

Chapter 1: Procurement

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All yellow highlights refer to tools and templates available for download in annex to this chapter.

Definitions are available for download in annex to this chapter.

1.1 What is covered in this chapter?

Definitions and concepts

The principles that drive procurement activities

Risk management in procurement

When to procure?

Plan for effective procurement
Monitor procurement progress
Evaluate and report on procurement.

Why procure?

When required goods or services are unavailable to the organisation internally, they need to be sourced from third parties

What to procure?

How to select the best possible supplies to procure
How to deliver quality and value for money
How to procure items with special requirements

How to procure?

General guidance and good practices
Procurement processes in use at the British Red Cross
Procurement resources within the Red Cross Movement
How to guarantee traceability of procurement activities

Who should procure?

Stakeholders involved in procurement processes;
Roles and responsibilities in procurement

1.2 Definitions and concepts

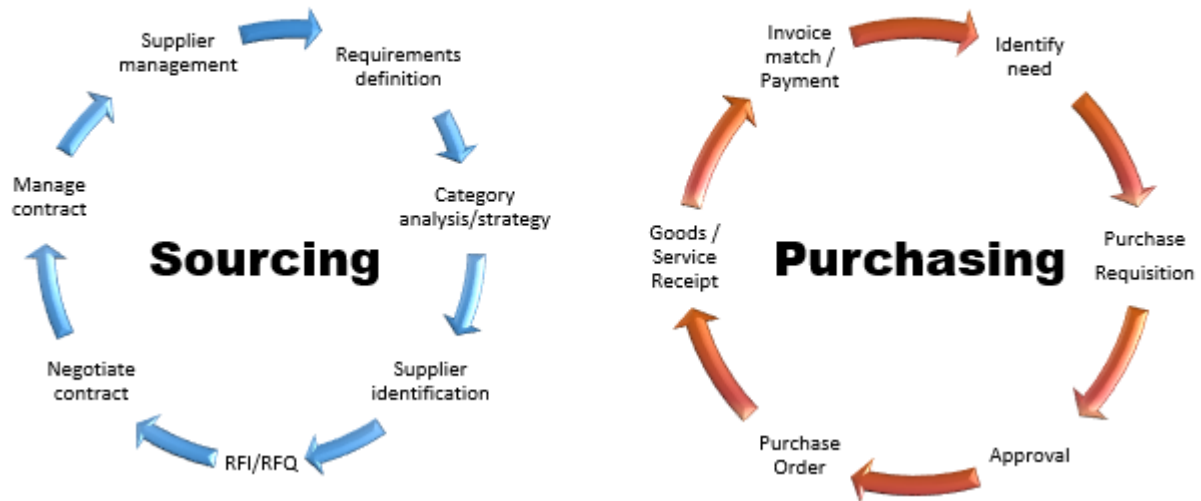
1.2.1 Procurement vs purchasing

The terms “procurement” and “purchasing” are often used interchangeably but purchasing is just one of the many activities involved in procurement. Procurement is concerned with acquiring the goods, services and work that are vital to an organisation, and can be broken down into the following elements or phases:

- Definition of needs
- Market consultation
- Selection
- Negotiation
- Purchasing
- Evaluating

Procurement is the process within which purchasing and sourcing sit. Sourcing is a set of activities conducted before purchasing, usually including market research. It revolves around the needs’ definitions and formalisation of the relationship with potential providers of required goods and services. Purchasing focuses on how goods and services are ordered and delivered. At the time of purchasing, sourcing has usually either already been completed, or its requirement may have been waived under exceptional circumstances.

PROCUREMENT



1.2.2 Roles and responsibilities

Roles and responsibilities evolve along the procurement cycle.

Note: RACI matrices, which are used throughout this manual, break a process into steps, specifying who is responsible, accountable, consulted and informed at each step of the process.

SOURCING	Responsible	Accountable	Consulted	Informed
Needs definition	Requestor	Requestor	Technical adviser	Procurement lead
Category analysis	Procurement lead	Procurement manager	Technical adviser	Requestor
Supplier identification	Procurement lead	Procurement manager	Technical adviser	Requestor
Request for quotes	Procurement lead	Procurement manager	Requestor	Requestor
Contract negotiation	Procurement lead	Procurement manager	Legal Finance Requestor	Requestor
Contract management	Procurement lead	Procurement manager	Legal	Requestor
Supplier management	Procurement lead	Procurement manager	Technical adviser Requestor	Requestor
Risk management	Procurement lead	Procurement and supply chain dept.	Legal Finance Requestor	Requestor Finance

PURCHASING	Responsible	Accountable	Consulted	Informed
Needs identification	Requestor	Requestor	Technical adviser	Procurement lead
Raise requisition	Requestor	Requestor	Technical adviser	Procurement lead
Obtain internal approvals	Requestor	Requestor	Budget holder Finance	Technical adviser
Raise purchase order(s)	Procurement lead	Procurement and supply chain dept.	Budget holder Finance Requestor	Requestor
Goods reception	Warehouse Proc. lead Requestor	Procurement and supply chain dept.	Technical adviser	Requestor
Payment	Finance lead	Finance dept.	Procurement and supply chain dept.	Requestor

1.2.3 Authority to procure

Authority to conduct procurement includes entering contracts, negotiating them or amending them and inviting suppliers to bid for contracts for the organisation. Authority to procure is usually held by the logistics division, though other staff may also require authority to procure.

The GADs that the BRC signs with PNS/HNS/IFRC may also delegate procurement authority, by which the BRC allows partners to conduct procurement activities with funds that the BRC provides to them.

All staff who are given the authority to procure and do not have it in the terms of their job description should ensure that their job description is amended; this should remain in their HR file. The programme manager can propose a list of staff who should be given authority to procure. In case there is disagreement on the allocation of authority, the Head of Logistics can overrule the decision and owns the final decision on who has this authority. In all cases, the regional logistics coordinator at the BRC should ratify the programme manager's allocation of the authority to procure.

It is good practice to keep records of authority to procure – staff with authority to procure should fill out a **Delegation of procurement authority**, to be signed off by the Head of Logistics and Head of Programme as applicable.

Authority to procure

The person with procurement authority is personally accountable for any improper use of this authority or for anyone acting without proper authority in their delegation, office or programme.

The person with procurement authority is personally accountable for any improper use of this authority or for anyone acting without proper authority in their delegation, office or programme. Before making the procurement, they must check that:

- Local laws, rules and regulations and BRC procedures have been complied with
- The commitment has been approved at the appropriate levels
- The commitment is in the best interest of the BRC

Where BRC has signed an integration agreement (IA) with the IFRC in a country where the BRC work with the NS (in other words, a multilateral partnership), the IA sometimes includes procurement rules, which means that authorisation levels and thresholds might differ from those applied by the BRC. In this case, IFRC procurement procedures apply to BRC-led procurement, but also where NS staff conduct procurement under a BRC-funded programme. BRC international logistics should be consulted on this before a new IA is signed, to ensure that there is clarity on the rules.

Where the IFRC is not part of the partnership, the applicable procurement thresholds will be defined in the GAD with the PNS (this is called a bilateral partnership).

1.2.4 Procurement principles

Procurement principles defined by the BRC are in line with the organisation's principles, as defined in its fundamental principles:

ORGANISATIONAL		
Placing the requirements of the British Red Cross at the heart of what we do	Driving value for money	Driving continuous improvement that delivers innovative solutions and sustainable benefits
Managing our suppliers in a way that mitigates the exposure to any risk	Enabling effective competition that is open, fair and transparent	

Procurement principles are safeguarding concepts that should be guaranteed in all procurement processes undertaken in the name of the BRC. These include:

GENERAL PROCUREMENT PRINCIPLES		
Proportionality The larger the risk, the more complex the process	Transparency All suppliers receive the same information	Segregation of duty Different decision-makers along the process
Fairness All suppliers are treated equally	Value for Money The best possible quality at the best possible price, for the best possible impact	Respect for applicable legal framework

1.2.5 Risk management

1.2.5.1 Identifying risks

All procurement activities present different levels of risk to the organisation conducting them. Before starting the procurement process, it is important to assess that risk and the appetite there is to expose the organisation to it. A risk-based approach that considers different types of risk and the appropriate mitigating actions is a healthy way of ensuring that procurement is in line with the main principles described above. When assessing risks linked either to a specific high-value procurement or to a programme's overall procurement plan, consider the following:

PROCUREMENT RISKS

Financial

Relates to the total value of the procurement
Particularly high in cash transfer programmes where the total value of transfers may have to be paid in advance.

Payment recipient

Investigation into ownership of engaged companies may be required

Type of goods

Some goods are "riskier" than others to procure

Country of origin/destination

Legal framework for manufacturing, shipping or quality management may be below acceptable levels

Supply chain

Actors involved in the supply chain, transport needs, etc.

Programmatic risks

Regardless of value, a specific procurement being delayed or compromised can put the entire programme at risk

1.2.5.2 Managing the identified risks

Based on the rating against each of these risks (consider the likelihood and impact of each of the identified risks to evaluate the risk, using the below **risk management matrix**), it is the responsibility of the procurement lead to design and implement mitigation actions. Use a risk assessment tool to capture these factors and include the findings in a programme risk register.

Remember

$$\text{Risk Rating} = \text{Likelihood} \times \text{Impact}$$

		Impact →				
		Negligible	Minor	Moderate	Significant	Severe
Likelihood ↑	Very Likely	Low Med	Medium	Med Hi	High	High
	Likely	Low	Low Med	Medium	Med Hi	High
	Possible	Low	Low Med	Medium	Med Hi	Med Hi
	Unlikely	Low	Low Med	Low Med	Medium	Med Hi
	Very Unlikely	Low	Low	Low Med	Medium	Medium

Once risks are identified, it is the responsibility of the programme team to decide whether:

- the level of risk is acceptable to conduct the procurement,
- the procurement process needs to be flagged on a **risk register** for the consideration of management
- the procurement process should be cancelled.

Regional Logistics Coordinators within the International logistics team of the BRC can always be consulted to support informed decision making on procurement.

1.2.5.3 Due diligence

Due diligence involves taking steps to be certain that the relationship with the supplier does not put the organisation at risk, through a comprehensive appraisal of a supplier that looks at assets, liabilities and processes against financial, ethical and environmental considerations.

When due diligence is considered as part of a procurement process, it is the responsibility of the procurement lead to conduct it. The due diligence framework in the BRC is managed by the Corporate Procurement Team (CPT), and the International department supports the implementation of systems to ensure that due diligence is conducted appropriately.

1.2.5.4 Fraud and corruption

An anti-fraud and corruption policy should be in place in each partner organisation that is involved in procurement activities. The BRC's **anti-fraud and corruption policy** sets out our approach to preventing fraud and corruption within the organisation, as well as how to manage it if it occurs. It is available from RedRoom or from the Logistics team for reference.

1.2.5.5 Conflict of interest and confidentiality agreements

Conflict of interest is a form of corruption and occurs when someone conducting a procurement process has an interest in driving it in a specific direction, based on relationships, financial interests or favouritism.

Anyone involved in procurement should be aware of emerging conflicts of interest and make them explicit. They must also declare any way in which they might have a conflict of interest in a particular procurement process, through a declaration of conflict of interest form (see conflict of interest policy).

All instances of failure to disclose a conflict of interest will be investigated in line with the established disciplinary process, which may lead to dismissal where gross misconduct is proved.

For details on Due diligence and counter-terrorism checks – see Section 1.6.4

1.3 Planning procurement

As part of the *implementation phase** of the project, where the *design phase** has helped identify needs that cannot be fulfilled with BRC-owned resources (such as stock, staff, licenses or premises), the programme team and procurement lead will need to raise a **procurement plan** to capture sourcing options and manage the programme team's expectations, in terms of what should be available when, to fulfil the activities that the programme has defined for itself.

The procurement plan is as much a work plan for the procurement team as a communications tool, and it will act as a service-level agreement between the procurement team/lead and the programme team/lead.

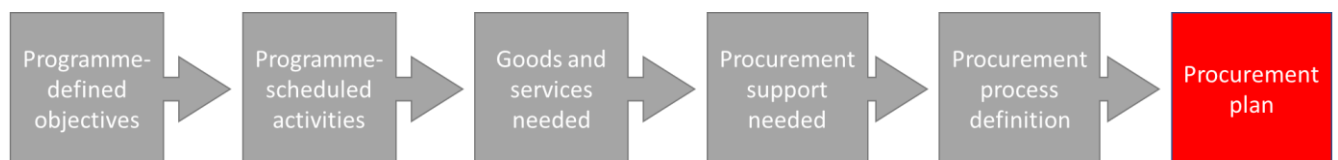
** these refer to the different stages identified in BRC's International Quality Methodology (IQM) process. Details available from BRC staff if required.*

1.3.1 The procurement plan

1.3.1.1 How a procurement plan is designed:

- Programme-defined objectives
- Programme-scheduled activities to deliver those objectives
- What goods and services are needed to deliver those objectives, and when and where do they need to be available? This can include cash-based responses, such as cash vouchers or money transfer services
- How procurement will support the delivery of these items to the programme team: where are they available, at what cost and in what timeline? Identify options, analyse and select against agreed criteria
- Advise the best procurement process to support the delivery of these items in the given timeframe
- List all procurement needs identified with respective recommended procurement process in the procurement plan.

Note: an indicator of likelihood to change should be included in the programme plan for each activity and objective.



1.3.1.2 Roles and responsibilities in developing a procurement plan

DEVELOPING A PROCUREMENT PLAN	Responsible	Procurement Lead		Programme Team	
	Accountable	Logistics department			
	Consulted	Finance	Warehouse	Technical adviser	UKO Logs
	Informed	Programme quality management		Programme Team	

1.3.1.3 Who can help develop a procurement plan?

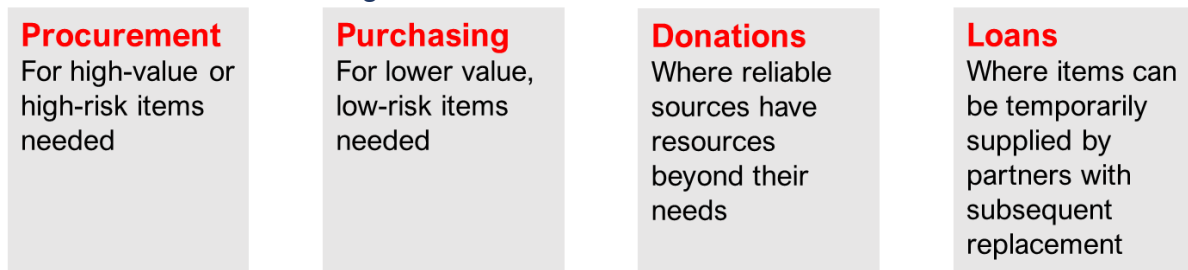
- Those with experience from previous comparable programmes
- UKO Logistics Coordinators can give options, raise risks and plan support
- Finance staff may have a record of cost information from previous purchases
- The Cash Hub (Link here: <https://www.cash-hub.org/>) can provide information on options to deliver cash or services through a cash response
- Supply chain experts in your country of operation can help you ensure that the timelines set for each procurement process are reasonable, based on the sourcing market (for example, where importation is needed).
- IFRC and HNS colleagues in your country of operation might have pre-identified sourcing options to fulfil identified needs, such as long-term agreements with suppliers

- ICRC colleagues in your country of operation might have pre-identified sourcing options to fulfil identified needs
- Other organisations working in your environment might have pre-identified sourcing options to fulfil identified needs



1.3.2 What to consider when developing the procurement plan

1.3.2.1 How to obtain the goods



1.3.2.2 Where to obtain the goods from and where to deliver them



Note: The procurement plan also needs to define the exact delivery point for all the goods or services to procure.

By default, IFRC/ICRC resources are to be compared with other suppliers sourced by the procurement lead. When it is a matter of emergency, or when the full procurement files from IFRC/ICRC can be shared (including CBA and analysis), going to market to compare IFRC/ICRC resources against can be waived as a requirement.

Waivers must be submitted to the UKO Head of Logistics and approved on an individual basis, regardless of the value of the procurement. For procurement conducted in UKO, this is the role of CPT but for procurement done by International, this has been delegated to the International Logistics team. Where the procurement waiver is raised within one of the four International regions, it must be reviewed by the Logistics Coordinator before sign-off by Head of Logistics.

It is best practice to identify a need for a waiver as early as possible but to be compliant it must be issued in writing and approved by directors of logs prior to any contract award.

Note: All waivers requested and obtained must be logged on the procurement plan. For UK-based procurement, a list of the waivers requested/obtained must be kept on a **list of exceptions**. It is good practice to maintain a list of exceptions in all delegations/programmes offices.

See section 1.5.3 for more details on procurement waivers.

1.3.2.3 Defining responsibilities

The below table displays an example of how the procurement process can be broken down into steps, matching each step with responsible, accountable, consulted and informed stakeholders. This matrix should be completed, formally or informally, for each large procurement that is undertaken. There can be as many steps added to the matrix as necessary!

	Responsible	Accountable	Consulted	Informed
Defining needs				
Raising requisition(s)				
Validating procurement process/ route				
Procurement sign-off				
Order management				
Quality check at delivery				

Procurement stakeholders can be: requestor, finance representative, local procurement lead, regional procurement expert, UKO-based procurement expert, technical expert or a third-party service provider, such as a procurement agent within the HNS, PNS, IFRC or ICRC.

PROCUREMENT STAKEHOLDERS		
Requestor	Finance representative	Local procurement lead (IFRC, ICRC, PNS, HNS)
Regional procurement expert/adviser (IFRC, ICRC, PNS, HNS)	UKO-based procurement adviser	Procurement agent (Third-party service provider)

1.3.2.4 When to conduct procurement

Link to project plan/log frame	<ul style="list-style-type: none"> Which activity are the goods or services needed for? What are the dependencies between activities and how might they impact the delivery timeline for the programme?
Establish reasonable timelines	Plan: <ul style="list-style-type: none"> Order placement lead time Sourcing lead time Contracting lead time

	<ul style="list-style-type: none"> • Supplier delivery lead time • Transport mode and lead time • Import lead time • Quality inspection/analysis (if applicable) • Local delivery lead time
Plan for reverse logistics	Sometimes, sourced supplies or related items must be returned to their source. This usually applies to equipment that needs to be taken down or returned (a temporary warehouse, for example) or containers and other special packaging that must be returned. This must be included in the process of scheduling procurement.

Link to project timeline

Match up procurement timeline to project objectives
Identify dependencies between activities

Procurement lead time

Sourcing, contracting, manufacturing delivery, how long will it take?

Reverse logistics plan

Plan for any returns or exchanges which could be required

1.3.3 Documents to support the procurement plan development

Document	Obtain from
Project plan (including distribution plan, where relevant)	Programme manager UKO regional team
Financial thresholds and approval matrix	Local finance team UKO finance team
Market assessment	Logistics team (local or UKO) Assessment teams Previous programme managers Other organisations
Specialist procurement guidelines	Movement resources (ICRC/IFRC)
Donor requirements	Programme manager UKO regional team
Legal framework for procurement	Local procurement experts Local finance team
GAD	Programme manager UKO regional team
PNS due diligence reports	UKO regional team
Audit reports	UKO regional team UKO logistics team
Budget	UKO regional team Local finance team UKO finance team
HR matrix	Programme manager UKO regional team

REFERENCE DOCUMENTS FOR PROCUREMENT PLAN DEVELOPMENT

Project plan	Financial approvals matrix	Project budget
Specialist procurement guidelines*	Donor requirements*	Local procurement legal framework
Due diligence reports*	Audit reports*	Market assessment*
HR matrix & organogram	* Not always available or relevant	

Where some of the above information is not available, it might be necessary to conduct a market assessment exercise in order to gather what is missing. The need for a market assessment needs to be identified at the *idea stage* of the project (see BRC IQM guidance document), as it can be time-consuming and impact on the timeline of the project.

Market assessments are normally required when starting a programme in an area where the BRC or implementing partner has not worked before and therefore has no historical knowledge of the local market. However, before conducting a market assessment, it is recommended that you consult with the wider humanitarian sector to confirm whether other organisations or government bodies have conducted a market assessment – results should ideally be shared. There are several tools available in the RC Movement to support logisticians and programme teams in the market assessment process:

- **Market analysis survey tool** to capture average prices and availability of standard goods and services
- Market assessments for cash-based interventions (such as RAM or MAG) are available from the Cash Hub: <https://www.cash-hub.org/guidance-and-tools>

Market assessments are also an important aspect of cash-based assistance programmes. The procurement team can be asked to lead or be part of the market assessment to support the definition of a Cash Transfer Programme (CTP).

Market monitoring and analysis are also tasks that the procurement team can be involved in. Although the market assessment in CTPs often focuses on the local market, it is important that the procurement team has knowledge of the regional and international market. This can help in the response option analysis and in the selection of the most appropriate response modality. For more details on market assessment and monitoring, refer to the Cash Hub and the logistics support to cash programmes RACI matrix (from the **Market Assessment and Analysis Principles paper**).

1.3.4 Validating a procurement strategy

Based on the procurement plan and the estimated costs of items or services to be procured, identifying the procurement lines that will consume the biggest share of the total cost at the

design phase is helpful to understand where the efforts to conduct procurement should be focused.

A good rule of thumb to use is **Pareto analysis**: calculate the total estimated spend on procurement, identify the 20 per cent highest-value procurement lines and invest 80 per cent of the effort on those.

Example:

Procurement line	Estimated value	% of total spend on procurement	Cumulated %
Training materials	£1,200	17%	17%
Construction materials	£1,100	15%	32%
Vehicles	£1,000	14%	46%
Warehousing services	£1,000	14%	60%
Transport services	£900	13%	72%
Clearing services	£800	11%	83%
Medical storage materials	£700	10%	93%
Building maintenance services	£500	7%	100%
Total	£7,200	100%	

In this example, efforts should go to supporting the procurement of training and construction materials. Of course, there are other considerations to take into account, such as the urgency of the requirements, but based on the amounts, it will be critical to define and plan the procurement process of those two lines.

Another way to use Pareto analysis during the implementation phase is to look at the items that are purchased in the largest quantities (whether a high number of orders or a high spend) and use the above method to select items to monitor more closely.

Example:

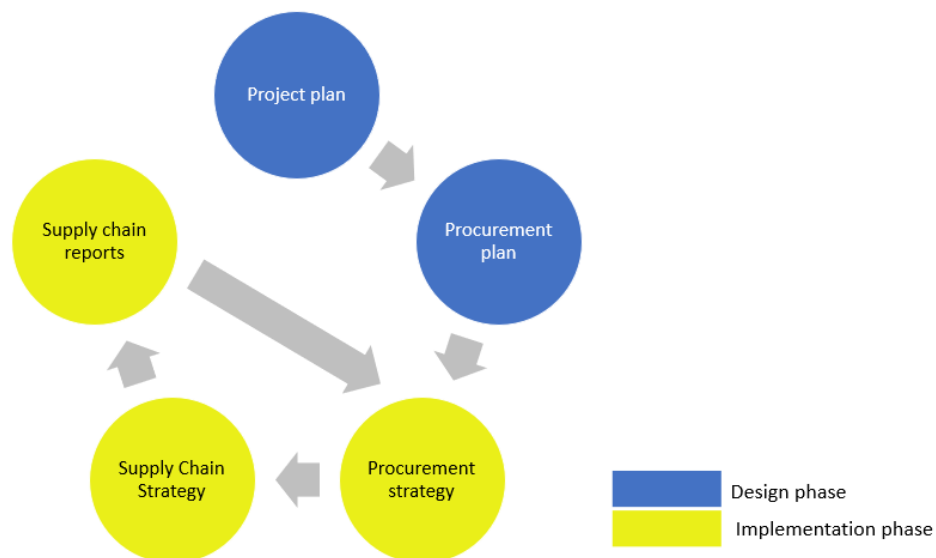
Procurement line	Spend over the past three months (£)	% of total spend	Cumulated %
Fuel	£150	17%	17%
Warehouse shelves	£140	16%	33%
Notebooks	£130	15%	47%
Air filters for generators	£120	14%	61%
Roofing nails	£120	14%	75%
Cool boxes	£90	10%	85%
Floor detergent	£80	9%	94%
Whiteboard markers	£55	6%	100%
Total	£885	100%	

In this case, the Pareto table indicates that it would be most beneficial to look at the market conditions for fuel and warehouse shelves, as this is where most of the procurement spend occurs. When looking at the number of orders placed of each item, the Pareto table indicates which purchases should be done in a more formal way to minimise the workload associated with placing orders. Typically, items that are purchased more than 50 per cent more often than

others (and at regular intervals) should be purchased through long-term procurement agreements such as framework agreements.

In the UK, this is the role of the CPT at SSC – the UK logistics team act as an adviser or stakeholder in the procurement planning and strategy, driven by similar analyses. See the [Pareto step-by-step tool](#) for more details on how to build your own Pareto analysis into your procurement strategy.

The procurement strategy will flow from the procurement plan and from the Pareto analysis and evolves based on the procurement reports that are available throughout the lifecycle of a project.



1.4 Planning resources for procurement

When working on a project, make sure the workload that procurement represents is clearly identified so it can be absorbed by your team. The standard roles involved in procurement are as below (see the [IFRC logistics competency framework](#) for reference):



Standard **job descriptions** for procurement-focused positions can be found in annex to this chapter, or requested from the International Logistics team.

The logistics team's structure should be defined in the early stages of the implementation phase, as per the IQM process. Based on the project plan and other planning tools, such as the procurement plan and budget, a resource plan should be defined and implemented to support the programme's activities.

At that stage, the programme team should define:

- The need for UK-based logistics support – some procurement processes will require support from the UKO-based logistics team
- The needs for in-country logistics support

Note: the cost of items and services to be procured will often be budgeted while other costs related to procurement may be overlooked, such as delivery, administrative or handling costs. The identified procurement lead should make sure that these costs are budgeted for, and that adequate resources will be available to conduct all procurement-related activities.

1.5 Procurement processes in the BRC

The international directorate is part of the wider British Red Cross and therefore must abide by the **BRC procurement and purchasing policy**.

The Logistics team must follow this policy if and when:

- Goods or services procured are going to be delivered within the UK
- Suppliers consulted are based in the UK and must abide by UK laws and regulations

If neither of the above apply, procurement leads must ensure they follow the procedure detailed in the GAD (see below). It is good practice for procurement leads (BRC Logistics Coordinators) to inform the Corporate Procurement Team of procurement greater than £25,000 originating from the International directorate (emailing CorporateProcurementTeam@redcross.org.uk).



1.5.1 Procurement in the UK (and/or led by BRC staff)

UK-based BRC staff use Agresso as a procurement system.

New users must be set up on Agresso and trained according to their user profile (for managing expenses, P2P process or reporting functionalities of the system).

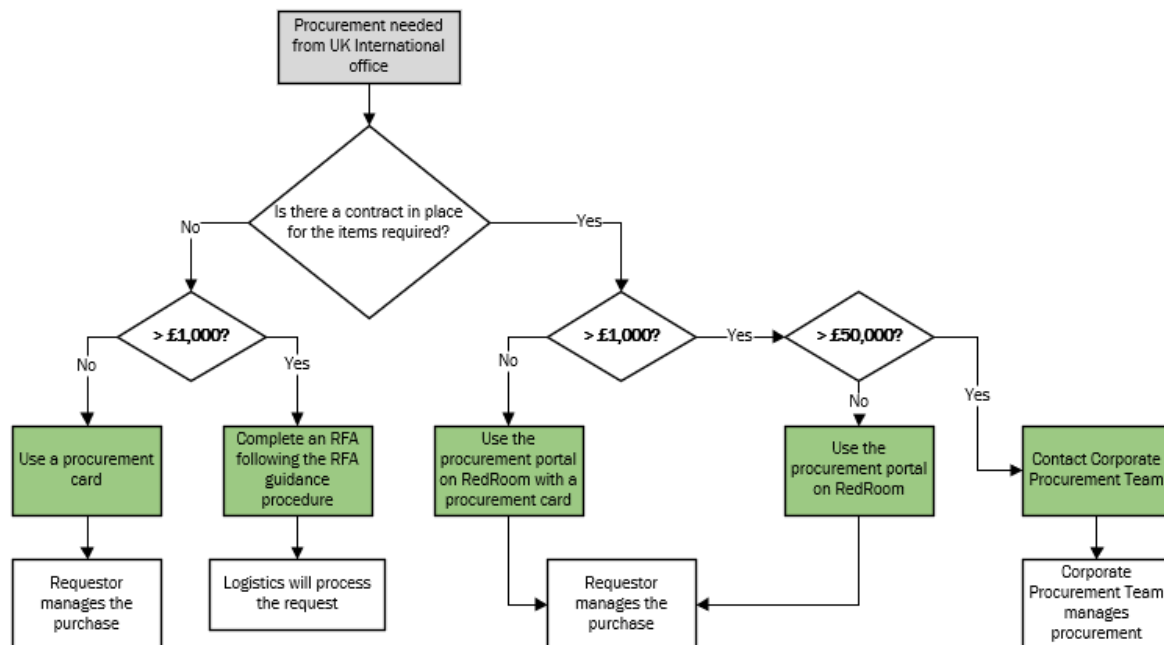
New users must request access to the system, which must be approved by the requestor's line manager and sent to SSC (ssc@redcross.org.uk). The SSC team will then contact the new user about training and access levels will be set up according to the user's responsibilities.

SSC will provide the user with login details. More guidance on accessing Agresso can be found on Redroom.

When looking at a potential procurement with delivery within the UK or from UK-based suppliers, the Logistics team must first check whether the goods or services they are considering to procure can be supplied through an existing contract. Details of the national contracts held by the SSC team are available on Redroom's purchasing marketplace.

If a national contract exists, the procurement lead must initiate the procurement on the procurement portal or the **SSC purchasing hub** or contact the Corporate Procurement Team to request a waiver to be authorised to purchase the goods or services from a different source. See section 1.5.3 for more details on procurement waivers.

Where no contract exists and the total estimated amount of procurement exceeds £50'000, the procurement lead must liaise with the CPT at SSC about how to procure them and complete an **online commissioning form**.



The CPT at SSC can support the directorate in the sourcing process when running tenders. In their e-procurement system, suppliers can be registered and invited to bid for online tenders. They hold a database of existing registered suppliers who can be contacted to bid for tenders initiated by the international directorate, which can also be advertised directly on the BRC website.

The Logistics team also hold a list of known suppliers. Finally, tenders can be advertised on the website of the Inter-Agency Procurement Group (<https://www.iapg.org.uk/category/latest-tenders/>) – the Logistics team have access to the website and can support this.

Note: The CPT at SSC do not directly conduct market assessments, but they regularly engage with UK suppliers and have a good overview of the UK market.

Once the procurement route is clarified, CPT will work with the Logistics team to agree a timeline and on which stakeholders should be involved in the process.

Where procurement is done via BRC staff overseas (with BRC staff present to support logistics and procurement), the same rules apply in terms of financial thresholds, procurement processes and approvals.

Variances from these rules must be justified in writing, approved by the Head of Logistics in UK and by the head of office locally, and put in writing in a separate document, in cooperation between the overseas office and Headquarters.

1.5.2 Procurement in partnership with other National Societies

Where the BRC works in partnership with a National Society or with the IFRC or ICRC to deliver a programme, a **GAD** will be in place to formalise the terms and conditions of the partnership.

A GAD is a non-binding document that sets out the principles under which the collaboration between partners will function. GAD templates are available on BRC's Programme Quality Management system, PIMS, and upon request to the UKO Logistics team.

The Grant Agreement Document

- Drafted after Grant Approval is signed
- No standard clauses can be edited
- Consult Finance, Logistics, P&A...
- Includes:
 - Transfer schedule
 - Reporting requirements
 - Reporting schedule

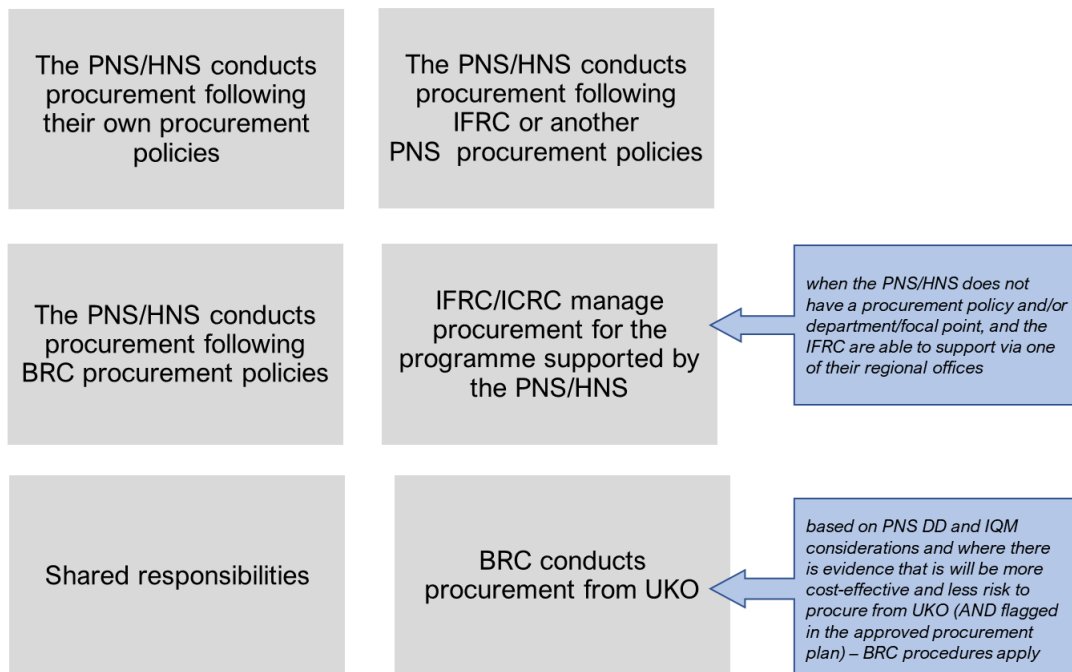
After the *Internal Grant Agreement* (see IQM guidance documents) has been signed, the budget holder has the authority to sign a GAD (or a PMN with the IFRC). No clauses in the GAD can be taken off from the template, but the content under each clause can be adjusted, and clauses can and should be added where relevant.

The international Finance representative, Logistics coordinator, P&A adviser and any other relevant advisers should be consulted when preparing any GAD, which should detail the transfer schedule, reporting schedule and any reporting requirements.

There is a standard GAD template for partnerships with NS, but different templates are used for partnerships with the IFRC and ICRC.

The GAD includes specific clauses on procurement, some of which can be adjusted based on the findings of the **due diligence assessment** (for details on National Society Due Diligence process please check PIMS (Resource Library> 06. Partnerships> 01. Due Diligence, or ask for details from UKO team), previous experience and donor requirements. The Logistics Coordinator needs to be consulted about these clauses before a new GAD is signed.

Procurement modalities in GADs



Additional approvals must be requested from BRC international Logistics for procurement above £25,000, regardless of the option defined in the GAD:

- For procurement greater than £25,000, the international logistics team must approve the CBA. The **approval template** for procurement > £25'000 is available in annex.
- For procurement above £50,000, the tender document must be approved by the logistics team before it is published or shared with known suppliers. The **approval template** for procurement > £50'000 is available in annex.

Regardless of GAD clause	
> £25,000	> £50,000
UK International Logistics must approve CBA	UK International Logistics review the tender document (RFP) before publication
	UK International Logistics must approve CBA or decision minutes

The BRC Logistics team can advise the PNS/HNS on procurement and support the HNS in conducting procurement, based on its capacity and the type of goods or services that are required. The BRC has the option to either conduct procurement directly from the UK (following BRC procurement rules) or to use the IFRC/ICRC procurement services in country (following their procurement rules).

The different procurement options should be discussed and agreed with BRC international Logistics at the *planning stage*, as decisions will impact the programme and contribute to defining a procurement plan and affect the allocation of resources.

Where the BRC works in consortium with multiple other National Societies, the agreement between the consortium partners must specify which organisation's procurement rules will apply. This decision must be taken following an analysis of each of the partners' procurement policies. All the specificities (e.g., e-procurement system, the sharing of procurement resources, etc) and requirements (e.g., electronic validations, authorisation thresholds, supplier management requirements) of each policy must be considered, in order to ensure that the adopted procedure is applicable consistently to all consortium members. The decision on which procedure to follow must be captured in the consortium's GAD.

1.5.3 Waiving the procurement requirements

Where one or more of the standard procurement rules cannot be followed, a **waiver form** must be filled out and shared for approval with the budget holder and UK Head of Logistics, regardless of the value of the procurement, before the procurement process is formalised through a PO or contract. The waiver request must be as detailed as possible.

Note: where the procurement waiver is raised within one of the four International regions, it must also be reviewed by the Logistics Coordinator before sign-off by the Head of Logistics.

The waiver form is mostly used:

- Where not enough bids or quotes have been received or sought during a procurement process. For example, if only one supplier can provide the required goods (this is also referred to as “single source procurement”), or when supplies are needed urgently, so the waiver is a request to accept fewer quotes than the recommended procurement process would require.
- Where the estimated amount on the requisition is greater than £50,000 (this is the applicable threshold at BRC, but can vary from one NS to another), an open tender is required. This can be waived to conduct a closed tender, provided that a local procurement waiver is raised and approved by a Head of Procurement or in line with the country office approval matrix.
- Where a contract expires, and a new RFP should be published, a contract re-tendering waiver must be approved by Head of Procurement (or in line with the country office approval matrix) and a legal representative.
- Where there is significant variation to the standard BRC terms and conditions (T&Cs), such as payment in advance of delivery.
- Other cases justifying procurement waivers are listed on the procurement waiver template

Repetitive orders

A procurement waiver request is required to approve repetitive orders.

The repetition of Order for the same supplies and services to the same supplier without a sourcing process is permitted provided that procurement process for the original award was carried in full compliance with the applicable procurement procedures and the terms and conditions of the original order are strictly the same (only delivery location may change). The period elapsed from the first order award date cannot exceed 120 days.

Repetitive Orders cannot be issued more than twice, and the total value of two repetitive Orders cannot exceed the value of the original Order.

When to raise a waiver request:

It is best practice to identify the need for a waiver while developing the procurement plan. To be compliant, the waiver request must be submitted and approved before raising a contract or Purchase order. If an exception is needed after signature of contract or PO, a Note to File must be used instead.

Note: when exceptions to the procurement rules are made for reasons outside of the above list and/or after the procurement has been formalised into a PO or a contract, instead of a procurement waiver, a **Note to File** should be raised by the procurement lead and signed off by the budget holder and Head of Logistics, and by the budget holder's finance business partner where applicable.

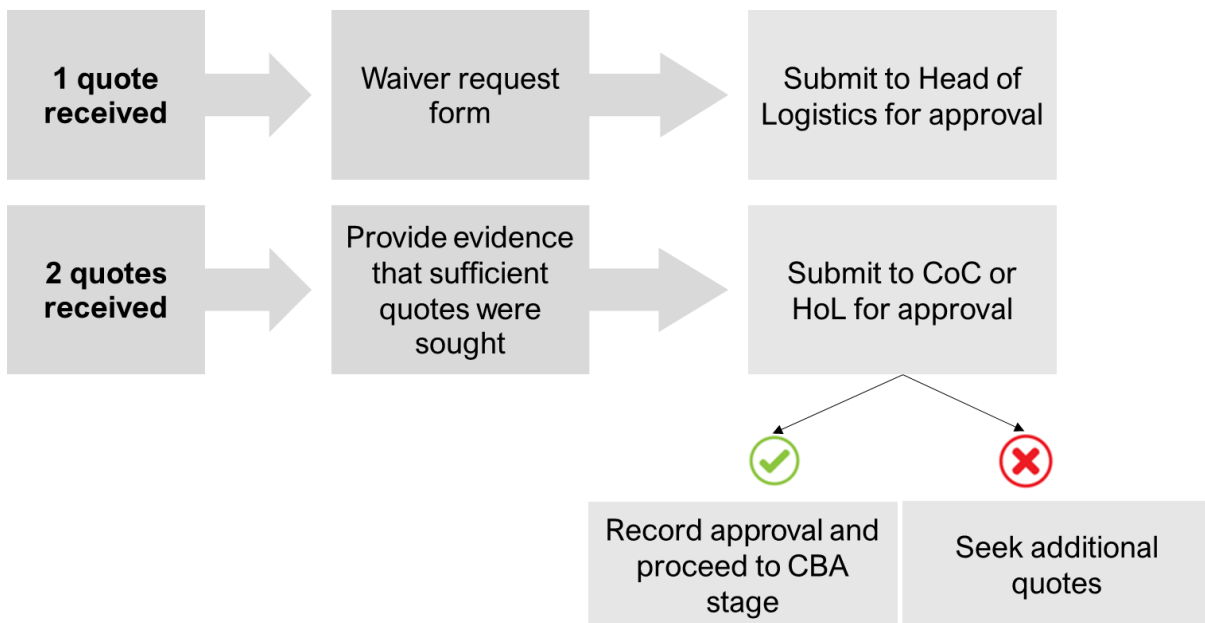
	Waiver request	Note to File
Raise	As early as possible, at the latest before PO or contract	After PO or contract is signed
Use for	Reasons listed on waiver request template	Any reasons not listed on waiver request template Traceability for decision-making
Raised by	Procurement lead	Procurement lead
Sign off	Budget holder	Budget holder

	Head of Logistics Legal rep if contract re-tendering is waived (inform Logistics coordinator if procurement is regional)	Head of Logistics Finance business partner
Filing	Keep in procurement file Record on list of exceptions	Keep in procurement file

1.5.4 Getting fewer quotes or bids than required

Where three quotes are needed, but fewer are received:

- If only one quote is received, evidence that three quotes were sought, and a single source waiver must be submitted to the Head of Logistics in UKO.
- If two quotes are received, evidence that three quotes were sought must be provided. The CoC in country or Head of Logistics will decide if this is acceptable. If this is accepted, it must be highlighted and justified in the CBA. If it is not accepted, sourcing must start again until three quotes are available.



1.6 Sourcing for procurement

See the above definition of sourcing.

1.6.1 Defining the need for goods or services

1.6.1.1 In the UK

When a programme approaches the Logistics team with a procurement request, the Logistics team will review the request and:

- Where the value is less than £1,000 or goods or services needed are covered by an existing national contract, they will advise the requestor to purchase themselves using the procurement portal or their procurement card. Note: The maximum credit amount on the BRC procurement card is set at £5,000.

- Where the value is greater than £1,000, the requestor must complete a Request For Action (RFA). The top half of the form is to be completed by the requestor, who passes it on to the logistics team, who recommend options to fulfil the need and seek approval from the Head of Logistics and finance. The RFA must be as clear and detailed as possible. Where required, the Logistics team will request additional details from the requestor. All communications must be attached to the approved RFA before procurement.

See **Requisitions in UKO flowchart** for details

There are two routes for UK logistics procure goods or services from the UK. The **UK Procurement routes** process is detailed in annex to this chapter.

The choice of procurement process will be based on different criteria, such as estimated costs, risks and the lead time available.

Basic BRC procurement thresholds:

Less than £1,000	Direct purchase A single quote is required. RFA preferred.
£1,000 to £50,000	A minimum of three written quotes should be sought and evaluated using the comparative bid analysis (CBA) template. If the procurement is being conducted through a partner, any procurement file with a value of more than £25,000 must come to UKO logistics for review before a purchase order is placed. If the logistics coordinator deems it necessary to reduce this threshold from £25,000, they should do this in the GAD and the lower value is applicable.
£50,000 to £250,000	Open national tender If tender is being conducted through a partner, UKO logistics must review tender documents before advertising and participate in the committee on contract. UKO logistics must review the contract before it is signed with the supplier.
More than £250,000	Open international tender

The procurement thresholds and respective processes are detailed in the “Procurement processes-UK” flowchart.

1.6.1.2 Procurement through partners

The procurement procedure that applies to the partnership is defined in the grant agreement document. When procurement terms are specified in the GAD, they will usually be one of the mirror the programme’s donor’s requirements (see below standard requirements).

The financial thresholds below only apply to programmes following BRC procurement guidelines. Financial thresholds for each NS will have to be defined and agreed locally, and individual donors can define different thresholds and processes. The GAD determines which guidelines will have to be followed.

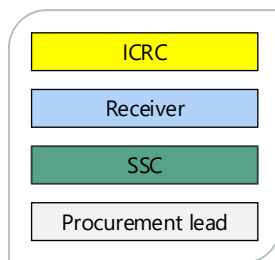
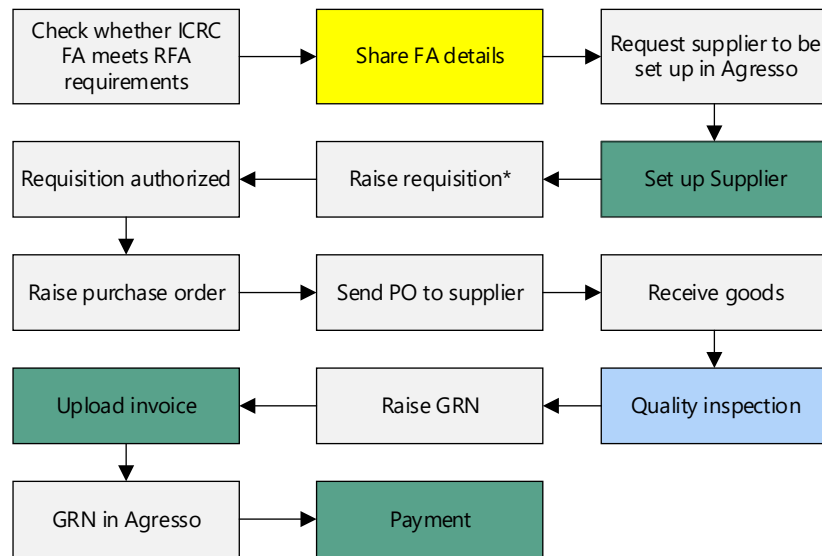
Value in GBP	BRC Corporate Process	BRC International Process
< £ 1,000	Direct purchase	Direct purchase (Logs to raise requisition/RFA if procuring for internal customer)
£ 1,000 - £ 5,000	Agresso requisition and payment Minimum 3 quotations	Requisition /RFA Minimum 3 Quotations CBA UKO Logs can review CBA
£ 5,001- £ 25,000		Requisition /RFA Minimum 3 Quotations Sealed bids (physical or electronic) CBA UKO Logs can review CBA
£ 25,001- £ 50,000		Requisition /RFA Closed local tender Minimum 3 bids Local CoC + CBA UKO Logs approval required for CBA
£ 50,001 - £ 250,000	Open national tender	Requisition /RFA Open Local tender UK Logs approval required before tender publication Minimum 3 bids Local CoC + CBA UKO Logs approval required for CBA
> £ 250,000	Open international tender	Requisition /RFA Open International tender Minimum 3 bids UK Log team must be represented on CoC (can be waived)

* All thresholds must be upheld - however, where it leads to better quality procurement, more stringent thresholds can be followed. For example, it is possible to choose to tender internationally for procurement < £250,000

1.6.1.3 Using the Movement's resources

The BRC has access to ICRC established procurement contracts. They are a preferred option when procuring NFIs, as they are subjected to strict QA testing from the ICRC internal QA team and from third-party service providers mandated to verify the quality of the items manufactured by the supplier. Procurement through an ICRC contract must be managed by UK Logistics.

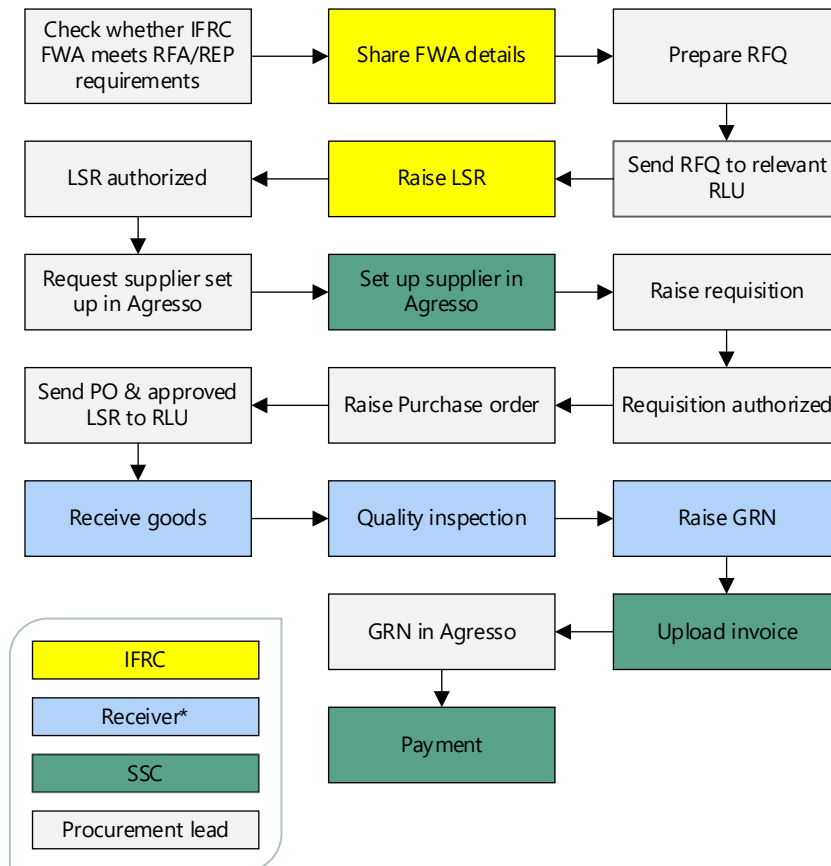
Approved Request for Action (procurement) or REP for stock replenishment



* ICRC FA must be referenced in the Requisition and in all relevant documents attached to Agresso

BRC can also access IFRC established contracts. They are particularly useful in the replenishment of pre-positioned stocks, with delivery at the IFRC warehouses (regional logistic units). A Global Logistics Services agreement governs the relationship between the BRC and the IFRC as a procurement service provider. Procurement through an IFRC contract must be managed by BRC UK Logistics.

Approved Request for Action (procurement) or REP for stock replenishment through IFRC FWA



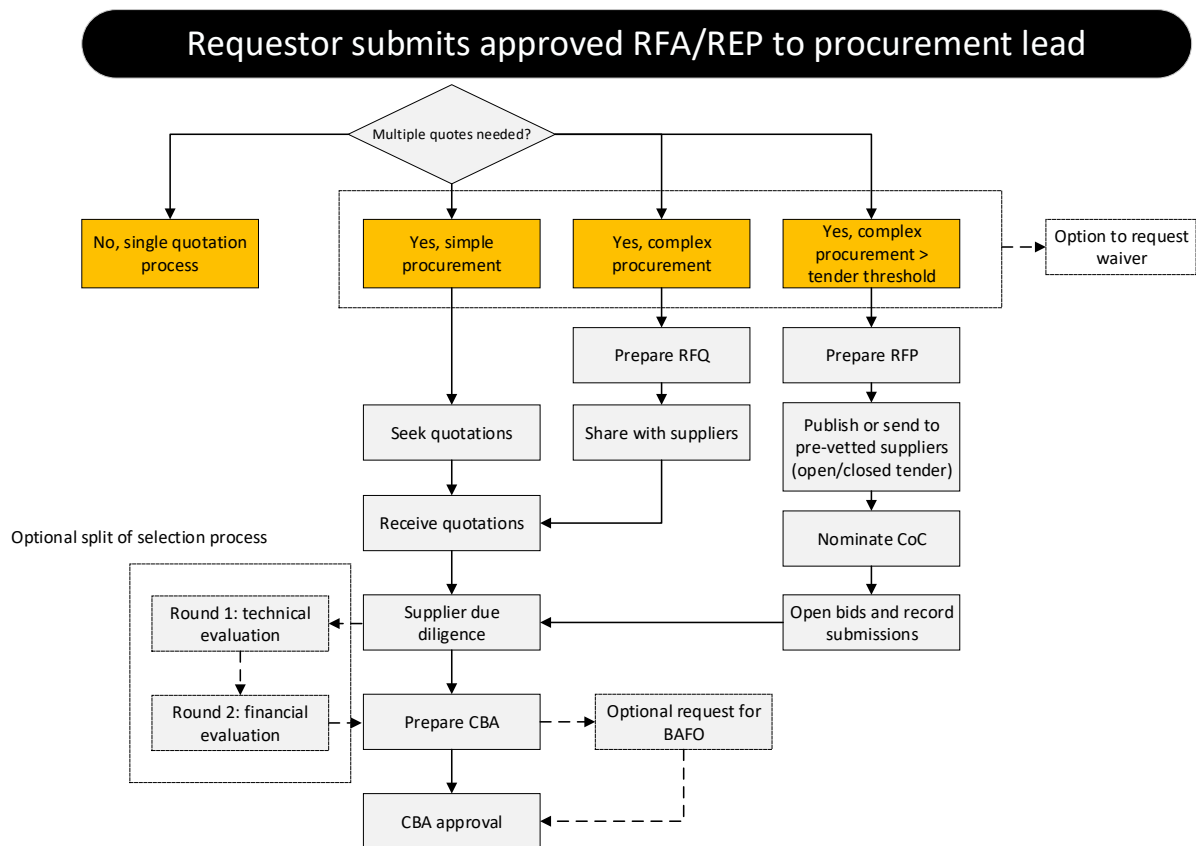
1.6.2 Quote-based procurement

Depending on the agreed financial thresholds and signature authority, some purchases will require one or more quotes to be obtained from suppliers. The requestor will complete and have their requisition form approved, indicating a desired timeline for delivery, before submitting the form to the designated procurement focal point for action. The procurement focal point will consult the market and inform the requestor on a realistic timeline for delivery of the requested items, based on the procurement strategy.

Depending on the complexity of specifications, an **RFQ** should be shared with suppliers for purchases, in order to ensure that all potential bidders receive the same information about the requested goods or services. RFQs should be shared with known suppliers and do not need to be advertised or published. They should clearly state the criteria against which the bidders will be evaluated, which must be agreed with the requestor. RFQs can be shared as simple **forms** to fill out, or as a formal, more detailed **document**.

When multiple quotes are received, they are evaluated against each other in a **CBA** that captures the selection criteria, calculates a weighted score per supplier and gives recommendations as to which is the most suitable supplier. The CBA must be prepared by the procurement lead and submitted to the Committee on Contract (**CoC**) if one is appointed and otherwise to the Logistics team lead, the Finance team lead and the budget holder for approval.

Where relevant and specified in the original request, technical expertise can be sought (and the technical expert must also sign the CBA).



Quote-based procurement, RFQs and CBAs

- Use RFQs for the procurement of items with detailed specifications.
- Draft the RFQ with the requestor and include evaluation criteria.
- Share an RFQ with all the suppliers you contact.
- Analyse and score quotes received in a CBA.
- The CBA is approved by the CoC or by Logistics, Finance and budget holder (Logs and finance sign-off depend on procurement value).

As part of the analysis, due diligence must be carried out and counter-terrorism checks must be performed on all bidders. The BRC have access to a database of sanctions lists, against which all prospective suppliers must be checked. See the attached [guidance note](#) for details on how and when to conduct the counter-terrorism checks.

As part of due diligence, the supplier should also be asked to submit their environmental policy showing commitment to working to high environmental standards, such as a carbon offset plan or an environmental and sustainability policy document. The BRC's environmental and carbon reduction policy can be found on Redroom.

As part of the selection process, it is good practice to request that bidders submit samples of the goods or services they will supply to the procurement lead. Samples should be anonymised by the logistics team and shared with the requestors for their input.

After the quotes' analysis, a purchase order or contract must be drafted and submitted for approval, together with the complete file (including approved CBA, approved waiver (if applicable) and recommendations).

In UKO, this means raising the purchase order in Agresso and submitting for approval (Note that the supplier must have been created in advance in the system, which can take up to 48 hours – see [guidance on creating a supplier in Agresso](#)). All supporting documents must be attached to the order in Agresso (copies of quotes, original requisition/RFA, GRN, waybill and any other documents included in the procurement file).

1.6.3 Tendering for goods or services

1.6.3.1 Tendering as a BRC partner

As part of the development of a procurement policy, every organisation should define a requisition value above which the market will have to be consulted in more details, via a Request for Proposal ([RFP](#)).

The RFP must contain:

Product requirements	Information (and extra appendices, if needed) to guide the bidder's offer in terms of product quality, experience, pricing proposal and delivery schedule.
Submission instructions	How to submit (electronically or physically) and a deadline.
Bid evaluation Criteria and schedule	The weighting of each criterion (more detailed than in an RFQ), a list of document requirements and an overview of the selection process to be used, often different for services (presentations or site visits) and goods (samples). Include timings and location details for events such as bid opening ceremony, etc.
Terms and conditions of purchase	Policies that a bidder will need to accept should they be successful, including due diligence measures.
Bidder response document	To ensure all bidders submit the same essential information, this document should be shared in attachment to the RFP to structure the bidders' offers and ensure bids contain all the necessary information.

Declaration of undertaking	See template (this is an optional addendum as recommended by IFRC procurement guidelines – it is mandatory to use if conducting a tender under IFRC rules)
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RFP - details		
Product requirements To help the bidders structure their offer	Submission instructions Ways to submit, deadline	Terms & conditions of purchase
Bidder response document Standard format for all bidders to use to detail their offer	Bid evaluation criteria and schedule Include timings and location details for events such as bid opening ceremony	Declaration of undertaking optional IFRC addendum procurement guidelines – mandatory if conducting a tender under IFRC rules

The RFP must be published for a minimum of two calendar weeks for local tenders and three weeks for international tenders. Up to an agreed threshold, it only has to be shared with known suppliers, in a restricted tender. Known suppliers can be listed on a database or can be consulted through an Expression of Interest (EOI) and then included in a supplier database. Above that threshold, the RFP will have to be advertised publicly on an online platform or in local newspaper; in remote locations it can be posted on an outside wall of the office. This “open tender” process allows all interested parties to submit a proposal.

Restricted tender occurs when only pre-selected operators can submit offers. Restricted tenders generally start with calls for EOIs, which allows for the advanced selection or shortlisting of suppliers that are then asked to respond to the tender.



Bids can be submitted physically or electronically (in UKO, they can only be submitted electronically through an **e-procurement system**, accessed by CPT or international logistics). All bids received must be recorded on a **bid opening minutes** format, and confirmation of receipt must be sent to each bidder within 24 hours of the deadline stated in the RFP.

Where bids have been submitted electronically but outside of the e-procurement system, they should be sent to a generic email address that only one person can access (BRC international Logistics use [BRC International Logistics@redcross.org.uk](mailto:BRC_International_Logistics@redcross.org.uk)). There are different options to send automatic notifications and to ensure electronic bids are only opened after the submission deadline – IT can support this process if they are consulted well in advance. If bids are received in hard copies (physical copies), it is good practice to use a **Bid submission register**.

After opening the bids, they can be evaluated by:

- a designated group of stakeholders
- a CoC (a minimum of two people, appointed by CPT or by the procurement lead – this is helpful where technical and programmatic considerations need to be taken into account for the supplier selection).
- the procurement lead, where no CoC or stakeholder group has been appointed.

Committee on Contract

A CoC must be appointed for any tender, unless the requirement is waived.
CoC must have representatives from:
requestor, procurement, finance,
technical expertise where needed.
< £250,000: CoC can be local
> £250,000: CoC must include UKO staff

Bids must be shortlisted (remove any bids that are obviously unacceptable), scored against the set criteria in a CBA and checked for counter-terrorism sanctions (see **guidance**). A positive result on the counter-terrorism checks will result in elimination at the technical review stage. The CBA must be approved by requestor, budget holder, Finance approver, Logistics approver and where needed by a

technical expert, or by the tender committee or CoC where applicable.

Where the tender committee approves the CBA, the **minutes** of the selection meeting must be kept on file. The minutes must list the bidders who were eliminated before CBA stage and explain their elimination.

Best and Final Offers

There can be further consultations and negotiations with the final shortlisted bidders, with requests for a BAFO. BAFO can be a single question, designed to set the last suppliers in the competition apart, or a request to review the quote provided.
All responses and inputs from bidders must be kept on file, and the tender committee should meet to evaluate the updated information until a single bidder is selected.

A BAFO does not need to be requested systematically. All responses and inputs from bidders must be kept on file, and the tender committee should meet to evaluate the updated information until a single bidder is selected.

Unsuccessful bidders must be informed through **standard letters of regret** once the contract with the successful bidder has been confirmed – informing them before then puts the organisation at risk

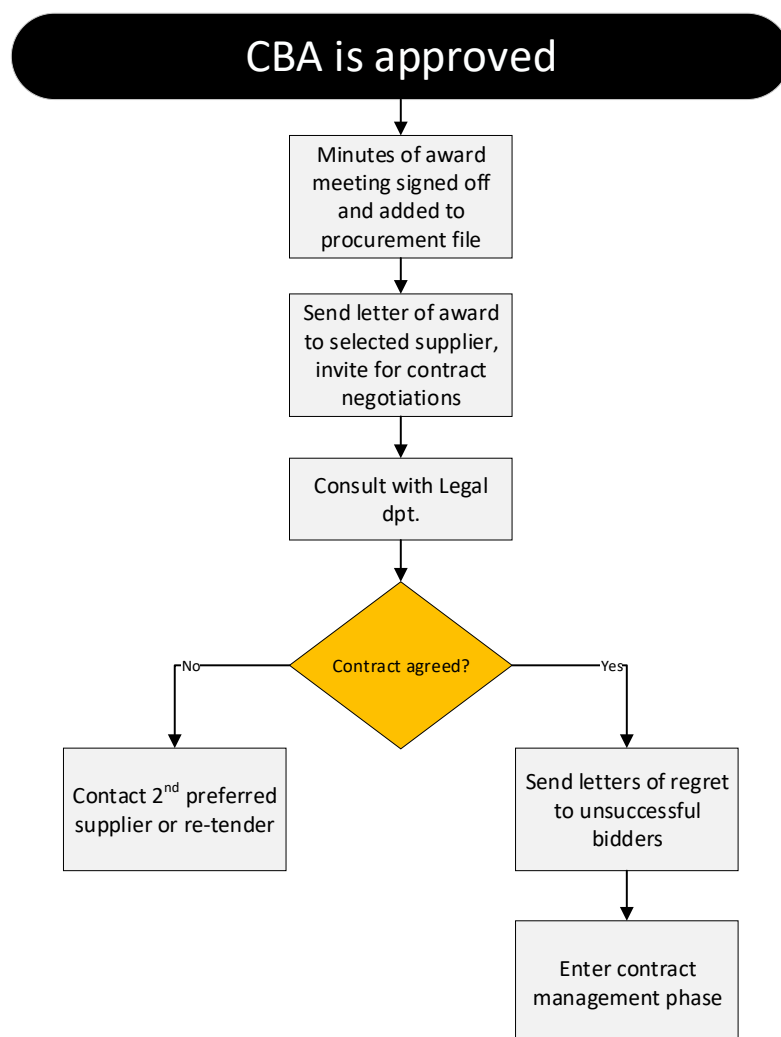
in case the contract cannot eventually be awarded to the successful bidder. Where a supplier

is discarded because of a positive result in the counter-terrorism checks, refer to the **CT guidance document** for details.

The successful bidder must be informed via an **award letter** that references the tender number, terms and conditions and policies that the supplier must agree to. The award letter should invite the successful supplier for contract negotiations and signature.

Joint tendering

Tenders can be run in collaboration with other RCRC members. This requires significant coordination in the absence of a standard approach. There are ongoing initiatives to coordinate and streamline the process. Contact the Logistics Coordinators for overseas joint procurement, and the SLM for UK-initiated procurement.



1.6.3.2 Running a tender from UKO – specifics

When a tender is run from UKO, part or all requirements in Section 1.6.3.1 apply, and the Corporate Procurement Team must be informed ahead of publishing the RFP.

CPT will help the procurement leads develop the tender document and will publish it on their e-tendering system. In parallel, Logistics Coordinators can invite suppliers to register on the system and subsequently apply to the tender if the RFP is published as a closed tender.

The RFP will be endorsed by a tender committee or CoC above a certain threshold (see the UKO example). In any case, bids must be kept sealed until the agreed deadline and opened in presence of the tender committee (if applicable), or by the procurement lead if there is no tender committee appointed. Where CPT have appointed a group of stakeholders in addition to the CoC, they will request input from those. Additional stakeholders can be Finance, Health and Safety or Insurance for example. These do not need to be included in the CoC.

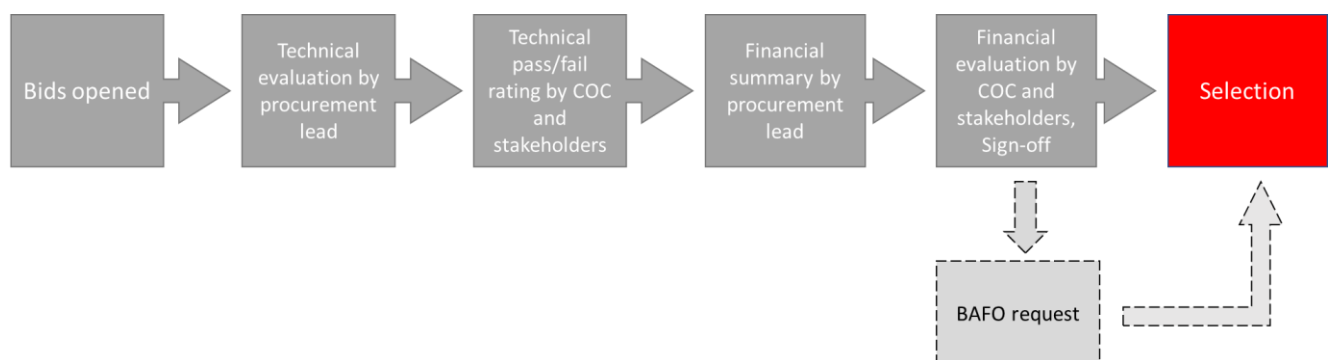
For UK tenders, CPT will run a due diligence check that includes a financial and credit check, and a review of the bidders' policies and insurances. The results of this process will be shared with the CoC and stakeholders for their review and approval.

CPT will then review the technical details of the bids and share them with the stakeholders, together with an evaluation template. Stakeholders and CoC members will have to mark each point as "pass" or "fail". When all stakeholders have evaluated the bids, CPT will organise a call to review the bids collaboratively. On this call, all participants will agree which bidders should be progressed to the next selection step.

When the successful suppliers have been identified, CPT will put together a summary of the pricing schedules submitted by each supplier and share it with the stakeholders. Where it is clear that more than one bidder could equally deliver the project, they can go back to the shortlist and request their best and final offer (BAFO). The stakeholders will then choose a final bid.

A procurement summary report is compiled by CPT and submitted to the Head of Logistics and head of procurement in SSC for approval. This must be signed off to certify that the procurement has been completed within BRC policies and procedures before the contract is formally awarded. Unsuccessful bidders must be informed through a standard letter issued by CPT, after the best bidder has been definitively identified.

The successful bidder must be informed and called in to finalise the agreement.



A detailed process flow chart for tendering is available for download as an annex to this chapter.

Tendering

- Carefully draft the RFP with the requestor.
- Publish the RFP for a minimum of two weeks.
- Restricted tender (shared with known suppliers) vs. open tender (publicly advertised).
- Appoint a committee on contract based on financial value, risk rating or technical complexity.
- Record all received bids in bid-opening meeting minutes.
- Confirm receipt of all bids to bidders in less than 24 hours.
- The procurement lead compiles details of the bids.
- The committee on contract meets to select the best offer.
- Where a tender is greater than £250,000, the CoC must be UK-based.
- Unsuccessful bidders must be informed after the successful bidder has accepted the contract.
- For support in joint tendering, contact UK logistics.

1.6.4 Supplier due diligence

Whenever the international directorate at the BRC or its partners consider engaging with a supplier through a procurement process 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 purchase order or contract.

This threshold can be set lower than £5,000 in cases where additional donor requirements apply or in cases where the risks are higher – for example, due to the context or nature of items purchased. The agreed threshold must be proposed as part of the [risk register](#) developed as part of the IQM process, agreed with the partner and stated in the [GAD](#). The threshold agreed in the GAD supersedes the standard £5,000 threshold.

If a supplier is issued with multiple POs with an estimated total value above £5,000, it is recommended that a Framework Agreement is established following a tender process. 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, as per the agreed review schedule (this would usually be annual). The [supplier due diligence guidance note](#) explains how and when to perform counter-terrorism checks.

Supplier due diligence and counter-terrorism checks

- For all procurements greater than £5,000, suppliers need to be checked on the MK Denial portal.
- Procurement thresholds can be changed in the GAD.
- Run counter-terrorism checks on contracted suppliers as per the contract review schedule.
- Liaise with UK logistics team for support on counter-terrorism checks.
- Sharing outcomes of counter-terrorism checks within the Movement is possible, but must always be discussed with line manager and UK Logistics.

1.6.5 Contracting/raising purchase orders

1.6.5.1 When procuring as a BRC partner

Following the selection process and due diligence checks, purchase orders (POs) formalise the agreement with the selected supplier.

The below information must be included in the PO:

- the original requisition number
- the tender reference number
- details of items ordered and unit price
- applicable incoterm and any other specific conditions
- any added fees, taxes or delivery costs
- T&Cs and/or payment terms (where relevant)

Note: The purchase order must be signed by both parties in order to be valid.

Where a contract is issued for signature, the same details must be included, with the addition of:

- scheduled deliverables and related payments
- service-level agreements
- all applicable policies, duly signed and approved by the contracted parties

A set of template contracts is available for download from the annexes section of this chapter.

- Transport contract
- Consultancy contract
- Rental contract (lease agreements – see template for warehouse lease contract)
- Framework agreement
- Financial Services Provider contract template (ICRC template, please adapt and contact BRC international Logistics team for support)

Internally, the signatory of the PO or contract is determined by the total procurement value or is the authorised legal representative of the organisation based on the Integration Agreement that is in place within the country. When changes to the contract are needed, they must be documented, approved by the original approver of the contract, dated and kept on file with the original contract.

	Purchase orders	Contracts
Raised by	Procurement	
Consulted		Legal
Approved by*	Budget holder	
	Finance	
	Procurement	Legal

*Seniority of the signatory of the PO or contract is determined by the total procurement value or is the authorised legal representative of the organisation

Extending value or duration of a contract. At the expiry date of a contract or when the total value of it has been spent, a **contract extension form** must be filled out to request an extension. The contract extension form must be signed off by the Head of Procurement (in BRC, this is the Head of CPT or the Head of International Logistics).

A contract can only be renewed once, and the duration of the extension cannot exceed the duration or value of the original contract. At the expiry date of the extended contract, a full procurement process must be completed again (or waived through a waiver request).

	Purchase orders	Contracts
Reference	Original requisition number	
	Tender reference number	
	Details of items ordered: standards, quantity, unit price	
	Added fees, taxes, delivery costs	
	Payment terms	
	For international procurement: applicable incoterm	
		Delivery schedule and payments
		Service Level Agreement
		All relevant policies attached

1.6.5.2 Contracting/raising purchase orders – UK specifics

The requirements in Section 1.6.5.1 apply, and the Corporate Procurement Team must be informed ahead of contracting. BRC corporate procurement tools must be used, i.e. a requisition must be raised in Agresso and approved as per the approval matrix designed in Agresso; once it has been approved, a purchase order can be raised.

Where Agresso is not used, the below information must be included in the PO:

- the original request number
- the tender reference number if applicable
- details of items ordered and unit price
- currency (note that Agresso does not automatically have a field for currency on the PO request forms; enter the currency in the product field, or retrospectively)
- applicable incoterm and any other specific conditions
- any added fees, taxes or delivery cost
- T&Cs

Contract amendments for UK contracts: request must be submitted to CPT, who will draft a contract amendment, sign it and share with Logistics.

Purchase orders and contracts

- Always refer to the original requisition.
- Include all terms to be covered by the contract (schedule, prices, payment terms, etc).
- Refer to all attached policies or documents.
- Signatory per contract amount or by legal representative in country.
- Amendments should be made in writing, signed by original signatory and filed together.
- Use service-specific templates.

1.6.6 Framework agreements

1.6.6.1 In general

Ideally based on the '80/20 procurement strategy' so they cover the most procured items or highest spend lines, framework agreements (FWA) are a specific type of contract that cover several purchases along a determined period. FWA should be used to source regularly procured and readily available products where the market prices are sufficiently stable, where the product specifications and prices are fixed for a period of time.

Standard items usually procured under framework agreements include:

- printing material

- office consumables and stationery
- vehicle servicing and repairs
- IT support
- fuel
- travel agency
- generator service
- standard and high-usage NFIs – blankets, tarpaulins, jerry cans, cook sets, etc

A FWA is set up through a tender process, by circulating a request for proposal (RFP) or expression of interest (EOI) to the open market. The FWA should be reviewed every one to three years.

Once set up with the **framework agreement template**, a purchase of any value can be made against the FWA, based on the approved price list or following the standard single quote procedure if no price list has been included in the FWA.

Selection criteria must be similar to criteria in an RFP but can also include:

- a minimum spend requirement
- minimum order quantity or value requirement
- a maximum spend allowance
- fixed pricing for a standard list of items or fee (for example, travel agency that will apply a fee to each booking)
- turnaround time, from order to delivery service-level agreement

1.6.6.2 FWA set up in the UK for use in the UK

In the UK, the standard FWA awarded by CPT is a two-year contract, with the possibility of a one-year extension (this can change and must be agreed at the start of the project). To set up a FWA, the same steps are followed as for a tender, with the supplier management details added to the specifications. CPT will support by setting up supplier review meetings as needed.

Framework agreements

- Use for regularly procured items with standard specifications, where prices are stable.
- Select a supplier through a tender process.
- The validity limit can be an amount or a period of time.
- Review the FWA every one to three years.
- Once set up, purchase of items can be done directly or through a single quote (if no price list is included in the contract).

1.6.7 Purchasing

PURCHASING OPTIONS			
From FWA no need to complete a procurement process. Purchase order can be raised against the FWA directly, per the agreed unit prices or following a quick-quote process	With a procurement card Procurement card can be requested from SSC. The card can be used as a credit card for small purchases under £1,000. Maximum credit amount is £5,000.	With a Caxton card Caxton card can be requested from SSC. Use for personal expenses while travelling. Not for operational expenditure unless on an ERU deployment.	
Online purchasing Out-of-pocket up to £1,000. > £1,000: must be managed by CPT procurement lead.	Petty cash Out-of-pocket or with professional cash advance up to £1,000. Claim expenses/reconcile advance against receipts.		

Purchasing is the process of buying items or services without a full procurement process. It can be done in various ways in the BRC:

- **From a FWA** – see Section 1.6.6. When a framework agreement is in place, there is no need to complete a procurement process to buy the items that are covered by it; a purchase order can be raised against the FWA directly, against the agreed unit prices or following a quick-quote process. The BRC has a number of national contracts with suppliers; some allow purchasing to be done through the suppliers' portals, while others can be contacted through SSC. All contracted suppliers are listed in the purchasing marketplace on RedRoom. Anyone in the organisation can use these contracts, and BRC staff in the UK must use them for the items they cover. Search "buy goods and services" in RedRoom using the search box to see the categories of items which can be purchased through national contracts.
- See flowchart diagram for **small, one-off purchases with a procurement card**. A procurement card can be requested from SSC – complete a form and submit it to SSC. The card can be used as a credit card for small purchases under £1,000 (there is no need to upload funds to the card before making a purchase). Details on how to obtain and use a procurement card can be found on RedRoom (search for "procurement card" in the search box).
- **Caxton currency card** for travel expenses: this card can be loaded with cash for those travelling overseas. Details can be found in the employee handbook (search for "Employee handbook" on RedRoom). It should be used for covering travel expenses while overseas and not be used for purchasing materials and items for programmes. However, when an ERU delegate has been issued with a Caxton card, they can use it to cover all types of expenses.
- **Online purchasing** can be done out-of-pocket (preferably with a line manager's approval in advance) or using the procurement card. Note that online purchases greater than £1,000 must be managed by the purchasing team lead in CPT at SSC, who will place the online order.
- **Petty cash**: it is acceptable to pay for small purchases with petty cash, up to an amount that is set internally. In the BRC, this amount is £1,000. Up to this amount, one quote is sufficient and a supplier can be paid in cash (although this is not preferred), against an open cash advance to be reconciled with receipt, or out of pocket.

1.7 Managing procurement

1.7.1 Tracking procurement

Use a **procurement tracker** to monitor and report on the progress of requests and procurement processes, highlight and communicate obstacles and delays. This should be shared with programme team and requestors at an agreed frequency and should inform monthly project meetings. Where there are significant obstacles to timely procurement, the programme team and requestors must be consulted.

The procurement strategy and plan should inform the procurement tracker in terms of process to follow and delivery lead times. Looking at the procurement tracker, procurement leads should also be able to highlight procurements that should be initiated in order to meet the requested delivery timeline on the procurement plan.

1.7.2 Supplier database

Maintaining a **supplier database** per category is useful for multiple reasons:

- closed tenders or RFQs can be sent to all registered suppliers
- registration documents and suppliers' policies can be shared in advance, saving time when necessary
- they can be used to the record number of transactions with each supplier, the total amount spent in a year, etc.

Note: In the UK, CPT do not keep a supplier database but they maintain lists of pre-qualified suppliers for specific items who can be called upon for higher-value procurement, so it is good practice to contact them or international Logistics to check with one or both when sourcing items.

1.7.3 Managing the performance of contracts and suppliers

Maintain a separate list of ongoing contracts, including their validity dates and total value.

Monitor supplier performance against a contract's service-level agreement and hold one or two meetings each year to review performance and amend contracts where necessary. The **supplier performance matrix** can be a good guide for these supplier performance meetings. Suppliers can be appraised against the terms of the contract: standard indicators to track include "On Time In Full" (OTIF), order turnaround time and delivery claims. When managing long-term contracts, it is recommended to have standard KPIs in place, against which performance can be measured over time.

Contracts in the UK are managed and reviewed by the CPT. They will contact the Logistics team when contracts are expiring or a supplier performance meeting is due and the Logistics team can give feedback either through the **supplier scorecard** and taking part in review meetings or by working with stakeholders to decide on contract extensions or terminations. Contact CorporateProcurementTeam@redcross.org.uk for more information about the supplier scorecard and supplier management in the UK.

1.7.4 Managing deliveries

The delivery of goods or services against approved POs and contracts must be planned, prepared and documented.

Agreeing deliveries can be done in the contract or PO, through a schedule and agreement of responsibilities. It is good practice to agree delivery terms against the official list of international commercial terms (incoterms) to ensure all parties understand their responsibilities, particularly in cases where the goods or services are sourced internationally. The expected receiver of physical goods (the warehouse officer, storekeeper or receptionist) must be informed at least 48 hours in advance of the planned delivery so they can ensure they have for space, resources and time to process the delivery.

To learn more about incoterms, refer to section 3.2.3.

1.7.5 Documenting deliveries

Delivery of goods must be accompanied by a delivery note prepared by the supplier and a Goods Received Note (GRN), raised by whoever is processing the delivery internally. The GRN, which will eventually have to be signed by the requestor of the goods, should mention any discrepancy in quantity or in quality against the expected delivery and be signed by the delivering party, the receiver and the requestor. What is stated in the GRN must match what is reported in the stock records. See Chapter 3 for more details.

The delivery of services must be confirmed with a qualitative appreciation of the services delivered. In the UK, where there is no form to confirm receipt of a service, this is done through the Agresso tick-box process, or with a GRN where the procurement has been conducted outside of Agresso. In general, a separate document such as a certificate of completion should be used to confirm the quality of the service, but a simple note can be added to the GRN to confirm that the services delivered met the agreed standards. Any additional note must be signed off by the requestor of the service and a technical expert.

Once approved, the GRN and all affiliated documents become part of the procurement file. Where there are discrepancies recorded, these must be detailed on a claims report, signed by both parties. Partial deliveries must be specified on the GRN, or the certificate of completion if used.

1.7.6 Processing payments

Payments can only be processed by Finance staff, based on a fully documented procurement process.

Invoices for delivered services or goods must be addressed to Finance (not to the signatory of the GRN/certificate of completion) and matched with the procurement files handed over to the finance focal point. Where a claims form is attached to the procurement file, Finance should consult with the receiver to ensure the contents of the claim matches the payment. No payment can be issued to suppliers without a completed GRN/certificate of completion.

Invoices for delivered services or goods in the UK must be addressed to APIInvoices@redcross.org.uk (not to the signatory of the GRN/certificate of completion) and matched to an Agresso purchase order. The invoices are then posted on Agresso and a notification is sent to the person who raised the purchase order to post a GRN against it to authorise payment. As the requestor is likely to be different from the receiver, the requestor must ensure they have a copy of the receiver's GRN before authorising it on Agresso and they should attach a copy of the GRN to the procurement file.

Where the supplier has failed to deliver on a product or a service, the outcome of this must be agreed before they post the GRN on Agresso. If the supplier accepts liability, they can issue a

credit note that must be sent to SSC and posted to Agresso. The requestor can then post a GRN against the purchase order and the credit note at the same time, so when payment is approved it takes off the value of the credit note.

Advance payments

Can be agreed but need to be flagged to finance. Where advance payments are made, they must be supported by partial GRN or pre-agreed contractual terms.

A partial GRN or certificate of completion can be submitted to SSC for payment against partial invoices, but the original purchase order should be split into lines to match the expected schedule.

Where advance payments are required, it is advised (although not always possible) to pay a maximum of 30 per cent of the contract or PO value.

Exceptions apply for pre-financing of cash transfer services with Financial Services providers (see 1.8.5)

The preferred payment terms of the BRC are 30 days after invoice against delivery and issuing of a clean GRN.

Note: it is good practice to post the GRN on Agresso before the invoice is received at SSC's level.

Note: where the invoice amount differs from the Agresso PO amount by more or less 20%, SSC will ask for the PO amount to be modified and for the PO to be approved again through the Agresso workflow.

1.7.7 Documenting and filing

Procurement files must be completed and handed over to Finance for payment and filing. Copies of original requisitions, POs, contracts and GRNs must be kept by Logistics, either by procurement file or by type of document. The procurement process flow diagrams show which documents are mandatory by threshold – always check for donor requirements in terms of retention time.

	Finance	Logistics	Supplier
Requisition	original	original	
Quotation(s)	original	copy	
CBA	original	copy	
Waiver	original	copy	
RFQ	original	copy	
RFP	original	copy	
Tender bids	original	copy	
Letter to successful/unsuccessful bidders	original	copy	original
PO	original	copy	original
Tender committee TOR	original	copy	
Tender committee meeting minutes	original	copy	
Contract	original	original	
GRN	original	copy	
CoC meeting minutes	original	copy	
Contract extension form	original	original	original
Invoice(s)	original	copy	original
Proof of payment	Original	copy	

Procurement files should be kept on archive for various durations, depending on the requirements that apply:

UK (HMRC)	Six years
DG - ECHO	Five years
BRC GAD standards	Invoices and purchase orders: six years, plus current year Contracts: end of contract plus eight years

	Supplier selection documents (tenders, meeting minutes and evaluations): three years
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The CPT in the UK retain copies of the tender documents and procurement process as well as documents relating to ongoing frameworks and supplier performance. International Logistics can retain a local copy as well, for reference. Copies of original requisitions, POs, contracts and GRNs are kept by Logistics in separate files in the BRC's International Quality Methodology filing system (PIMS).

Managing procurement

- Maintain and share a procurement tracker.
- Establish a list of known suppliers, with basic information about them.
- Manage the performance of suppliers.
- Plan, prepare and document deliveries.
- Use a GRN for goods and a note or SDC for the delivery of services.
- Invoices are submitted to finance and matched to procurement files handed over by the procurement lead.
- In the UK, GRNs must be posted in Agresso so suppliers can be paid.
- Check donor requirements in terms of document retention.

1.8 Procurement of special items and services

1.8.1 Medical procurement

MEDICAL PROCUREMENT

Needs definition

Clear specifications including shelf life requirements
Use medicinal names rather than brand names
Special requirements
Include sample quantities in total order where necessary.

Shelf life calculations

paracetamol has a 30-month shelf life.
Requestor asks for 90% remaining shelf life (27 months) at delivery.
Import lead time = 4 months.
→ international procurement will not comply with requestor's requirements.
→ Options: lower the minimum remaining shelf life required or procure locally.

Supply chain requirements

Restricted items = stricter import rules and controls
Check transport and storage conditions needs (ex: cold chain)
Check who can be a consignee of imported medical supplies
Check requirement for testing or sampling at arrival in country.

National regulations

Check national essential medicines list for any limitations or requirements in importations.
Some countries require that importers of specific medical suppliers be registered as such.

Procurement agent services

Procurement can be delegated to a procurement agent (at a cost).
Tendering is required for procurement agent contracting.

Supplier selection

Request for support from ICRC/IFRC procurement experts.
All procurement of medical items done under IFRC rules must be approved at GVA level.

The procurement of medical items, whether equipment (tools, machinery, diagnostics or laboratory equipment) or drugs, requires special care and consideration. Priority should be given to a PNS with medical experience or to IFRC or ICRC who hold contractual relationships with medical suppliers.

There needs to be careful selection and thorough investigation of suppliers – procurement will be restricted to a selected number of validated suppliers who have the required Good Distribution Practices (GDP) and Good Manufacturing Practices (GMP) certifications, follow World Health Organization (WHO) procedures in procurement and guarantee the quality of their products.

When planning to procure medical items, contact your allocated Logistics Coordinator as soon as the requisition is raised. Unless stated otherwise in the GAD between the BRC and a PNS, no medical procurement should be initiated in country without prior notification to the Logistics Coordinator or the procurement department of the IFRC.

The procurement and distribution of medical supplies requires strict quality control procedures to ensure the quality of products provided to beneficiaries. This applies particularly to the procurement and distribution of pharmaceuticals, which can be life-threatening when the quality is substandard. There are numerous ethical and legal responsibilities related to the quality of medical products offered by humanitarian agencies. The [WHO Model List of Essential Medicines](#) serves as a guide for the development of national and institutional essential medicine lists and is updated every two years by the WHO Expert Committee on Selection and Use of Medicines.

All medical supplies must have a batch number allocated by the manufacturer. Each batch must have a manufacturing date and an expiry date, both including month and year, at least. Each batch that is manufactured must have a batch certificate or a certificate of analysis that confirms that drugs from this batch have passed the necessary tests.

When procuring medical items, consider the below carefully:

Definition

- Make sure the specifications of the request are clear: what form/dosage of each drug is required. List the typical forms, with images.
- Ensure that the request states the medicine needed rather than the name of a manufactured drug. For example, if paracetamol is required the requisition should say “paracetamol” and not “Panadol”.
- Ensure that any special requirement is listed on the requisition: is this molecule classified as a narcotic, restricted or dangerous goods?
- Ensure that the requisition specifies the expected shelf life for the item ordered and the minimum required shelf life at delivery. Make sure the supply chain lead time is factored into the required shelf life. The decision on this must be made in conjunction with the requestor and based on recommendations from IFRC or your allocated logistics coordinator.
- Confirm that the total estimated cost of the request captures the cost of the supplies themselves, as well as associated costs – for example, packaging, shipping, sampling, testing, taxes, in-country registration fees.
- Where samples will be taken out of the consignment for analysis, make sure the total quantity ordered takes this into consideration.

National essential medicines list and legal framework

Each country holds a list of the drugs they allow in the country

- Some drugs may be prohibited in the country you are working in.
- Refer to the Food and Drug Administration of your country to confirm whether the drug requested is allowed for use in your country – most of the time these lists are in line with WHO recommendations, but they may differ.
- Each country is free to classify specific drugs as restricted medical items, and this will be specified on the national essential medicines list.
- Restricted medical items often require further documentation to be imported and must be stored with increased controls (see Chapter 3). Note that some countries will limit the quantity of narcotic drugs imported by a single consignee over a set period. The national FDA is the preferred source of information for these details.

Supply chain requirements

- See above for restricted medical items.
- Transport and storage conditions for drugs and medical supplies are generally stricter than those for other commodities. Always ensure that you or the final recipient have the capacity to store an order in the correct conditions (see Chapter 3).
- Some drugs or diagnostic supplies must be kept in temperature-controlled conditions during transport and storage (see guidance here). When receiving a request for drugs with cold chain requirements, ensure the supplier has the capacity to confirm that the supplies have been transported in the required conditions (e.g.: reefer containers with temperature loggers) and that you will be able to store them in a temperature-controlled environment at the point of delivery.
- The importation of medical supplies is often more restricted than the importation of other types of commodities. To import drugs, you will typically have to:
 - Be registered as an authorised importer of drugs in the importing country.
 - Submit an import application to obtain pre-approval ahead of the shipment arriving in country. This application will typically contain a letter explaining the need for importation, the registration certificate and all draft commercial documents provided by the supplier (commercial invoice, packing list, certificate of origin and certificate of analysis). Based on the application, customs and the national FDA will deliver an authorisation to ship the medical supplies.
 - Humanitarian organisations can obtain tax exemptions for the importation of medical supplies. Usually this is requested from the ministry of health or finance and customs, which must each approve the request separately. To file for a tax exemption, you will typically have to submit a donation certificate certifying that the consignment has no commercial value (will not be sold once in country) and a proforma invoice for all the drugs to be imported. Tax exemption documents must be stored carefully and included in the documents submitted upon the departure or arrival of the consignment.
 - Some countries require that the consignment should be inspected by a third-party service provider (often named by the ministry of health or FDA) upon arrival in country. This will usually have to be arranged by the shipper or consignee and will require sampling at port of arrival, placing the supplies in quarantine until clean results are obtained and releasing them after reception of the results. Inspection costs should be added to the estimated cost of procurement.

Selecting suppliers of medical products for procurement

See the section of the **IFRC procurement manual** for information about the pre-selection of suppliers for medical supplies. Note that all procurement of medical items (incl. pharmaceutical products and medical equipment) done under IFRC procurement rules MUST be approved by the Procurement authority in Geneva before issuing a contract.

Recognising that the capacity of the BRC and other PNS does not allow for the necessary thorough controls, it is recommended to use the capacity of IFRC/ICRC to assess and monitor suppliers – where they are in place and with prior notice, use existing contracts that IFRC/ICRC hold with medical suppliers.

Using a procurement agent to conduct medical procurement

In some cases, the organisation requiring the medical supplies will not have the capacity to conduct medical procurement beyond the definition of needs. Such processes can be delegated to a procurement agent against a service fee (usually a percentage of the total value of the procurement delegated by the organisation). These procurement agents often hold a list of pre-qualified suppliers who have been quality-approved. This can be a useful solution in the rare case where a programme requires a drug or piece of equipment that cannot be supplied via a known supplier. Always refer to your logistics coordinator to assess sourcing options.

An example of shelf-life calculation: paracetamol usually has a 30-month shelf life. Your requestor asks for 90 per cent remaining shelf life (27 months) at delivery, and you know that importing drugs into your country will take around four months. Based on this, you can deduct that international procurement will not comply with your requestor's requirements, so the choice is to lower the minimum remaining shelf life or procure the paracetamol locally.

1.8.2 Consultancy services procurement

In the BRC, this is currently not managed by logisticians, although this is under discussion as it technically is a procurement process – contact international HR for details on the process to recruit consultants.

A process flowchart is available from International HR for more details on consultancy services procurement.

1.8.3 Facilities rental services procurement

The needs definition phase should focus on:

- area of choice
- safety and security
- building/compound size
- number of bedrooms/offices required
- amenities
- space needed for parking vehicles and storage
- preference for serviced or unserviced property

Recommendations should be sought from peer organisations or rental agencies, with options compared in a CBA format. The CBA and the recommendation should then be approved by a budget holder, procurement manager and Finance manager, with the security focal point included for information.

Negotiations with selected supplier or service provider should ensue. Negotiation points confirm:

- rent amount
- regularity of payment
- period of notice to close contract
- shared maintenance responsibilities
- responsibility for building and contents insurance
- responsibility for payment of utilities

Due diligence must be carried out before the contract is issued to the supplier or service provider. Rental invoices should be sent directly to the finance team for payment with a copy of the rental contract.

1.8.3.1 Facilities management in the UK

In the UK, the Facilities team at SSC will support the selection and contracting process. The Facilities team should receive invoices for all property rentals and process property-related payments directly. SSC hold a framework agreement covering maintenance and services to property rented by the BRC. Service requests must be placed through SSC's support desk, who liaise with the facilities management company and allocate a level of urgency to every request. Requestors of building services will be informed of the timeline for service delivery directly. More information on the Facilities team and their support can be found on Redroom.

There is a requirement for the British Red Cross to have specific documents available on BRC-run sites at all times. Some of the documents within the statutory documents folder must be stored on site, while others are part of the BRC's duty of care and are held voluntarily.

The standardisation and introduction of the statutory documents folder across BRC properties will support ongoing compliance. More information about the statutory documents folder can be found on Redroom.

1.8.3.2 Selection criteria for rental premises

1.8.3.2.1 In general

- Compounds located close to military compounds, market areas or other areas of security risk should be avoided.
- Any examination of a new site should include the use of the NS security audit checklist, ideally done by a security adviser.



- Secure location
- Enough space and ways in and out for expected traffic
- At least two exit routes
- Access to a main road
- Adequate secure parking space
- Adequate and safe fuel storage capacity
- Sound, well-maintained building structure
- Access to a generator



- Nearby a military compound, market area or other risk-prone area
- Communications restrictions (phone, internet coverage)
- Flooding liability
- Ill-designed or run-down building structure
- Possible negative impact on local community structures

Given the status of PNS in country (working for the IFRC and not having legal authority in country), whenever considering property rentals, make sure the legal authority in country is involved in the process and kept informed at all stages. The lease agreement must eventually be signed by the legal authority in country.

1.8.3.2.2 Warehouse selection

See Sections 2.3 and 2.4 in Chapter 2.

1.8.3.2.3 Accommodation

As a rule, prioritise secure facilities such as an apartment, house or other fully self-contained area, or containers or prefabricated buildings in a compound. Considerations listed above apply.

1.8.3.2.4 Office space

Where the BRC works in partnerships, it is usually possible to be hosted by either the NS, the IFRC or the ICRC, following the terms of an Integration or service-Agreement (IA). The use of office equipment is usually provided on either a free or cost-sharing basis, or as part of the service/integration agreement.

1.8.3.2.5 Sharing premises within the Movement

As a PNS, it is usually not possible to acquire land or property in country; however, where relevant, a business case should be put together to provide a costs-benefit analysis to compare acquisition and rental options. A PNS willing to rent premises outside their own country would have to go through the HNS or IFRC to rent spaces for them, as the PNS will rarely have legal status in the country.

If renting space from the IFRC, service charges must be defined as part of the IA or a separate agreement.

See the **Policy and Procedure for Provision of Integration and Administrative Services for National Societies** from the IFRC for more details on Integration and Service agreements.

If renting space from the HNS, service charges can either be defined in the GAD or agreed locally.

Due diligence on property leasers

knowing the ownership details of the premises being rented out is crucial, as there is a high risk of the Red Cross name becoming associated with that of the owner of the premises.

Request to see ownership documents and check the name of the owner and of the agency marketing the property to ensure that neither can be linked to terrorist acts.

If office space must be sourced outside of existing agreements, bear in mind the security of staff and materials and where possible, locate space close to other international agencies or the diplomatic community.

Any examination of a new site should use the NS security audit checklist and ideally be

carried out by a security adviser from the Federation.

1.8.4 Clearing and forwarding services procurement

To facilitate the import and export of goods, humanitarian organisations often contract the services of agents to act as intermediaries to ensure the correct application of import/export procedures and the use of proper documentation.

The main agents working in import/export are:

- In many countries, only official licensed clearing agents are authorised to effect customs clearance and are able to obtain the release of imported or exported goods. Their tasks include the classification of the goods, the presentation of the required customs documentation and guaranteeing that taxes or duties are collected or that the relevant exemption is granted. In some countries, customs regulate the clearing of goods through a governmental clearing service.
- Freight forwarding agents.

For more details on the procurement of clearing and forwarding services, see Chapter 2.

1.8.5 Procurement to support cash programme delivery

For more details and useful resources about cash programming, refer to the BRC [Cash Hub](#).

The [Cash Hub platform](#), hosted by the British Red Cross as a shared leadership initiative with IFRC and ICRC, has been launched as a global resource for the Movement to help increase the Movement's capacity to deliver cash assistance. All templates referred to in this section are available on the Cash hub (use the searchbox), mostly from the *Resources > Cash and logistics* section.

Visit www.cash-hub.org and join the online cash community of the Movement: the platform offers support to expand our knowledge, skills and networks in different ways, such as searching through a range of [resources](#), [training opportunities](#), [programme guidance and tools](#), or accessing interactive [cash maps](#) with key data on cash programmes.

Cash and Vouchers Assistance (or Cash Transfer Programmes)

Cash is a form of humanitarian response based on the transfer of cash (or vouchers) to individuals, households and communities, so they can access goods and services to meet their needs.

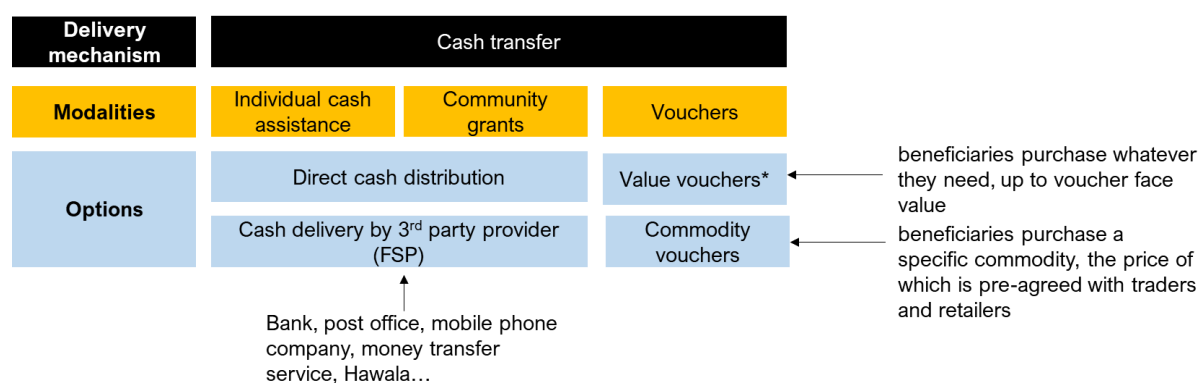
Cash is a specific aid delivery mechanism and requires specific services to be in place.

The vast majority of Cash programmes will require tendering for financial services and/or voucher services. The requirements for cash services must be defined by the programme team, using the Scope of Work template and the response sheet as a reference. Note that there are separate response sheet templates to use for FSP procurement and voucher vendors procurement. Using these resources will ensure that you collect the minimum information necessary to ensure the tender is successful.

The modalities of cash distributions must be defined in a supply chain strategy and associated services must be captured in a procurement plan, so they can be sourced, contracted and monitored by procurement experts with consultation of Finance and programme experts.

Cash services providers must be evaluated jointly by programme, Finance and Logistics, through a tender process or a simple CBA.

The most common services that cash programmes require are:



To define the procurement process to follow, make sure the distinction is made between the value of the vouchers or amount of cash distributed and the cost of delivery.

CASH PROCUREMENT RULES		
Value voucher cash programmes	Commodities voucher cash programmes	Cash assistance Through Financial Service Provider
Only service fees to be charged by the third party or transfer service provider define the authorisation level and procurement process to follow (e.g., services to print vouchers or to encash vouchers), not the face value of the vouchers distributed.	The combined value of the commodities and service fee determine the authorisation level and procurement process to be followed.	<p>< 1,000 CHF: single quote procurement is sufficient but regional/central quality check required. Use of the SoW and response document is not mandatory but recommended</p> <p>> 1,000 CHF: Run tender (preferably restricted) with support from regional/central Logistics team (UKO, IFRC or ICRC)</p> <p>See the Cash Hub for guidance on tendering for financial services provider, under the assessment section.</p>
Where the procurement experts reviewing the process identify a risk, they may escalate its validation to the funding PNS for further review.		
The selection of a financial services provider should always be validated by a central procurement team (PNS at minimum, funding PNS where value of procurement is greater than £25,000).		

The ICRC have published a step-by-step guide to Cash Transfer Programmes tendering on the Cash hub which helps planning for the entire procurement process.



Take the “**Cash Assistance through Financial Services Provider**” training, a 90-minute online modular training outlining critical steps and tools to successfully contract an FSP. The training is accessible from the Cash hub under *Resources > Cash and Logistics > Procurement tools and templates*.

1.8.5.1 Sourcing a financial services provider

Look up existing resources on the Cash Hub, under the [assessment](#) section, to find guidance on how to assess service providers and lay out a risk register for a cash response.

The roadmap at the start of the assessment section gives useful general information, and the “financial service providers baseline checklist” and the “mapping service provider template” are also available. There is also an “assessing FS topics and sources template”. All templates are available from the Cash hub (www.cash-hub.org).

Other information sources that can support the selection of an FSP:

- Logistics, procurement and programmes collect information on the service providers in the market. Finance should be included in the assessment, too – if possible, they should lead, together with programme, as they have the necessary technical knowledge of FSPs.
- Finance should also be involved in setting the requirements for FSPs, as they will need to be able to transfer the money to them, pay them on time and have the requirements met for reconciliation of funds. They may also hold a list of potential FSPs.
- Identify and narrow down potential service providers that fulfil your requirements. Sourcing can also be supported by consulting other humanitarian organisations that already implement cash-based responses and have established contracts with service providers.

There are strong regulatory controls around financial transfer services including (but not limited to) anti-money laundering (AML); counter-terrorism financing (CTF) and know your customer (KYC) procedures. Due diligence is therefore a key mitigating action against the risk of using an FSP for the delivery of a cash programme and will ensure both compliance and the technical quality of the services delivered.

A pre-qualification step should occur before the tender is published, with a Request For Information (very similar to the EOI) sent to potential suppliers (the [supplier registration form](#) can be used as an RFI when accompanied by background information on the future tender). The FSPs who respond should be evaluated against a pre-defined set of criteria. Pre-qualified suppliers should then be invited to tender (see section 1.6.3 for more details). This is the preferred option, but if there is insufficient time to undertake two steps, an open tender can be the preferred route to select an FSP. Technical and financial proposals must be requested and received from suppliers or FSPs and after the technical evaluation only those eligible will be considered for the financial evaluation.

1.8.5.2 Standard selection criteria for FSPs

Check the Cash Hub’s [set up and implementation](#) section for guidance on the selection of service providers.

Standard criteria include:

- can the FSP pre-finance the cash grants value?
- does the FSP charge account fees to users and recipients?

Unless otherwise agreed with the FSP, the payment terms of the procuring PNS will apply (the standard terms for the BRC are 30 days after satisfactory delivery of services) and the FSP should be paid the agreed fee upon receipt of the required documentation and following thorough information triangulation to confirm transfer and receipt of all cash grants.

Where an advance payment is required, see section 1.7.6 on payment terms for details on the process to follow. Where the selected FSP charges account fees to the users (in this case the recipients of cash grants), the programme team should make sure the cost of account fees is included in the cash grant amount distributed to beneficiaries, so the impact on the recipient is minimised.

See the [preparedness](#) section of the Cash Hub to find a **standard contract for FSP** and tools and templates to use in cash programmes.

For a voucher programme, retailers need to be contracted as service providers and all usual contracting requirements should be followed. A tip sheet for voucher programmes is available from the Cash hub.

The Cash-logs SMCC working group

Cash requires specialist skills and brings a variety of stakeholders together.

Developing SOPs and agreeing roles, technical support and responsibilities is crucial.

Procurement, Finance and programme leads should be clear on who is responsible for what when it comes to cash programming.

Check the shared Movement resources created under the Cash-logs SMCC project: cash RACI matrix, competency framework, training library...

Regular monitoring of the retailers and voucher providers is important from the procurement side, to ensure they hold the right items (in quantity and quality), offer fair and transparent prices, etc. The information collected from the retailers must then be triangulated with the beneficiary monitoring data to initiate payment of the retailers and of the voucher provider.

1.8.4 Construction materials

If you have decided not to subcontract your construction project, you will have to procure construction materials yourself.

A supply chain strategy is important for any programme requiring supplies but is crucial for construction projects. An analysis of the supply options needs to be included in the programme design.

CONSTRUCTION MATERIALS/SERVICES PROCUREMENT

Direct delivery to construction sites

Prefer direct delivery by supplier
If supplier enters organisation's premises, ensure safe access and prevent any image issues due to association (thorough supplier due diligence, precise communication to staff and other visitors)

Quality control

Consider hiring external resource to help with QC
Quality of supplies AND quality of service must be controlled
Assess supplier supply chain (ethical due diligence)

Storage of construction materials

Own warehouse vs. temporary storage vs. drip-feed deliveries
Ensure safe storage
Consider storage support options from local community

Construction timeline

Often > 1 year
Build staggered deliveries into agreement with supplier

Price fluctuation

As much as possible, agree fixed prices for the duration of the works

Location of construction site(s)

Access to local markets
Include transport costs in project budget

Some points to consider when procuring construction items:

Note that all procurement of construction items or services done under IFRC procurement rules MUST be approved by the Procurement authority in Geneva before issuing a contract.

1.8.5 Food and seeds

The BRC rarely supports the procurement of food and seeds. National Societies would typically seek advice from the IFRC or ICRC purchasing teams for such procurements, to manage the risks associated with procurement of food and seeds (mostly phytosanitary). For further information, see Section 3.4 of the IFRC's procurement manual, which is dedicated to the procurement of food and seeds.

In many ways, the standards for procuring food and seeds are similar to those that apply to procurement of medical items: strong controls are in place to ensure goods are fit for consumption, and to protect national production – some countries will not allow food and seeds to be imported for example.

Always refer to your regional logistics coordinator for advice on procuring food or seeds.

1.8.6 Vehicles

See Chapter 5 for details on the procurement of fleet.

