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**Call Off Order Form for Management Consultancy Services**

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**FRAMEWORK SCHEDULE 4**

**CALL OFF ORDER FORM AND CALL OFF TERMS**

**UK Export Finance (UKEF)**

**Financial Reporting Changes (FRC) - Technical Accounting Changes**

**CR\_75, Project\_127**

## PART 1 – CALL OFF ORDER FORM

### SECTION A

This Call Off Order Form is issued in accordance with the provisions of the Framework Agreement for the provision of **UK Export Finance (UKEF) - Financial Reporting Changes (FRC) - Technical Accounting Changes** dated 4<sup>th</sup> September 2017.

The Supplier agrees to supply the Services specified below on and subject to the terms of this Call Off Contract.

For the avoidance of doubt this Call Off Contract consists of the terms set out in this Call Off Order Form and the Call Off Terms.

<b>Order Number</b>	Project 127
<b>From</b>	UK Export Finance (UKEF) ("CUSTOMER")
<b>To</b>	KPMG LLP ("SUPPLIER")

### SECTION B

#### CALL OFF CONTRACT PERIOD

<b>1.1.</b>	<b>Commencement Date:</b> 04/03/2020
	<b>Expiry Date:</b>  End date of Initial Period: 17 <sup>th</sup> June 2020  End date of Extension Period: 17 <sup>th</sup> August 2020 (one option to extend for 2 months)  Minimum written notice to Supplier in respect of extension: 10 days

## SERVICES

### 2.1 Services required:

As set out in Schedule 07 – Specification of Requirements' within the associated Project\_127 - ITFC UKEF Financial Reporting Changes (FRC) Technical Accounting Changes' document

#### The Requirement

The scope of this project is to procure services from a supplier for the development of these key strategic and technical accounting papers.

The supplier will be required to draft technical papers documenting the technical decisions to form the basis for implementing IFRS 9 and IFRS 17 in UKEF (and in a central government context). The main drivers of impact, from a technical accounting perspective are detailed in Appendix 1.

The delivery location will be the UKEF offices (at 1 Horse Guards Road, Westminster, London, SW1A 2HQ), however the working environment can be a combination of onsite and offsite.

The papers must be reviewed and approved as per UKEF's governance process that includes approval from UKEF's external auditors (NAO and / or other auditors sub-contracted by the NAO) and UKEF's Committees (as appropriate). More detail on UKEF's governance structure can be found in UKEF's Annual Report and Accounts<sup>1</sup> (<https://www.gov.uk/government/publications/uk-export-finance-annual-report-and-accounts-2018-to-2019>)

#### Deliverables

##### Item 1 - Detailed Delivery Plan

A detailed delivery plan outlining the key actions required to complete the technical papers and including the proposed / expected completion time of each technical paper.

The technical papers are either to be delivered individually or in appropriate clusters / packages. The delivery plan should therefore also suggest the order of delivery, including the clusters / packages (as appropriate).

All the technical accounting papers must be approved by the UKEF Audit Committee. Within the delivery plan, the supplier should include a suggested plan for the UKEF Audit Committee approval of the technical papers. For the Audit Committee approvals, the papers should ideally be approved in packages. Special Audit Committee meetings can be arranged during the delivery period.

##### Item 2 and 3 - The Technical Papers IFRS 9 and IFRS 17

A robust set of (UKEF branded) accounting treatment papers documenting each accounting decision and including the supporting evidence (in a central government context). The technical accounting papers should also set out the treatment from a public sector budgeting perspective, where it is agreed with HMT; but it is not expected that the supplier will have any involvement in the agreement of that treatment with HMT. The technical accounting papers should also detail the treatment from a public sector budgeting perspective. Each technical paper will be a separate deliverable and will need the appropriate sign-off as per the UKEF governance process (see Governance section below). The output will need to advise how the accounting policies would need to be applied to achieve accounting which is compliant with the technical concepts documented, but without the need to develop detailed processes to do so. The technical papers should cover the following (UKEF are open to justified amendments to this list):

No.	IFRS 9 or 17	Technical paper
1	IFRS 9	Scoping for Classification & Measurement (C&M)
2	IFRS 9	Approach to C&M (business model and SPPI)
3	IFRS 9	Documentation of business model assessment
4	IFRS 9	Documentation of Solely Payment of Principle and Interest (SPPI) assessment
5	IFRS 9	Modification versus derecognition
6	IFRS 9	Financial guarantees (including approach to revenue recognition, accounting for reinsurance agreements, and accounting for claims and recoveries)
7	IFRS 9	Scoping for Expected Credit Losses (ECL)
8	IFRS 9	Definition of default
9	IFRS 9	ECL inputs and methodology
10	IFRS 9	Significant increase in credit risk
11	IFRS 9	Framework for macro-economic forecasts
12	IFRS 9	Term structure and behavioural life
13	IFRS 17	Approach to accounting for insurance contracts, providing detail on the "short-cuts" taken and the accounting for claims and recoveries. To cover current and launched products
14	IFRS 9	Justification for the deferral of IFRS 9 (if option taken to account for all FGCs under IFRS 9).

15	IFRS 9 & 17	Review, assess and document the evidence to support the accounting choice of treating financial guarantees (that are currently treated as insurance contracts under IFRS 4) as financial instruments under IFRS 9. A sample contract of each type of financial guarantee will be provided by UKEF.
<p><b>Item 4 - Final Summary Report</b></p> <p>(Annexed by each technical paper). The report is expected to inform the production of a Business Case (not a deliverable of this contract) for the implementation of the two (2) Standards. The final Summary Report includes a summary of the key conclusions from each of the fifteen (15) technical papers, and describes what the future steps UKEF needs to take to implement these.</p>		
Item	Requirement / Deliverables	Corresponding Performance Measurement / Key Milestones
1	A detailed delivery plan, outlining the key actions required to complete the technical papers and including the proposed / expected completion time of each technical paper.	Upon submission of the tender response
2	The Technical Paper - IFRS 9	1 <sup>st</sup> May 2020
3	The Technical Paper - IFRS 17	1 <sup>st</sup> May 2020
4	Final Summary Report	Week commencing 1 <sup>st</sup> June 2020

## PROJECT PLAN

3.1.	<p><b>Project Plan:</b></p> <p>The Supplier shall provide the Customer with a draft Project Plan for Approval within 3 Working Days from the Call Off Commencement Date, of which all milestones and deliverables should not exceed contract expiry of 17<sup>th</sup> June 2020.</p>
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## CONTRACT PERFORMANCE

4.1.	<b>Standards:</b> Cyber Essentials
4.2	<b>Service Levels/Service Credits:</b> Not applied
4.3	<b>Critical Service Level Failure:</b> Not applied
4.4	<b>Performance Monitoring:</b> Not applied
4.5	<b>Period for providing Rectification Plan:</b> In Clause 39.2.1(a) of the Call Off Terms

## PERSONNEL

5.1	<b>Key Personnel:</b> See Annex C Call off tender, Project resources, team structure and key personnel
5.2	<b>Relevant Convictions</b> (Clause 28.2 of the Call Off Terms): -

## PAYMENT

6.1	<b>Call Off Contract Charges</b> (including any applicable discount(s), but excluding VAT): Total call off contract firm price is £ 342,695.00 excluding VAT. See ANNEX B: CALL OFF CONTRACT CHARGES & PAYMENT TERMS/PROFILE for breakdown
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6.2	<p><b>Payment terms/profile</b> (including method of payment e.g. Government Procurement Card (GPC) or BACS):</p> <p>Payment will be made by BACS.</p> <p>Payment to be made upon satisfactory completion of deliverables as confirmed by the Customer.</p>
6.3	<p><b>Reimbursable Expenses:</b></p> <p>Not permitted</p>
6.4	<p><b>Customer billing address</b> (paragraph 7.6 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):</p> <p><b>UK Export Finance</b></p> <p>All invoices should be sent, quoting a valid purchase order number (PO Number), to <a href="mailto:UKEF.InvoicingTeam@ukexportfinance.gov.uk">UKEF.InvoicingTeam@ukexportfinance.gov.uk</a>. Within ten (10) Working Days of receipt of your acceptance of this letter, we will send you a unique PO Number. You must be in receipt of a valid PO Number before submitting an invoice.</p>
6.5	<p><b>Call Off Contract Charges fixed for</b> (paragraph 8.2 of Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):</p> <p>The duration of this Call Off Agreement</p>
6.6	<p><b>Supplier periodic assessment of Call Off Contract Charges</b> (paragraph 9.2 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)) will be carried out on:</p> <p>Not applied</p>
6.7	<p><b>Supplier request for increase in the Call Off Contract Charges</b> (paragraph 10 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):</p> <p>Not Permitted</p>

## LIABILITY AND INSURANCE

7.1	<p><b>Estimated Year 1 Call Off Contract Charges:</b></p> <p>The sum of £ 342,695.00 excluding VAT</p>
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<b>7.2</b>	<b>Supplier's limitation of Liability</b> (Clause 37.2.1 of the Call Off Terms); In Clause 37.2.1 of the Call Off Terms
<b>7.3</b>	<b>Insurance</b> (Clause 38.3 of the Call Off Terms): £ 342,695.00 excluding VAT

#### TERMINATION AND EXIT

<b>8.1</b>	<b>Termination on material Default</b> (Clause 42.2.1(c) of the Call Off Terms): In Clause 42.2.1(c) of the Call Off Terms
<b>8.2</b>	<b>Termination without cause notice period</b> (Clause 42.7.1 of the Call Off Terms): In Clause 42.7.1 of the Call Off Terms
<b>8.3</b>	<b>Undisputed Sums Limit:</b> In Clause 43.1.1 of the Call Off Terms
<b>8.4</b>	<b>Exit Management:</b> Not applied

#### SUPPLIER INFORMATION

<b>9.1</b>	<b>Supplier's inspection of Sites, Customer Property and Customer Assets:</b> Not applicable
<b>9.2</b>	<b>Commercially Sensitive Information:</b> The material in Annex B, Call Off Contract Charges and Annex C, A03: Project Resources of the call off is commercially sensitive and contains personal data, so is exempt from disclosure under section 43 of the Freedom of Information Act 2000. Annex B, Call Off Contract Charges element applies for a period of five (5) years from the commencement date of this call off order form. Annex C, A03: Project Resources applies indefinitely.

#### OTHER CALL OFF REQUIREMENTS

<b>10.1</b>	<b>Recitals</b> (in preamble to the Call Off Terms): Recitals B to E
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	Recital C - date of issue of the Statement of Requirements: <b>29<sup>th</sup> November 2019</b> Recital D - date of receipt of Call Off Tender: <b>13<sup>th</sup> December 2019</b>
<b>10.2</b>	<b>Call Off Guarantee (Clause 4 of the Call Off Terms):</b> Not required
<b>10.3</b>	<b>Security:</b> Select short form security requirements
<b>10.4</b>	<b>ICT Policy:</b> Not applied
<b>10.5</b>	<b>Testing:</b> Not applied
<b>10.6</b>	<b>Business Continuity &amp; Disaster Recovery:</b> In Call Off Schedule 8 (Business Continuity and Disaster Recovery)
<b>10.7</b>	NOT USED
<b>10.8</b>	<b>Protection of Customer Data (Clause 35.2.3 of the Call Off Terms):</b> 7 years
<b>10.9</b>	<p><b>Notices (Clause 56.6 of the Call Off Terms):</b></p> <p>Supplier's postal address and email address:</p> <p>██████████  ██████████ ██████████  ██████████  ██████████  ██████████████████  ██████████████████████████████</p> <p>Customer's postal address and email address:</p> <p>██████████████████  ██████████ ██████████  ██████████</p>

	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<b>10.10</b>	<p><b>Transparency Reports</b></p> <p>In Call Off Schedule 13 (Transparency Reports)</p>
<b>10.11</b>	<p><b>Alternative and/or additional provisions (including any Alternative and/or Additional Clauses under Call Off Schedule 14 and if required, any Customer alternative pricing mechanism):</b></p> <p>Not applied</p>
<b>10.12</b>	<p><b>Call Off Tender:</b></p> <p>In Appendix C of this Call Off Order Form</p>
<b>10.13</b>	<p><b>Publicity and Branding (Clause 36.3.2 of the Call Off Terms)</b></p> <p>In Clause 36.3.2 of the Call Off Terms</p>
<b>10.14</b>	<p><b>Staff Transfer</b></p> <p>Not applicable</p>
<b>10.15</b>	<p><b>Processing Data</b></p> <p>Call Off Schedule 17</p>

1. The contact details of the Customer Data Protection Officer is:  
 [REDACTED]  
 [REDACTED]  
 [REDACTED]
2. The contact details of the Suppliers Data Protection Officer is:  
 [REDACTED]  
 [REDACTED]  
 [REDACTED]
3. The Processor shall comply with any further written instructions with respect to processing by the Controller.
4. Any such further instructions shall be incorporated into this Schedule.

<b>Contract Reference:</b>	CR_75, Project_127
<b>Date:</b>	03/01/2020
Description Of Authorised Processing	For the supplier to draft technical accounting papers documenting the technical decisions to form the basis for implementing the financial reporting changes.
Identity of the Controller and Processor	The Parties acknowledge that for the purposes of the Data Protection Legislation the Parties are independent controllers of Personal Data under this Framework Agreement.
Use of Personal Data	Managing the obligations under the Call Off Contract Agreement, including exit management, and other associated activities.
Duration of the processing	For the duration of the Call off Contract Agreement

Nature and purposes of the processing	The purpose is to produce technical papers regarding the Customer's financial reporting changes, the development of their risk modelling, assessment and recording and impact on IT architecture. The data may also be used to provide a revised financial impact assessment to reflect the decisions in the technical accounting papers.
Type of Personal Data	<p>Full name</p> <p>Workplace address</p> <p>Workplace Phone Number</p> <p>Workplace email address</p> <p>Job title or role</p>
Categories of Data Subject	Personal data

## **FORMATION OF CALL OFF CONTRACT**

**BY SIGNING AND RETURNING THIS CALL OFF ORDER FORM (which may be done by electronic means) the Supplier agrees to enter a Call Off Contract with the Customer to provide the Services in accordance with the terms Call Off Order Form and the Call Off Terms.**

**The Parties hereby acknowledge and agree that they have read the Call Off Order Form and the Call Off Terms and by signing below agree to be bound by this Call Off Contract.**

**In accordance with paragraph 7 of Framework Schedule 5 (Call Off Procedure), the Parties hereby acknowledge and agree that this Call Off Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of the Call Off Order Form from the Supplier within two (2) Working Days from such receipt.**

**For and on behalf of the Supplier:**

Name and Title	[Redacted]
Signature	[Redacted]
Date	[Redacted]

**For and on behalf of the Customer:**

Name and Title	[Redacted]
Signature	[Redacted]
Date	[Redacted]

## Appendix A – PERFORMANCE MANAGEMENT FRAMEWORK

### Management of the PMF

1. The Milestone's shall be monitored on a regular basis and shall form part of the contract performance review. Performance of the Milestone's will be reported at contract end.
2. Any performance issues highlighted in the Contract Management Group meetings will be addressed by the Supplier.

Metric	KPI	What information is required to measure this KPI?	How will the KPI be measured?	Not Achieved	Achieved
Contract management	KPI 1 – prompt response to queries	Queries asked by UKEF of the contractor are responded to within the timescale indicated.	Responses are received within two (2) working days, via face to face meeting, email or telephone. If the response requires more time, then a holding email is sent within two (2) working days to show that the query has been acknowledged and is being worked on, and giving the estimated response time.	Queries are not responded to/acknowledged within two (2) working days.  Responses are not satisfactory and do not address the questions.	Queries are responded to promptly and are satisfactory, providing well thought out answers to any questions.
Delivery	KPI 2 – delivery of technical papers	Each paper developed within agreed timescale and is fit for purpose.	Each paper is drafted leaving sufficient time for governance/ reviews to ensure fit for purpose before being approved in accordance with deadlines.	Delays in papers or significant level of changes required to ensure fit for purpose.	Paper is completed on time, is fit for purpose and to the required standard as approved by the UKEF Audit Committee.

## Governance

Meeting/report	Content	Frequency	Format
Kick-off meeting	Project planning	1 meeting at project initiation	Face to face
Meeting	Contract performance	1 meeting at project mid-point, 1 at project conclusion	Face to face
Report	Fieldwork progress	Weekly during fieldwork	Spreadsheet or any other format agreed by both parties
Project updates	Project progress	As needed, expected weekly	Teleconference/face to face

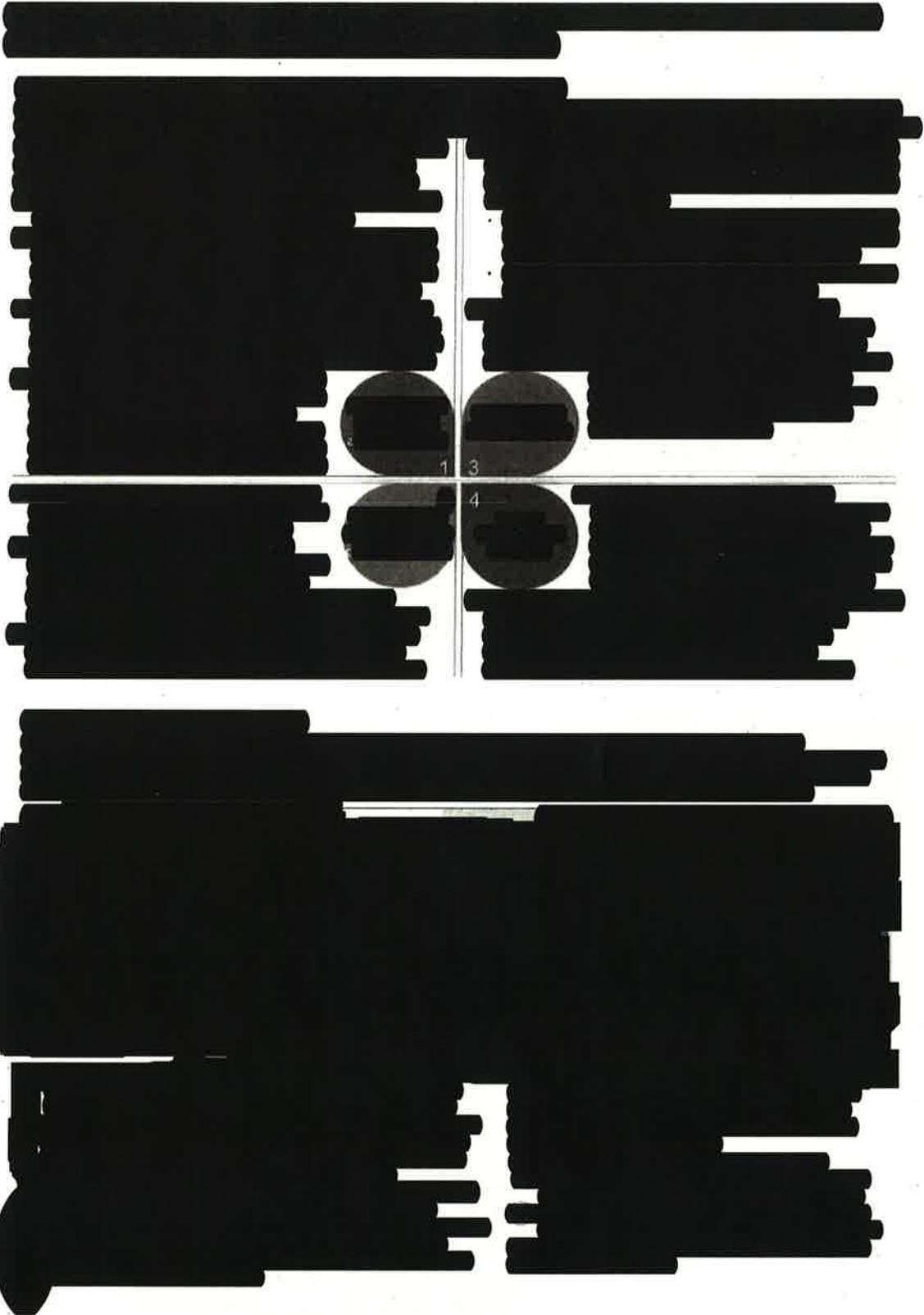
All the technical accounting papers must be approved by the Project Board and the UKEF external auditors with final approval by the UKEF Audit Committee, in accordance with the UKEF governance.

The Membership of the Project Board includes UKEF's Chief Financial and Operating Officer (as the Executive sponsor), Financial Controller (as the Senior Responsible Owner), Project Manager and Subject Matter Experts from the Department's Finance Division, Risk Management Group, Business Group and Legal Division.

Within the delivery plan, the supplier should include a suggested plan for the UKEF Audit Committee approval of the technical papers. For the Audit Committee approvals, the papers should ideally be approved in packages. Special Audit Committee meetings can be arranged during the delivery period. Coordination of the reviews will be through the dedicated Project Manager; there will not be a need to engage directly with the Audit Committee or other third parties.



ANNEX C: CALL OFF TENDER



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[Redacted]

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[Redacted]

[Redacted]

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[Redacted]

A03: Project Resources

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