ethically throughout their supply chains.

The Supply Partner Code of Conduct has resulted in revisions to:
☐ Terms and Conditions of Contract that includes the Code of Conduct. This has been applied to all contracts, amendments and retrospectively to strategic contracts awarded from September 2017.
☐ Accountable Grants to include the Code of Conduct and an overarching Service Level Agreement may be applied on an organisational basis (where multiple grants apply) from early 2019.

Organisations with multiple arrangements (Accountable Grants / Contracts) will be required to provide one submission based on contractual obligations only which will in turn apply to any accountable grants.

A central Compliance & Risk team is in place to consistently manage compliance and risk across our Supply Partner arrangements, on an ongoing basis.
Supporting you to Comply – Collaborative Approach

What value does compliance add?
The introduction of the Supply Partner Code of Conduct is about improving standards throughout not only our delivery chains, but throughout the Aid sector. Most organisations seeking work in the aid sector will have many of our expectations in place and appreciate the need for integrity with public money.

Your Compliance Score
On average, Supply Partners engaging with the Code for the first time score 86% on their Corporate Spot Check. We are here to help you reach 100% by sharing a detailed Compliance Plan.

A Dedicated Compliance Team
We now have a dedicated Compliance & Risk team in place to help you comply with the Code. You can contact our mailbox at any time and you will be allocated a Compliance Manager.

Reaching 100% isn’t as difficult as you think!
We will meet to discuss your score for each area of the Code and break down what the next steps are. On average, it requires 7 actions completed to reach a 100% Corporate Spot Check Score.

Demonstrating Compliance
100% Corporate Spot Check Score can be achieved via one comprehensive response per annum. Doing so will reduce your requirements throughout the year as we will only be in touch to collect specific contract data or for Deep Dives thereafter.

“It’s difficult and costly to demonstrate compliance”
We want to (where reasonable) work with you to achieve compliance in areas where you may not have been able to reach standards set out within our Code. We will work collaboratively to check not only your policies and procedures via ‘Spot Checks’, but the practical application of them via ‘Deep Dives’ – This reduces the resource required by allowing you to focus efforts in the correct areas.
How do we ensure compliance accounts for a varying size of supply partners?
There are three levels of compliance with the Code. The lower levels were developed after consultation to ensure the Code does not act as a barrier to smaller supply partners working with DFID.

**Compliance Level 1**  
Supply partners will be monitored against all the KPIs  
- Supply partners with an individual funding arrangement value of £1m or above  
- Two or more funding arrangements with a combined value of £5m or above.

**Compliance Level 2**  
The funding arrangement will set out which KPIs are material and to be monitored, and which will not.  
- Supply partners with funding arrangement value below £1m  
- Two or more funding arrangements with a value of less than £5m  
- Supply partners with a component of a funding arrangement with a value below the EU Threshold.  
- These supply partners will not be monitored against the contractual KPIs.

**Compliance Level 3**  
Supply partners are required to adhere to the overarching Code principles and recognise, mitigate and manage risks.  
- Supply partners with a funding arrangement below the EU Threshold  
- Supply partners with a component of a funding arrangement with a value below the EU Threshold.

What is required for your delivery chains?
Each tier of the delivery chain is required to report assurance on the tier below based on the Compliance Levels above.
Supply Partner signs funding arrangement, which includes the Supply Partner Code of Conduct. A signed Supply Partner Compliance Declaration (Appendix 1b) to adhere to each KPI is returned as part of the signed arrangement and a copy passed to the Compliance Team.

Supply Partner must provide an initial response to the Code of Conduct at a corporate level. This involves submitting a completed Response Template to the Compliance Team.

Compliance Team conducts spot check on supply partner response and shares results with actions to remedy any outstanding points. Compliance Team will also share a Compliance Plan at this stage with relevant DFID Programme Team/supplier as necessary.

Compliance Team conducts themed Deep Dive assessments of suppliers and the specific funding arrangements linked to the Code.

Compliance Team conducts scheduled Spot Checks on supply partners, ensuring that documents are up to date - this can be used to trigger a Deep Dive at any point.

Compliance Team may share compliance related lessons learned throughout the contract lifecycle with the Supply Partner and DFID Programme Teams.

Compliance Baseline is formed

Compliance Delivery is monitored

* Funding Arrangement definition: Contract / Accountable Grant / MOU
Supplier Response in Detail – What do you need to provide?

**Tendering Stage**
Supply Partners will submit a ‘Yes’ response, agreeing to sign up to DFID’s T&C’s (which includes the Supply Partner Code of Conduct) as part of their Supplier Questionnaire response, which is part of the tendering process. Specific policies that are considered to be material to a contract may also be requested as part of the tender.

**Accountable Grant / Contract Award Stage**
Supply Partner will submit a signed **Supply Partner Compliance Declaration** as part of their contract acceptance.

**Accountable Grant / Contract Start**
Each supply partner (where applicable) will provide a corporate level response to the DFID Code of Conduct within the first two months of contract commencement. Supply Partners can make use of the **Supply Partner Response Template** to display compliance with each KPI in the code. Responses should include copies of all applicable documentation - these are detailed for reference in the **Supply Partner Policy & Document Checklist**, available on slide 11 of this pack.

- The **Supply Partner Response Template** allows supply partners to:
  - Provide a RAG rating for each KPI and an expected compliance date for any KPI where full compliance cannot yet be demonstrated
  - Demonstrate compliance at a Corporate & Programme (contract) level for each KPI
  - Detail points for discussion with DFID, next steps to achieve full compliance, and reference documents relating to each KPI

**Accountable Grant / Contract Lifecycle**
Throughout the life of the grant, the Supply Partner will be expected to provide more in-depth, contract / grant-specific documentation and response to the Programme or Compliance team which will support the compliance checking procedures in place.
Activity
The Compliance Team will conduct Spot Checks on Supply Partners:

1. **At the start of a newly signed / amended contract** by assessing the Supply Partner’s initial response on the Code of Conduct.

2. **At bi-annual / annual checkpoints** (relevant to contract size and importance) throughout the contract lifecycle to ensure declarations, documents, memberships, processes, etc held are up to date.

Many of these Spot Checks will assess documentation provided at a corporate level and one comprehensive response will apply across multiple contracts. Your organisation will receive a **corporate spot check score** which applies to high level criteria across your DFID contract portfolio.

Contract level data needs to be provided for particular KPIs on all contracts – e.g. profit % on contract and delivery chain map, etc.

Results
The Compliance Team will share results of Spot Check activity with the Supply Partner and appropriate programme teams within DFID. This will include clear actions to remedy any missing documentation or non-compliance and we will liaise with suppliers to agree the timescales for **reaching 100%**.
‘Deep Dives’ – What to expect?

**Activity**
The Compliance Team will conduct Deep Dives on Supply Partners:

1. **As triggered by questions raised during Spot Checks**
2. **As triggered by Programme Teams**
3. **At checkpoints** throughout the contract lifecycle.

These checks will be on a particular thematic area from the code (E.g. Value for Money) and will involve a **more in-depth checking** of Supply Partner activity and documentation submitted during Spot Check phase.

Supply Partners may be asked to support the provision of additional documentation relative to a particular contract in order to satisfy checks. Documents held from the supplier’s initial submission will be used for these checks to avoid replication of efforts.

**Results**
The Compliance Team will share results of Deep Dive activity with the Supply Partner and appropriate teams within DFID via comprehensive reporting. This will involve setting clear actions to remedy any non-compliance, including the agreement of timescales to rectify & improve standards against each Code area.
Direct Supply Partners are expected to provide information on their Delivery Chain Partners and ensure that they adhere to the Code of Conduct at the applicable Compliance Level.

Direct Supply Partners should demonstrate their Delivery Chain Partners' compliance to the Code of Conduct by supporting Deep Dive activity conducted by the Compliance Team.

A Delivery Chain Map, that clearly demonstrates fund distribution throughout the delivery chain on a programme, will be central to satisfying checks in this area. This will be submitted for each contract a Direct Supply Partner enters into with DFID.
Supply Partners are required to be open and transparent about their compliance with the Code of Conduct. Where non-compliance exists, the Supply Partner must work with DFID to improve in this area.

In the event of non-compliance, the Compliance Team will follow the procedures set out in Clause 39 of the contract T&Cs, which may involve a rectification plan being required from the Supply Partner to bring them in line with the Code of Conduct. Both parties will also agree timescales suitable to work towards becoming fully compliant.

In the event of continued non-compliance after discussions with the Compliance Team, or failure to adhere to a rectification plan, DFID will take appropriate action in line with Clauses 39, 42 & 43 as set out within the contract T&Cs.

These contractual processes may also be followed if findings from Deep Dive activity are unacceptable.
Response Template – How to Populate

This area details the KPI number, priority area and the contractual KPI from the Code.

Populate this box with any points of discussion you have on this particular KPI or alternatively populate with N/A.

Populate this box with next steps you are taking to achieve full compliance to this KPI if applicable or alternatively populate with N/A.

Please reference your attached documents in this box. This ensures that we can check the correct files which correspond to each KPI. (Not for file embedding)

E.g. 1 – Finance Governance Policy.pdf

Please RAG rate your organisation against this KPI and mark as “Complete” if fully compliant or replace complete with the expected compliance date.

Format: DD/MM/YYYY

Key

← = No Action Required

→ = Populate
Supporting Documents

Please refer to the following documents to further aid your compliance submissions:

1) Supply Partner Code of Conduct (Includes Declaration)

2) Supply Partner Compliance - Response Template

3) Supply Partner Compliance – Policy & Document Checklist

4) Supply Partner Compliance – Supplier Handbook

You can find these documents on our website.

https://www.gov.uk/government/organisations/department-for-international-development/about/procurement