

# Supplier due diligence process – counter terrorism checks

*This procedure explains the process for ensuring the International Directorate in the British Red Cross does not engage with suppliers or organisations associated with terrorist acts.*

## 1. Context

<b>Procedure Owner</b>	International Directorate – Logistics
<b>Procedure Lead</b>	Head of International Logistics/Head of International Finance
<b>Endorsed</b>	March 2019
<b>Reviewed</b>	1. July 2020
<b>Audience</b>	All Managers and staff
<b>Related to policy</b>	Purchasing and Procurement Policy Procurement Financial Procedure <i>Logistics Manual*</i> <i>British Red Cross due diligence policy*</i>

*\*To be published*

Due diligence is a component of Risk Management. Due diligence as a whole is defined as the **implementation of organisational policy and organisational controls, designed to assess and track how organisational activities and relationships affect its humanitarian activities**, throughout a project lifecycle.

A carefully designed due diligence framework will help organisations strengthen risk management by **establishing healthy partnerships and mitigating criminal, contractual or reputational risks**, thereby supporting principled humanitarian action and donor compliance. Due diligence should rely on a mix of self-certification provided by prospective partners and independent research.

The organisational due diligence framework should be **developed by corporate management** and responsibility to implement it lies with senior management of all relevant departments/directorates (Partnerships, Logistics and procurement, finance, HR departments most notably). In the British Red Cross, this sits with the Corporate Procurement Team who plan to develop the supplier due diligence framework more comprehensively, having regard to any directions or other relevant policies approved by the trustees. Both the International Logistics team and the Corporate Procurement Team are responsible for ensuring suitable guidance and guidance and continuous improvement of practices in respective areas of influence and work together to ensure there is an aligned approach to the due diligence framework.

Part of the due diligence process revolves around **vetting partners and suppliers the British Red Cross engages with**, in part to ensure that they do not engage with or enable any Designated Terrorist Group (DTG) to carry out acts of terrorism. This careful review of prospective partners is a key requirement from institutional donors and financial institutions as well as a legal requirement in some contexts; the British Red Cross must be able to give those and other partners assurance that due diligence is carried out in that respect. **Counter-terrorism checks are a minimum standard of the due diligence process** as a whole and must be systematically carried out to assess the relevance of the prospective relationship.

Numerous official sanctions lists are published and maintained. For example and most relevantly to the British Red Cross:

UK Treasury List	The Office of Financial Sanctions Implementation (OFSI) publishes a list of all those subject to financial sanctions imposed by the UK	link <a href="#">here</a>
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UK Home Office	Proscribed terrorist groups or organisations	Link <a href="#">here</a>
EC List	Consolidated list of persons, groups and entities subject to EU financial sanctions	Link <a href="#">here</a> (you will be prompted to create an account to access the list)
OFAC SDN and Other Sanctions Lists	As part of its enforcement efforts, OFAC (Office of Foreign Assets Control) publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are blocked and U.S. persons are generally prohibited from dealing with them.	Link <a href="#">here</a>
United Nations Security Council Resolution 1267	Adopted unanimously on 15/10/1999, establishes a sanctions regime to cover individuals and entities associated with Al-Qaida, Osama bin laden and/or the Taliban wherever located	Link <a href="#">here</a>
World Bank	World Bank Listing of Ineligible Firms & Individuals	Link <a href="#">here</a>
US Patriot List (311 special measures)	Special Measures for Jurisdictions, Financial Institutions, or International Transactions of Primary Money Laundering Concern	Link <a href="#">here</a>

Please note: DfID typically require suppliers to be checked against the UK Treasury List, the UK Home Office List, the EC List, the UN Security Council List and the World Bank List. Other donors or funders may require checks against different lists. Should you need clarity on which lists suppliers can be checked against, please reach out to your regional Logistics Coordinator.

## 2. Roles and responsibilities in counter-terrorism checks

	Who is...	How are they involved
<b>Responsible</b> <i>Person who performs an activity or does the work</i>	<b>Must be agreed in GAD.</b> Can be UKO Logistics Coordinator, BRC Logistics Delegate, PNS/HNS Logistics staff or any other party leading on procurement for the project, including IFRC, ICRC or other partners.	<ul style="list-style-type: none"> <li>• Check to be done using the MK Denial portal "Check" access.*</li> <li>• Include pdf search report in procurement files</li> <li>• Provide quarterly list of suppliers or transactions to BRC focal point (usually the regional Logistics Coordinator)</li> </ul>

<p><b>Accountable</b></p> <p><i>Person who is ultimately accountable</i></p>	<p>BRC Country Manager BRC Head of Region BRC Head of Department</p> <p>as receiver and manager of funds</p>	<ul style="list-style-type: none"> <li>• Run report on checked suppliers using the “Report” access to the MK Portal.*</li> <li>• Run quarterly checks on suppliers or transactions list provided by the implementing partner</li> <li>• Counter Terrorism checks to be included in audit control matrix and PNS due diligence reports</li> </ul>
<p><b>Consulted</b></p> <p><i>Person that needs to feedback and contribute to the activity</i></p>	<ul style="list-style-type: none"> <li>• Finance, Programmes and Accountability team, donor liaison business partner, Internal Audit</li> <li>• Corporate Procurement Team Corporate Services Team (ex-SSC)</li> </ul>	<ul style="list-style-type: none"> <li>• Confirm terms of the GAD</li> <li>• Include control in internal audit report</li> </ul>
<p><b>Informed</b></p> <p><i>Person that needs to know of the decision or action</i></p>	<ul style="list-style-type: none"> <li>• <b>Internal:</b> Corporate Procurement Team and Purchasing team (both part of Corporate Services Team (ex-SSC))</li> <li>• <b>External:</b> donor/financial partner</li> </ul>	<ul style="list-style-type: none"> <li>• Inform of any changes in procedure</li> <li>• Provide assurance that checks are carried out</li> <li>• Include records of checked suppliers in report</li> </ul>

- For access details, see below section 2.3

### 3. Process

**Whenever the International directorate at BRC or its partners consider engaging with a supplier through a procurement process** (quotes collection, CBA, EOI, tender etc.) with a total estimated spend above £5’000 and using BRC funds, the prospective suppliers should be checked using the MK Denial website before being issued a PO or contract. Please note, this threshold can be set lower than £5’000 in cases where additional donor requirements apply or in cases where the risks are higher due to the context or nature of items purchased, for example. The agreed threshold must be proposed as part of the risk register developed along the IQM process, agreed with the partner and stated in the GAD and will take priority over the standard £5’000 threshold.

If a supplier is issued with regular POs with an estimated value above £5’000, it is recommended to establish a Framework Agreement with them. Where the procurement lead organisation has a Framework Agreement (FWA) or Long-Term Agreement (LTA) in place with a supplier, the supplier should be checked periodically, per the agreed review schedule (usually this would be annual). Where a check on an existing Framework Agreement supplier should return a positive result, the partner would be allowed to maintain their relationship with the supplier, provided that it is not used to purchase goods or services with BRC funds (a different supplier would have to be sourced in this case). The positive result should be communicated to the regional logistics coordinator and flagged as a risk for the programme.

Note: where funds are not earmarked (ie. can be used for any type of expenditure), checks should be run on procurements only; if the funds are earmarked (ie. The funds can only be spent on specific activities), then all procurement done against those activities must be checked. Where the BRC funds are part of a co-funding initiative, suppliers selected for procurement funded by the BRC must be checked if and only if the structure of the co-funding initiative allows it, i.e. if the BRC funds can be tracked separately from the rest of the funds included in the funding pot.

Note: if you are using a BRC national contract managed by the Corporate Services Team (such as Key Travel for example), you do not need to run the counter-terrorism checks on those suppliers, as this will be done by the contract owner at the contract review stage.

### **3.1 informing your suppliers**

The suppliers from which partner organisations intend to buy more than £5'000 worth of goods must be informed from the very start of the procurement process of the use of Counter Terrorism checks. Your Request for Quotation, Expression of Interest or tender documents must clearly state that the suppliers/bidders will be checked against the above listed sanctions lists, as an addition to the selection criteria that are listed on those documents. It is recommended that you explain this process to your suppliers in as much details as possible in writing, to avoid misunderstandings.

Where partner organisations have Framework Agreements in place, suppliers should be checked against the sanctions lists when the contract is next up for review. During the review process, it should be clearly explained to the supplier that a positive result on this search would result in the cancellation of the agreement.

The clauses of any new Framework Agreement put in place should clearly mention positive search results against sanctions lists as a reason for immediate termination of the agreement.

The below is a suggested way to communicate the requirement for counter terrorism checks to your existing suppliers but please remember that you are free to do this verbally or to request support from your regional Logistics Coordinator to take the lead on the communication in case the context you work in does not allow you to safely inform the suppliers

*“Dear xxx,*

*We would like to inform you that as of March 1<sup>st</sup>, 2019, our major donors and financial partner require that all our major suppliers be validated against official sanctions lists published on the below websites:*

<i>UK Treasury List</i>	<i>The Office of Financial Sanctions Implementation (OFSI) publishes a list of all those subject to financial sanctions imposed by the UK</i>	link <a href="#">here</a>
<i>UK Home Office</i>	<i>Proscribed terrorist groups or organisations</i>	Link <a href="#">here</a>
<i>EC List</i>	<i>Consolidated list of persons, groups and entities subject to EU financial sanctions</i>	Link <a href="#">here</a>
<i>OFAC SDN and Other Sanctions Lists</i>	<i>As part of its enforcement efforts, OFAC (Office of Foreign Assets Control) publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are blocked and U.S. persons are generally prohibited from dealing with them.</i>	Link <a href="#">here</a>
<i>United Nations Security Council Resolution 1267</i>	<i>Adopted unanimously on 15/10/1999, establishes a sanctions regime to cover individuals and entities associated with Al-Qaida, Osama bin Laden and/or the Taliban wherever located</i>	Link <a href="#">here</a>
<i>World Bank</i>	<i>World Bank Listing of Ineligible Firms &amp; Individuals</i>	Link <a href="#">here</a>

US Patriot List (311 special measures)	Special Measures for Jurisdictions, Financial Institutions, or International Transactions of Primary Money Laundering Concern	Link <a href="#">here</a>
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Should the name of your company or any senior management person be listed on any of these lists, you will not be considered as a potential bidder for the goods or services required.

Should you have any questions on this process please do not hesitate to get in touch with xxxxxx.”

### 3.2 Due diligence process requirements

Procurement process	When to inform supplier about the check	When to conduct the sanctions check	If negative hit (supplier is not listed on any sanctions list)	If positive hit (supplier is listed on one or more sanctions lists)	Attach PDF search result to procurement file
<b>Single quote</b> <i>(This should rarely apply based on standard threshold (5000GBP) but could happen if threshold is set much lower)</i>	By email or on RFQ	After receiving quote, before issuing Purchase Order	Issue Purchase Order	<ul style="list-style-type: none"> <li>Source new quote from other supplier</li> <li>inform Logistics Coordinator*</li> </ul>	<ul style="list-style-type: none"> <li>If negative: yes</li> <li>If positive: yes to keep record of disqualified supplier - make a note on suppliers list</li> </ul>
<b>Three quotes</b>	On RFQ	After analysing quotes, before submitting CBA for approval	Supplier can be included in CBA and selected	<ul style="list-style-type: none"> <li>Supplier can be included in CBA or evaluation worksheet but is disqualified</li> <li>Inform Logistics Coordinator*</li> </ul>	<ul style="list-style-type: none"> <li>If negative: yes</li> <li>If positive: yes to support disqualification - make a note on suppliers list</li> </ul>
<b>Tender/ framework agreement</b>	On EOI or tender	After opening all bids	Supplier can be included in bid evaluation	<ul style="list-style-type: none"> <li>Supplier should not be included in bid evaluation</li> <li>Inform Logistics Coordinator*</li> </ul>	<ul style="list-style-type: none"> <li>If negative: yes</li> <li>If positive: yes - make a note on suppliers list</li> </ul>

\*your regional Logistics Coordinator can help interpret a positive search result. There will be occasions where a supplier may be listed on a sanctions list that does not prevent BRC from buying from them, and occasions where homonyms must be checked. The Logistics Coordinators can ask for further investigation by the online service provider where needed.

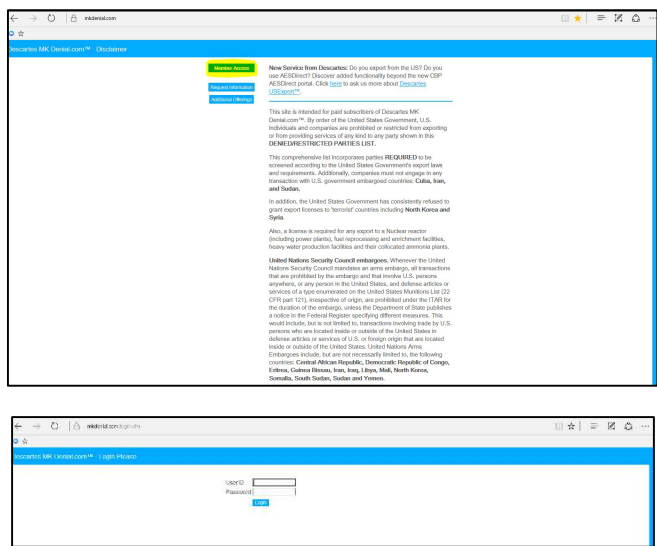
Note: refusing to undergo a counter-terrorism check will automatically eliminate the supplier from further consideration

Note: where suppliers are disqualified based on a positive match against one of the sanctions list, your regional Logistics Coordinator will follow up with them in case they request for details on the disqualification.

**Please do not communicate on this with the suppliers directly.** The Logistics Coordinator will communicate appropriately with the supplier and provide details so that they can manage their status with the owner of the sanctions list database directly.

### 3.3 Accessing the online counter-terrorism database

Go to <https://www.mkdenial.com>, click on “Member Access” and enter UserID “1010328” using the password that has been shared with you. The password will have been shared with you following signature of the GAD depending on the access level you require. If you do not know the password, please reach out to your regional Logistics Coordinator.



### 3.4 Running a check on a supplier

After logging into the website, click on “search/browse”.

Enter the name of the supplier to be checked in the “single field search” text box and click “Search”.

If the supplier is not included in any of the sanctions lists, the search will return no results. Click on “Export to PDF” and include the PDF document in the procurement file (electronically and physically).

If the supplier is on a sanctions list, then the search will return a list of names that match the search criteria. In this case, click “export to PDF” and include the PDF document in the procurement file.

The person whose name the company is registered under should be stated in the bidding documents submitted in response to and RFQ or tender publication. If it is, the name should be run against the search engine as well. If it is not, you can request it as additional information from bidders.

Note: if the result is unclear, please reach out to your regional Logistics Coordinator so they can support with the interpretation of the result.



Descartes MK Denied.com™ Search  
Welcome back, guest

Single Field Search

name contains match

\* a valid 2-letter ISO code is required for country field

Multiple Field Search

name  
street1  
street2  
city  
state  
country  
code  
notes  
idnum  
\*match type  
scope

Alabama  
Alaska  
American Samoa  
Arizona  
Arkansas  
AFGHANISTAN  
ALAND ISLANDS  
ALBANIA  
ALGERIA  
AMERICAN SAMOA  
Department of State Debarred Parties (DOS) [DOS]  
Department of State, Cuba Restricted List (DOSCU)  
Designated Terrorist Organization (DOS/OFAC) [DFO]  
End-User Reporting License - Entity List [ERL]  
European Union Sanctions List [EUS]

Include Unknown Country DPL entries

match all

search

### Example of a negative hit

Descartes MK Denied.com™ List  
Welcome back, guest

guest searched for (name is "argos") at 9:05 AM on 31-Jan-2019  
Matches 0 - 0 out of 0 matches

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[Search for closest match for \(name = "argos"\)](#)

[refine search](#) - [new search](#)

**DESCARTES™**

Descartes MK Denied Party Screening™ (Descartes MK DPST™)

NORTH AMERICA: 1 877 786 9339  
(option 8 sub option 2)  
OUTSIDE NORTH AMERICA: +800 7866 3390  
(option 8 sub option 2)  
Email: [servicedesk@descartes.com](mailto:servicedesk@descartes.com)

guest searched for (name is "argos") at 9:05 AM on 31-Jan-2019  
**Match results: 0**

IDNUM	Name	City	Country	Code
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### Example of a positive hit

Descartes MK Denied.com™ List  
Welcome back, guest

guest searched for (name is "lukoil") at 9:08 AM on 31-Jan-2019  
Matches 1 - 2 out of 2 matches

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id	party *	city	country	code
85663	LUKOIL	MOSCOW	RU	ssil
85894	LUKOIL	MOSCOW	RU	ert

1

[refine search](#) - [new search](#)

**DESCARTES™**

Descartes MK Denied Party Screening™ (Descartes MK DPST™)

NORTH AMERICA: 1 877 786 9339  
(option 8 sub option 2)  
OUTSIDE NORTH AMERICA: +800 7866 3390  
(option 8 sub option 2)  
Email: servicedesk@descartes.com

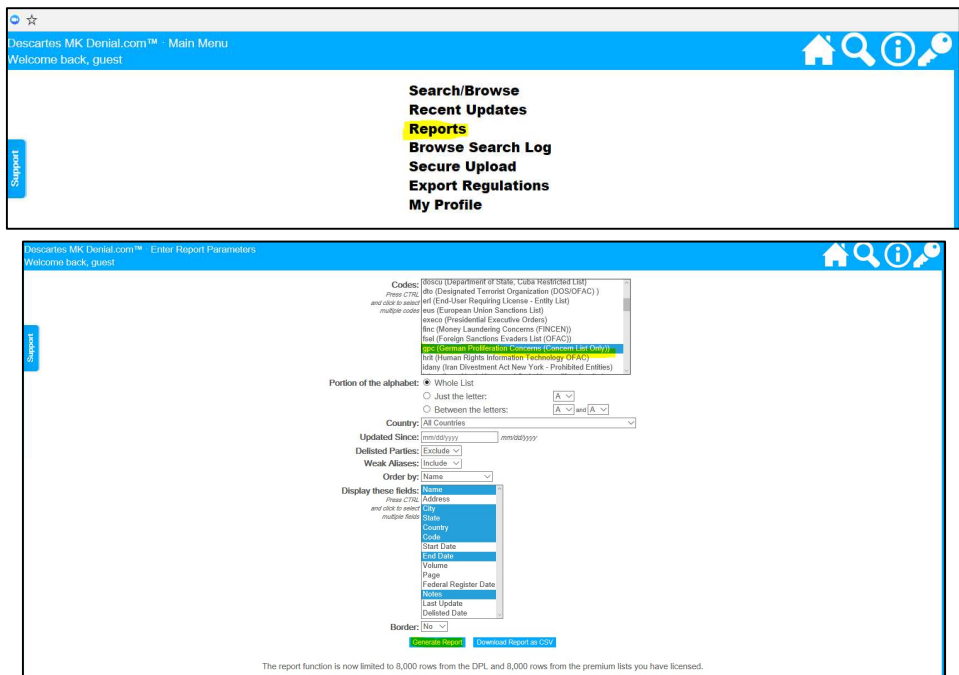
guest searched for (name is "lukoil") at 9:08 AM on 31-Jan-2019  
**Match results: 2**

IDNUM	Name	City	Country	Code
<a href="#">85663</a>	LUKOIL	MOSCOW	RU	ssil
<a href="#">85894</a>	LUKOIL	MOSCOW	RU	erl

### 3.5 Running a report on all suppliers checked

BRC management staff (specifically designated in GADs) are ultimately accountable for the proper use of funds transferred to partners. Therefore, they will be encouraged to run regular checks on the usage of the portal. BRC management will have a separate account that gives them access to the below reports available from the system.

3.5.1 The current names listed on specific lists can be checked by using the “reports” link on the portal. Select the list you wish to consult and click on “generate report”. This will return the updated list of sanctioned organisations listed on the particular sanctions list you searched for. If you enter a date in the “updated since” field, the search will return only the names added to the list since the date you specify.



3.5.2 The list of names that have been checked can be looked up using the “browse search log” function available from the home page. You will be prompted to select a period that you want to track and then click on “View Log between above Dates”.

If you do not want to limit your search in time but want to confirm that a supplier has been checked against the lists, you can view the complete log, download into Excel by clicking on the “export to CSV” button at the end of the list and search for the name you want to make sure has been checked using the search functionality in Excel.



Please note: if you run the complete log, it might take some time until the complete list of names is shown on your screen.

Descartes MK Denial.com™ Main Menu  
Welcome back, guest

Support

- Search/Browse
- Recent Updates
- Reports
- Browse Search Log**
- Secure Upload
- Export Regulations
- My Profile

Descartes MK Denial.com™ Enter Log Parameters  
Welcome back, guest

Support

January 1 2019

January 31 2019

(GMT-05:00) Eastern Time  Daylight Savings

[View Log Between Above Dates](#)

[View Complete Log](#)

Support

31 Jan, 2019 10:06	Searched for (name any word matches "gordon kong")
31 Jan, 2019 10:06	Searched for (name any word matches "gordon kong")
31 Jan, 2019 10:06	Searched for (name any word matches "gordon kong")
31 Jan, 2019 10:07	Searched for (name any word matches "john bul")
31 Jan, 2019 10:07	Searched for (name any word matches "escobar")
31 Jan, 2019 10:07	Searched for (name any word matches "machar")
31 Jan, 2019 10:08	Searched for (name any word matches "cirilo")
31 Jan, 2019 10:08	Searched for (name any word matches "suleiman")
31 Jan, 2019 10:08	Searched for (name any word matches "suleiman")
31 Jan, 2019 10:08	Searched for (name any word matches "baghdad")
31 Jan, 2019 10:08	viewed "ABU BAKR AL-BAGHDADI", sdgt
31 Jan, 2019 10:08	Searched for (name any word matches "baghdad")
31 Jan, 2019 10:09	Searched for (name any word matches "malboro")
31 Jan, 2019 10:09	Searched for (name any word matches "paul malong")
31 Jan, 2019 10:09	viewed AWEI, PAUL MALONG AWAN sdms
31 Jan, 2019 10:10	Searched for (name any word matches "paul malong")
31 Jan, 2019 10:10	Searched for (name any word matches "mugabe")
31 Jan, 2019 10:10	viewed MUGABE, ROBERT GABRIEL sdnz
31 Jan, 2019 10:10	Searched for (name any word matches "mugabe")
31 Jan, 2019 10:10	Searched for (name any word matches "bongo")
31 Jan, 2019 10:10	Searched for (name any word matches "deby")
31 Jan, 2019 10:13	Searched for (name any word matches "zergerber")
31 Jan, 2019 10:13	Searched for (name any word matches "platinum")
31 Jan, 2019 10:14	Searched for (name any word matches "ezikiel")
Grand Totals	627 Searches

The time zone used to calculate dates and times is GMT-05:00

[Export to CSV](#)