



DFID Supply Partner Code of Conduct

Frequently Asked Questions

Contents

Supply Partner Declaration	2
Value for Money and Governance.....	9
Ethical Behaviour	13
Transparency and Delivery Chain Management	16
Environmental Issues	21
Terrorism and Security	24
Safeguarding, Social Responsibility and Human Rights.....	24
Additional Notes	26



Department
for International
Development



Supply Partner Declaration

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 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. Otherwise all document submittal and confirmation of compliance to the Code will routinely be undertaken by the PCD Compliance and Risk Team as part of Contract mobilisation.
<p>Please advise how DFID would like us to submit our company policies and supporting documentation in relation to the Code of Conduct and evidence in relation to Annex 1b. Should this be submitted by email to an individual or some other means of electronic transfer and are there any file size limitations?</p>	<ul style="list-style-type: none"> - DFID have recently launched a digital solution to support management of interaction with our supply partners in the Code of Conduct compliance process. inSPIRE (the UK Aid Supply Partner Intelligence, Reporting & Engagement platform) is an interactive collaborative online portal that can be accessed and updated directly by supply partners to allow for real-time management information sharing - This allows supply partners to take ownership of compliance documentation sharing and to maintain policy, process, procedure and declarations in real time via a centralised repository.



	<ul style="list-style-type: none"> - The system replace multiple emails, zip folders, templates and uploads bringing valuable time saving benefits to both DFID and our supply partners. - Following Contract award you will be allocated a Compliance Manager. This Manager will provide support to access inSPIRE and can direct you to training guides and any further general support as required.
<p>Where do I get further guidance on the use of inSPIRE?</p>	<ul style="list-style-type: none"> - Upon award of a contract with DFID you will be assigned a compliance manager. This member of our team will be in touch to discuss the supplier guidance found here Gov.UK - Supply Partner Compliance which will include a live demonstration of how to find the compliance repository on inSPIRE and a discussion around populating this. In addition, your compliance manager will share video guidance with you so you can refer back at a later date.
<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 Supply Partners have already done so, to avoid having to ask each time?</p>	<ul style="list-style-type: none"> - Supply Partners will need to confirm overall acceptance to the relevant question on the Code of Conduct for any tender exercise they participate in or where through contract extension it has been agreed that the current Code compliant T&C's will now apply. The DfID Compliance and Risk team will keep a record of each Supply Partner's live contract portfolio and their submitted corporate policies and procedures - Where corporate policy documentation has been submitted to the Compliance and Risk team previously in relation to other live contracts, and where these are still applicable then re-submitting such documents in relation to a new contract award/extension will not be necessary.



Department
for International
Development



<p>Under Annex 1b of the Code of Conduct, Supply Partners are required to submit an annual compliance declaration on behalf of their Sub-Contractors (delivery chain 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 supply partners. Delivery chain partner 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>Is it a requirement that our Tier 1 delivery chain Supply Partners 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 compliance threshold. A declaration from our prime Supply Partner on their behalf is sufficient for the annual declaration. When DfID undertake compliance checks you may be asked to verify/evidence details of delivery chain compliance.
<p>Will we be expected to hold our Sub-Contract 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 Sub-Contract/grant or to the organization? And throughout the various parts of the Code, which apply to the specific award vs the organization?</p>	<ul style="list-style-type: none"> - The total value of all Sub-Contract work for DFID is what dictates the Compliance Level. E.g. if the Sub-Contract or grant component value is GBP <1m this would equate to Compliance Level 2 or if the Sub-Contract value is below £122k, then this would equate to Compliance Level 3 (in line with the current OJEU threshold). To be clear the overall value of a portfolio of work per supply partner i.e.



Department
for International
Development



	<p>both their direct and indirect funded work, dictates their DFID compliance level.</p>
<p>I refer to your Supply Partner Code of Conduct and the EU Threshold for compliance Level 3 – could you please advise what that is? Is there a standard that you refer people to? Also will the Code be applicable to all DfID funding as of November 2019 or just new grants/contracts signed from November 2019?</p>	<ul style="list-style-type: none"> - The EU contracting threshold applicable to DfID is the Central Government threshold of £122,976. This level has been set for the period 1 January 2020 through to 31 December 2021. DfID will adopt any revision to the central threshold at the appropriate time. - The code has been applicable to DFID Contracts awarded after 1 October 2017. It will be applied to Accountable Grant Arrangements (AGAs) in due course. A pilot programme for the AGAs has been completed and learning outcomes from this will be used to refine the roll-out and launch of the Code to AGAs. - The published Supply Partner Code of Conduct sets out details of the 3 Code compliance levels.
<p>It is understood that under the DfID Supply Partner Code of Conduct, only Supply Partner organisations directly contracting to DfID and meeting the prescribed thresholds for each Compliance Level (1 and 2) will be subject to KPI monitoring. However where the Supply Partners Sub-Contractor's total value of DfID funded contract/grants is below the EU Threshold (Compliance Level 3), they will not be required to complete the Supplier Partner Compliance Declaration but will be required to adhere to the overarching principles?</p>	<ul style="list-style-type: none"> - Supply Partners and their intended delivery chain Sub-Contractors should read, understand and comply with the Code which sets out the appropriate levels of compliance required. KPI monitoring for Compliance Level 1 and 2 Supply Partners will be based on number of contract(s) / contract component value and their overall portfolio of DFID funded work. Supply Partners and their delivery 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 Supply Partner to complete the declaration on behalf of themselves and their delivery chain partners, as appropriate. Contract commencement and annual compliance declarations will not be



Department
for International
Development



	required to be submitted for Compliance Level 3 delivery chain partners.
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 supply partners.	- 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 delivery chain. The Compliance and Risk team should be able to confirm your Compliance Level if you have any doubts.
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 organisations 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?	- A prime Supply Partner or consortium lead has responsibility for ensuring consortium members and delivery chain 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.
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 Sub-Contractors? Or would this be carried out centrally on an annual basis by all Supply Partners?	- Annual compliance declarations, and any required documentation is to be submitted annually (at the end of the financial year throughout April/May) to the central Compliance and Risk team contact point provided to a Supply Partner at contract commencement. Again, prime and Sub-Contractor documentation requirements will be in line with the appropriate Compliance Level (i.e. 1/2/3).



Department
for International
Development



	<ul style="list-style-type: none"> - Where a portfolio of contracts is held by a Supply Partner then generic updates to 'Corporate' policy and procedure documentation applicable to all contracts held must be submitted. In addition, updated contract specific detail (e.g. delivery chain details) which will be required on a per contract basis. Where there is no change to the documentation previously submitted then a nil return / no change statement would be acceptable.
<p>Can DFID provide guidance if one of our delivery chain Sub-Contractors is unwilling to certify per Annex 1b? Would we be allowed to drop the Sub-Contractor or expected to work with the Sub-Contractor to get them to a point of certification?</p>	<ul style="list-style-type: none"> - Decisions regarding the engagement of Sub-Contractors should include their agreement to comply with the Code of Conduct at the relevant Compliance Level (1/2/3). It is the responsibility of the prime Supply Partner to ensure that Sub-Contractors are Code compliant.
<p>Please confirm that UN Global Compact signatory is a requirement for both commercial contracts and accountable grants.</p>	<ul style="list-style-type: none"> - UN Global Compact signatory is a requirement for commercial contracts. The Code has still to be introduced to Accountable Grant Arrangements (AGAs), but it is planned that the UNGC will also apply to AGAs on the introduction of the Code to these funding arrangements.
<p>If our UK organisation (with separate board) is signed up to the local UK UN network level is this sufficient when our international organisation is further signed up to the UN Global Compact?</p>	<ul style="list-style-type: none"> - DfID requires all Level 1 Supply Partners to be signatories to the UN Global Compact (UNGC). If a signatory at national level to the UNGC UK network, then this would meet our requirements.
<p>In reference to signatory of the UN Global Compact there are two levels of membership:</p>	<ul style="list-style-type: none"> - UN Global Compact Signatory membership is acceptable for a DfID Supply Partner to hold.



Department
for International
Development



<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>	
<p>Would DFID consider granting a CSO a waiver or derogation to signing the UN Global Compact?</p> <p>Could we commit to meeting the standards without having to actually sign up?</p>	<ul style="list-style-type: none"> - Signatory level sign up to the UN Global Compact is a DFID requirement for all compliance level 1 supply partners. Should you have specific concerns about joining or about membership details and requirements we suggest that you contact the UNGC directly.
<p>Where a supply partner meets the standards of Compliance Level 1, but works 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 Supply Partners 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 Compliance and Risk team contact or raised directly with the UNGC registration team



Department
for International
Development



Value for Money and Governance

KPI	Question	DfID Response
Economic and Governance Policies		
1a	Please clarify the definition of "Economic and Governance Policies" and the requirement "with detailed financial breakdown relating to contract".	<ul style="list-style-type: none"> - DfID will look to see that a Supply Partners 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 and Governance Policy setting out the methodology for this should help provide this assurance. Detailed financial breakdown expectations are set out in the contractual cost template
1a	What is required to provide evidence of our economic and governance policies?	<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 as declared in the tender documentation. 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



		<p>achieved during the relevant period. We will periodically review the actual profit level against the projected profit and DFID may seek adjustments in line with Clause 20 of the T&Cs.</p>
1b	<p>In the new DFID Supplier Terms & Conditions, Clause 20 covers Supplier Profit. This requires reporting on the Actual Profit Margin against the Projected Profit Margin set out in the original tendered 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 Supply Partners 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 through contract amendment - Contracted Supply Partners are required to provide an updated cost pro-forma as agreed every six month/annually 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	<p>Can DFID 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.</p>	<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), identifying/resolving issues and 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



		and Risk team may contact the country teams for specific details with regards to the contract as part of the overall review of a Supply Partners compliance with the Code in these areas.
1b	<p>Can DfID clarify whether risk/contingency is an eligible or ineligible cost? In the 'Eligible Cost Guidance for Commercial Contracts' guidelines, it is listed as ineligible although the section on 'Ineligible Costs' also specifies that the list does not override activities which are deemed eligible and explicitly agreed as part of the contract.</p> <p>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"> - DfID would advise that as per Section 3 of the Cost Eligibility guidance v3.1, neither 'contingency' nor 'risk' are permitted as a general cost line. DFID Smart Rules provide further details on how aid funds can and cannot be spent. In case of any doubt, the potential supply partner should consult DFID in advance at time of bidding to clarify any specific eligible costs. DFID Smart Rules are available online
1b	<p>Please advise if an open book approach to enable scrutiny of VFM choice is required and if so how DfID defines an open book approach and what it means in practice and which level of compliance it would apply to?</p>	<ul style="list-style-type: none"> - You are advised to consider the Contract Governance section of DFID's T&C's. Clause 15 specifically sets out open book accounting and audit requirements and where programme manager involvement is expected - By referencing the Code Appendices, you will see that evidence of how economic and governance policies work in practice and ensuring lessons learned are shared are only expected to be demonstrated by Compliance Level 1 supply chain partners.
Tax Declaration		
1c	<p>In reference to Tax Declaration please clarify:</p> <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? 	<ul style="list-style-type: none"> - Tax details required to be disclosed would be considered on a Supply Partner/contract basis and this information will be as agreed at contract commencement



Department
for International
Development



	<ul style="list-style-type: none"> • 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 Sub-Contracted supply partners 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 Supply Partners position themselves to be able to confirm that funded supply partners (throughout the delivery chain) have been advised and are aware this is a requirement of the receipt of any funding that has been sourced from DfID.
1c	<p>The Handbook recommends that annual reports should include delivery chain partners. Can DFID advise on the nature of inclusion required? Additionally, if DFID require copies of tax returns or if audited organisations accounts/audited contracts or written signed statement confirming compliance with tax laws is adequate. Would DfID be able to share a model assurance statement for KPI 1.c Tax Compliance?</p>	<ul style="list-style-type: none"> - We do not have a model assurance statement as DfID does not provide specific tax advice. - Signed statements of assurance about your delivery chain partners tax compliance are acceptable. Further detail may be requested at a later stage in the event of a 'deep dive' review if undertaken by the Compliance and Risk team.
1c	<p>Will DfID be able to provide guidance to Supply Partners on tax requirements in relation to tender submissions?</p>	<ul style="list-style-type: none"> - It will remain the responsibility of Supply Partners to research and include all costs, including any relevant taxes in their bids, as DfID will not provide specific tax advice.



Department
for International
Development



1c	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?	<ul style="list-style-type: none"> - This is a sufficient declaration for compliance purposes, but Supply Partners 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 the Gov.UK website 'File your accounts and Company Tax Return'

Ethical Behaviour

Recruitment Policy		
2a	There is a requirement for an annual return on 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 (Supplier Personnel), 51 (Discrimination) and 54 (Conflict of Interest).
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	<ul style="list-style-type: none"> - For a new contract commencement, and if we have not already done so for a Supply Partner in relation to a previous contract, we would review a Supply Partners management of COI procedures (e.g. recruitment is a main area of concern to DfID)



Department
for International
Development



	<p>aware of. We have Col procedures at company level but is there an additional requirement from DFID?</p>	<p>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.</p>
<p>Ethical Training</p>		
2c	<p>Could DFID share further information on what extent/content of training would comply with this requirement and also if training at the start of each contract is acceptable or if annual training is required? Also, if the cost of training, including downstream Supply Partners (Compliance Level 1 and 2) is cost recoverable from the contract?</p>	<ul style="list-style-type: none"> - All training costs should be considered and included in a tender. Refresher training is likely to be required in terms of good practice, but this would depend on the contract's specific risk factors and duration.
	<p>Please advise if training is required just for those working on the contract/grant across the delivery chain, or do we need to evidence all staff in the relevant organisations in the delivery chain have received training?</p>	<ul style="list-style-type: none"> - DfID would require only to see records of induction / annual Ethical Training for all direct and (if applicable) Sub-Contract staff in relation to a particular DfID contract. The Supply Partner can evidence their Corporate training documentation to confirm their broader organisational standards and cultural commitment.
<p>Business Appointment Rules</p>		
2f	<p>Please clarify how Crown "business appointment rules" apply to a Supply Partner and partner staff. What would be considered proof of compliance with the business appointment rules?</p>	<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 after leaving the Civil Service. For those below SCS1 level



		<p>(and equivalents), they normally apply but only for one year after leaving the Civil Service.</p> <ul style="list-style-type: none"> - Departments have discretion to apply the rules for more than a year 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 employment (this includes proposals to work as a consultant) that they wish to take up - before they accept the offer of employment.
--	--	---



Department
for International
Development



		<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. - A summary of guidance for Crown Servants on accepting outside appointments after leaving a Crown service position can be found on the Gov.UK website - 'Crown servants: new jobs and business appointments'
--	--	--

Transparency and Delivery Chain Management

IATI Compliance		
3a	For IATI compliance check please advise what 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 Supply 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 - Transparency.
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-Contractors in our submission, or do they do their own submission, particularly if they may be on other awards with other prime partners or if they are a prime themselves?	<ul style="list-style-type: none"> - You can follow the IATI Guidance here on the Gov.UK website - DFID IATI Guidelines



<p>3a</p>	<p>We would like to ask you for some clarity on the Transparency KPI of the new DFID Code of Conduct.</p> <p>When a prime (tier 1) is compliance level 1 (hence required to be IATI compliant), can you confirm that the requirement for their delivery chain partners (tier 2) to be IATI compliant themselves is based on the delivery chain partner (tier 2) own compliance level?</p> <p>What will be accepted as “IATI compliance” by DfID, for each compliance level? E.g.</p> <ul style="list-style-type: none"> ○ Registered on IATI Registry. ○ Published Organisation File. ○ Activity File for every DfID-funded project. ○ Full compliance i.e. information on project, partners and finances, updated on quarterly basis. 	<ul style="list-style-type: none"> - All DFID funded supply partners should be aware of the overall requirement to be IATI compliant as set out both in the contractual standard T&Cs and the standard Grant arrangement template. - In terms of the DFID Code of Conduct, the IATI compliance requirement is not based on the position of a contractor within the supply chain, but rather the value of their DFID funded business. - Compliance Level 1 suppliers (total contract value of £1M or above or combined total of 2 or more contracts valued at over £5M) are required to be IATI compliant. - Compliance Level 2 suppliers (1 contract valued between EU contracting threshold and £1M or combined total of 2 or more contracts valued at less than £5M) and - Compliance Level 3 suppliers (contract value less than EU contracting threshold) are not required by the set Code KPIs to be IATI compliant. - Compliance and Risk will look for suppliers to be IATI compliant (Compliance Level 1 only). I can confirm that we will be looking to verify all the points you have listed i.e. <ul style="list-style-type: none"> ○ Registered on IATI Registry. ○ Published Organisation File. ○ Activity File for every DfID-funded project. ○ Full compliance i.e. information on project, partners and finances, updated on a quarterly basis
------------------	---	---



Department
for International
Development



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 SMEs, 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 on request for all downstream supply partners as set out in your delivery chain map.
3b	With regards to 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 and Risk team this will be acceptable. The Compliance and Risk team will advise you if presentation format should be altered if interpretation is a problem. - For guidance on format requirements please see Terms and Conditions clause 28.7.
3b	For Supply Partners, 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 Sub-Contractors 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 delivery 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 delivery chain due diligence. The requirement to annually report on the areas set out in the certification statement of 3b are currently applicable to Compliance Level 1 only and details of further statistical information required will be requested from suppliers at the time of the annual declaration submittal.



Department
for International
Development



3b	<p>Where a Supply Partner 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 Sub-Contractors 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 Supply Partner to follow the following procedure: - At start of contract/Grant agreement form a view of Sub-Contractor/Grantee business value over the agreement life and allocate each one into the appropriate Compliance Level. - Compliance to the Code will be reviewed for the lead Supply Partner on an annual basis, and DfID would expect the delivery chain mapping and Compliance Level allocation to be refreshed in line with this cycle with necessary updates to DFID being highlighted to DFID compliance via the annual compliance declaration process. A Sub-Contractor approaching level 2 from level 3 should be preparing, and be prepared, to work on that basis.
3b	<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 Supply Partner 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.
3b	<p>With regards the definition of Sub-Contract in relation to downstream Supply Partners is it correct to differentiate between:</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 Supply Partner who is party to a Sub-Contract and the servants and agents of that person. Where someone is



Department
for International
Development



	<p>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 local vendor selling us a small quantity of local building material.</p>	<p>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 Supply Partner must abide by Clause 11 & 12, 'procurement of equipment' and '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	<p>In reference to Tax evasion, bribery, corruption and fraud, please clarify what sort of information or statement is required.</p>	<ul style="list-style-type: none"> - Please submit any changes to initial tender declaration and compliance onboarding in your subsequent annual compliance declaration (although note that the PCD Compliance and Risk should be alerted to substantial changes, if and when, they arise).
HMG Prompt Payment Policy		
3f	<p>For confirmation of adherence to HMG prompt payment policy is this required for each individual contract, or is one overarching annual declaration for the Supply Partner sufficient? And what documentary evidence should be submitted?</p>	<ul style="list-style-type: none"> - An overarching annual declaration is acceptable, on behalf of all funded Sub-Contractors in the delivery chain. This should detail any non-adherence that has taken place.
3f	<p>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.</p>	<ul style="list-style-type: none"> - This is correct noting the requirement for application down the delivery chain tiers.



Department
for International
Development



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

Environmental Issues

4a	<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</p>	<ul style="list-style-type: none"> - Environmental risks and requirements would be as stipulated in the body of the contract Terms of Reference.
----	--	---



	environmental risks, similar to the IEE, or if suppliers will be responsible for initiating this assessment?	
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 Terms of Reference. 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. - Compliance with the UNGC where we require membership will involve completing a statement on the approach to Principles 7- 9, which PCD Compliance can access when reviewing supplier compliance. The relevant UNGC principles are: <ul style="list-style-type: none"> - Principle 7: Businesses should support a precautionary approach to environmental challenges; - Principle 8: undertake initiatives to promote greater environmental responsibility; and - Principle 9: encourage the development and diffusion of environmentally friendly technologies
4b	DFID Code of Conduct KPI 4b requires Annual Environmental performance reports, but the UN Global Compact only requires organisations like INGOs (which aren't commercial businesses)	<ul style="list-style-type: none"> - If INGOs are working under Contract, then the standard T&Cs Clauses and Code determine the requirement. Note that



	<p>to report every two years. Can you clarify the difference between the two timeframes and what type of environmental reporting DFID require? Alternatively, would it be possible for the requirement to align to the UNGC reporting time frame?</p>	<p>environmental reporting is a Code requirement for Compliance Level 1 suppliers only.</p> <ul style="list-style-type: none"> - Regarding 'alignment' of timeframes, within the annual compliance declaration direct suppliers at tier 1 might state that there was no change (or advise of changes) to the published environmental report available via the UNGC. - Depending on the nature of the Contract there may be specific environmental conditions / elements associated with contract delivery and this would mean that detailed KPIs may be built into the contract delivery and management processes. - UNGC membership will require a commitment on meeting principles 7 -9 (see below). The compliance team would be able to access the supply partner detail if required via the UNGC <ul style="list-style-type: none"> o Principle 7: Businesses should support a precautionary approach to environmental challenges; o Principle 8: undertake initiatives to promote greater environmental responsibility; and o Principle 9: encourage the development and diffusion of environmentally friendly technologies.
--	--	---



Department
for International
Development



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.
5c	If our HQ offices in the UK is part of the Cyber Essentials Scheme, is this adequate or do DFID also require our national offices in the countries where contracts are implemented to also be part of the scheme?	<ul style="list-style-type: none"> - Where a Supply Partner is signed up to the scheme this provides the Compliance and Risk team with a level of assurance that data is managed in accordance with DfID security policy and systems are in accordance with the HMG Cyber Essentials Scheme. If delivery chain partners are not signed up then we would expect you to be in a position to verify that their practices are acceptable with reference to DfID T&Cs section 'Intellectual Property, Security and Information' (Clauses 25 to 34).

Safeguarding, Social Responsibility and Human Rights

Policy on Principles on Labour and Ethical Employment		
6a	With respects to being compliant with the Code of Conduct and the Modern Slavery Act and the requirement to have a statement on Modern Slavery the Supply Partner handbook notes on pg25 "...including the UK's Modern Slavery Act 2015, where applicable ". What the does the "where applicable" mean?	<ul style="list-style-type: none"> - Our guidance refers to those organisations where they have a legal requirement under the Act and asks that they demonstrate their compliance accordingly. Supply Partners should satisfy themselves as to their requirements of the Act regarding the turnover and business entity status. - Guidance on the requirements of the Modern Slavery Act 2015 can be found on the Gov.UK website –



Department
for International
Development



		Slavery and human trafficking in supply chains: guidance for businesses
Membership of ILO and ETI		
6c	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 Supply Partners and their delivery chain partners (as this would go a long way to providing risk mitigation on aspects of Modern Slavery for example) DfID does not have ETI membership as a contractual requirement.
UN Global Compact Principles Cascaded		
6d	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 reviewed by the Compliance and Risk team.
Commitment to Code		
6d	With regard to 6d), "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 supply partners 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 supply partners 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.
--	--	--

Additional Notes

7.1	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.	<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. Our compliance focus is on the compliance of Supply Partners and their Sub-Contractors with a material relevance to a Contract
7.2	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.	<ul style="list-style-type: none"> - The definition of a Sub-Contractor is an entity within the DfID contract delivery 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 three Code compliance levels and how these are applicable to Sub-Contractors in the supply chain.
7.3	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?	<ul style="list-style-type: none"> - Applies to all DFID T&Cs.



Department
for International
Development



7.4	<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 Sub-Contractors 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 delivery 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.
7.5	<p>The new DfID T&Cs, Code of Conduct and Supply Partner Handbook require "full delivery chain transparency": i) in the case of a Sub-Contractor 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? 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.
7.6	<p>In programmes including delivery partners through Sub-Contracting 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 Sub-Contracting (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 2.3 of the Cost Template specifically requires Sub-Contractor invoices (for recharge of staff employed to lead organisation) to be fully analysed across the Sub-Contractor columns, so that the element relating to actual rate (inclusive of payroll on-costs) paid to employed staff is distinct from



	<p>agreement, to the Sub-Contractor's fee. However, we cannot see how this can be dealt with in a transparent manner in the new budget template. Could you please advise?</p>	<p>any overhead/profit element charged to the lead organization by Sub-Contractor.</p>
7.7	<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 Supply Partners 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 Standard Questionnaire response 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 (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 and Risk team in PCD keep records of each Supply Partners live contract portfolio (updated when they have contracts mobilised or demobilised, details of this can be accessed in inSPIRE), allowing for efficiency with overall communications on live contracts.
7.8	<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 Compliance Level 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.
7.9	<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 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 more about clarity regarding the annual submission to confirm things are still the same or to advise of any updates to our live Contracts. Supply Partners will now be able to complete the Annual Compliance Declaration by electronic signatory via inSPIRE, our online digital interactive solution for management of compliance activities, guidance on which will be provided by a Compliance Manager on accessing this system and compliance submissions. - 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. The PCD compliance manager will pick up on this and work with you towards full Code compliance during the contract mobilisation phase.



		<ul style="list-style-type: none"> - If timings for KPI compliance are to be allowed/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.
7.10	<p>Does DfID also require the prime Supply Partner to carry out KPI spot checks on its Tier 1 Sub-Contractors or to contractually retain the right for DfID to do so?</p>	<ul style="list-style-type: none"> - We expect our prime Supply Partners to be able to provide DfID with evidence of compliance on behalf of their contracted delivery chain partners.
7.11	<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.
7.12	<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 Supply Partner 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. Please 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 - Further useful links can be found within the DfID website procurement pages.



7.13	<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 equally applicable to all bidders. DfID is committed to the Code principles and therefore seeks to work with and to be assured that Supply Partners are similarly principled and the right ones to be working with.
7.14	<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 now be submitted via inSPIRE, our online digital interactive solution for management of compliance activities. Your DFID Compliance Manager will guide you and provide access to user guides, training and support on the system. - Spot Checks are one of our internal checking mechanisms and these link closely to the 'onboarding' process applied at contract start up. Thematic deep dives to more thoroughly check details relating to priority areas are programmed throughout the life of a contract to verify compliance with the Code is sufficient and as declared.
7.15	<p>Can we sign up to receive alerts when new versions of the DFID T&C's are published?</p>	<ul style="list-style-type: none"> - Notification about T&Cs amendments are made via our procurement pages on the Gov.UK website (Procurement at DFID) alongside the T&Cs. Any major changes are identified via an additional notice. Supply partners are advised to review our current published T&C's with each tender opportunity, but as a general rule we do a refresh twice per year, around April and September.



Department
for International
Development



7.16	<p>Will the CoC apply to all UK government grants like FCO etc?</p>	<ul style="list-style-type: none"> - The Code of Conduct is a requirement for all funded arrangements set in place by DFID via Contract. In due course it will also be included in DFID's Accountable Grant Arrangements (AGA's) and will become a requirement of DFID AGA funding. Other Government Departments will advise on compliance requirements in relation to their funding and you should contact them directly.
7.17	<p>We are a very small company with three employees. We fulfil most of our contracts by means of independent suppliers of services with IR35 compliant sub-contracts. Up until now we have considered ourselves to be Tier 3 compliant. However, a recent increase in a long term sub contract with a tier 1 DFID supplier means that the total value of our subcontract with them is likely exceed £1m over a five-year period. It is our understanding of your rules and regulations that if we supply all the information requested by the prime contractor who holds the contract directly with DFID we will be compliant and do not need to submit our own Contractual Annual Compliance Declaration. Is this correct?</p>	<ul style="list-style-type: none"> - If your subcontract exceeds GBP 1M in value, this will bring you into the Compliance Level 1 category. You should work with your prime to demonstrate your compliance and will they in turn report directly to DFID on the compliance of their supply chain.