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 APInvoices@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

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.