



Department
for International
Development



Rt Hon Priti Patel MP
Secretary of State

16 December 2016

Dear DFID supplier,

As a DFID supplier you must be aware that we must deliver the best possible outcomes that help the poorest in the world and deliver value for money of UK taxpayers. We need to provide them with assurance that public money is being spent effectively, and that our aid delivery partners apply the highest standards in transparency and ethical behaviour. This has been brought into sharp relief by recent allegations in the media. We have made progress in our commercial agenda, but can and must do better.

As discussed at this year's Annual Supplier Conference, DFID has been working with you to improve the overall level of assurance around supplier delivery, which is essential when spending public money.

Last year my officials wrote to suppliers setting out our increasing expectations and asked for your organisation's assurance in relation to transparency and tax compliance, engagement of supply chain and subcontractors, and fair and reasonable reward/profits. As a DFID supplier you have committed to our Statement of Priorities and Expectations for Supplier and Partner relationships. However, it's become increasingly clear, far more needs to be done. We should be leading across Government and industry, demonstrating best practice in all these areas. This will require a step change.

In the coming months we will be increasing our scrutiny of supplier spending, with a particular focus on:

- Full transparency of how DFID funds are spent, including ensuring fair, reasonable rewards and profits.
- Open book breakdown of salaries, expenses, profit margins, facilities, materials and rates within tenders.
- Comprehensive Supplier Governance regarding management of sub-contractors and supply chain partners.
- Supplier compliance to DFID's Code of Conduct; Statement of Priorities and Expectations.
- Demonstration of due diligence processes undertaken in connection with contractual supply chains.

- Introducing mandatory provision of full supply chain map at bidding stage and contract award/amendment.

Moreover we will be immediately strengthening a number of safeguards for all current and future procurement exercises, including:

- Greater scrutiny and detailed breakdown of fees and expenses.
- Declaration of UK tax status and compliance to all tax requirements.
- Governance arrangements including who in your organisation is responsible for any breaches in DFID's Statement of Priorities and Expectations.
- Enhanced disclosure of relationships and conflicts of interest with DFID staff.

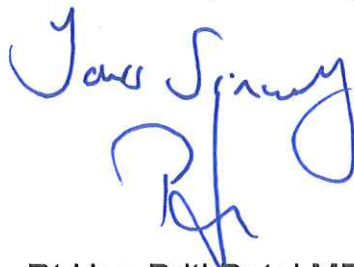
It is also essential that suppliers comply with the DFID Security Policy, which specifies the requirements that must be met by all contractors in the handling, management, storage and processing of information belonging to DFID or its partners. It is the supplier's responsibility to ensure that data does not leave their systems and that there are robust IT controls over data.

Suppliers are reminded that they must not use any of DFID's confidential information other than for the purposes of the contracted programme, and such information should be disclosed to supplier employees on a need to know basis. Confidential information must not be disclosed to any third party without the prior written consent of DFID. Any suspected or actual data loss, or information security breach must immediately be reported to DFID.

Suppliers also have an obligation to inform DFID in the event that they become aware of any fraudulent behaviour, unethical behaviour or breach of confidentiality regardless of whether it pertains to the suppliers own contracts with DFID or to third party owned contracts.

DFID expects the highest ethical standards from all our suppliers and delivery partners; assured via effective staff vetting, recruitment processes, regular staff training in compliance and ethical business behaviour supported with a robust whistleblowing policy and a culture that drives compliance from the top.

I look forward to your support on this important agenda.



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