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# **Swedish Red Cross, Procurement Manual - short version**

Approved on 04/05/2017 by Head of Finance and Support Services

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## 1. INTRODUCTION AND PURPOSE

The Swedish Red Cross (SRC) Procurement Manual aims to create conditions for effective common procurement and organisational working methods, to define concrete objectives and key ratios as well as internal controls and environmental requirements within the procurement field. It contains, among other things, information about the control and monitoring of purchasing, procurement organisation and ownership for the various purchasing processes, reports for the procurement process, international procurement and internal control.<sup>1</sup>

This shortened version has been produced in order to provide an efficient tool for persons carrying out procurement or purchasing. Please refer to the Procurement Manual for more detailed information. At the end of the document there is a selection from the vocabulary in the Procurement Manual.

The purpose of having a unified working method for procurement within SRC is to:

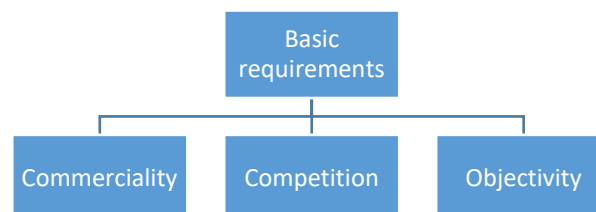
- Increase the quality of procurement work
- Reduce SRC's total procurement costs
- Determine environmental requirements for procurement and increase the environmental awareness within SRC
- Enhance control over SRC's purchasing
- Ensure compliance with relevant internal and external regulations

## 2. BASIC REQUIREMENTS, ETC.

The Guidelines for purchasing and procurement apply to all procurement of goods and services within SRC (cf. Rednet). Deviations from the guidelines and the procurement manual must be approved by your immediate manager and documented.

### 2.1 PROCUREMENT

The term procurement refers to purchases, leasing, rent or hire purchase of goods and services. SRC uses two forms of procurement: simplified procurement and direct procurement. All decisions relating to procurement shall be made by an authorised person according to SRC's authorisation regulations. There are three basic requirements for procurement within SRC.



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<sup>1</sup> SRC's Procurement Manual is available at [rednet.redcross.se](http://rednet.redcross.se)

- *Commerciality* – the purpose of this requirement is to ensure that the lowest costs and/or the best quality is achieved for all procurement
- *Competition* – means that we provide suppliers with the opportunity to submit offer to SRC in connection with procurement
- *Objectivity* – means that we treat all suppliers equally and we set requirements for procurement in such a manner that allows a number of suppliers to submit offer on equal terms

## 2.2 PURCHASING

The Procurement Manual includes several purchasing guidelines that are adapted to the purchasing guidelines for the international Red Cross movement. All guidelines are obligatory for all procurement. Some of the most basic guidelines include:

- Purchasing (orders) must be confirmed (approved) *in advance* by an authorised person
- Procurement shall take place in line with SRC's standards relating to *environment and ethics*
- If *existing contracts* are already in place with suppliers, these must be used
- If purchasing cannot be carried out within existing contracts, the guidelines for the *quotation and offer procedure* shall be applied

## 2.3 INVOICING

The main rule is that payment shall be made on invoice after 30 days, and that all invoices must be executed according to SRC's requirements. The orderer's (name, department/unit) must be provided as the reference. Invoicing takes place monthly in arrears. Partial invoicing, advance payments, invoice charges or other administrative charges are not acceptable. Interest on late payments shall be issued according to the Swedish Interest Rate Act (räntelagen).

Purchases below SEK 1,000 should not be made against invoice.

If there are several smaller purchases from the same supplier, we shall strive to obtain a consolidated invoice, alternatively to pay with personal expenses or using Eurocard.

Invoices shall be sent to:

Swedish Red Cross, Leverantöresreskontran, Box 17563, 118 91 Stockholm, Sweden. It is acceptable to send invoices (preferably in XML format, alternatively as a PDF), via email to: [faktura@redcross.se](mailto:faktura@redcross.se).

### 3. PROCUREMENT AND MONETARY LIMITS

When a procurement is required, the amount and situations involving agreements must be taken into consideration. The process should be proportional in relation to the value of the contract.<sup>2</sup>

There are different courses of action based on the amount involved.

**Table 3.1.1.**

<b>Procurement situation</b>	<b>Course of action</b>
<ul style="list-style-type: none"><li>• Framework agreement exists</li></ul>	<ul style="list-style-type: none"><li>• Order from a framework agreement</li></ul>
<ul style="list-style-type: none"><li>• No framework agreement exists</li><li>• Amount* below SEK 10,000</li></ul>	<ul style="list-style-type: none"><li>• Direct procurement from any supplier</li><li>• No requirement to obtain offer from several suppliers</li></ul>
<ul style="list-style-type: none"><li>• No framework agreement exists</li><li>• Amount between SEK 10,000 and four (4) base amounts</li></ul>	<ul style="list-style-type: none"><li>• Offer must be obtained from at least three (3) potential suppliers</li><li>• The most economically advantageous offer should be selected</li></ul>
<ul style="list-style-type: none"><li>• No framework agreement exists</li><li>• Amount above four (4) base amounts</li></ul>	<ul style="list-style-type: none"><li>• Offer procedure required</li><li>• Contact Central Purchasing</li></ul>

\* Refers to the calculated value of the goods/service, i.e. the purchase cost.

Confirmation by an authorised person is required for all procurement before the order is placed.

### 4. ENVIRONMENT

Procurement at SRC shall be carried out in a manner that ensures that all goods and services are of the required quality and have the lowest possible impact on the environment, and that these goods and services can be procured at a cost which is the most economically advantageous for SRC in the long term.<sup>3</sup>

Four ecolabels apply to daily purchases: The Swan (Svanen), the EU Ecolabel, Good Environmental Choice (Bra miljöval) and KRAV.

### 5. SOCIAL STANDARDS FOR PROCUREMENT

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<sup>2</sup> Read more in section 3.3 of the Procurement Manual

<sup>3</sup> Read more in section 7 of the Procurement Manual

Suppliers of goods and services that work with SRC must commit to respect internationally recognised principles regarding human rights and work standards, for example the International Labor Organization’s (ILO) fundamental conventions and the UN’s Universal Declaration of Human Rights.

In summary, the supplier is subject to the following requirements:

- To run their business in accordance with fundamental human rights and to not in any way be involved in violations of such rights. This requirement covers both direct involvement and complicit involvement, either by omission to act or knowledge of the violation
- To uphold the freedom of association and the effective right to collective bargaining
- To guarantee the elimination of all forms of forced and child labor do not occur within the supplier or within any of its subcontractors.
- To guarantee the elimination of discrimination in respect of recruitment and work tasks.
- To guarantee a safe working environment for all employees
- To have a policy that promotes diversity

**6. GLOSSARY**

<b>Commerciality</b>	One of the three basic requirements for procurement within SRC. The aim is always to try to obtain the lowest price or the most economically advantageous option.
<b>Offer procedure</b>	Synonymous with simplified procurement. Several suppliers are given the opportunity to submit offer based on an invitation to tender.
<b>Offerer</b>	The party submitting the offer.
<b>Authorisation</b>	Approval/confirmation of circumstances.
<b>Order</b>	Order/purchase of a good/service that takes place within the framework of an agreement that has already been procured/signed (framework agreement).
<b>Authority</b>	A personal right issued, for example, based on a functional responsibility in an organisation.
<b>Monetary limits</b>	Controls the management of a purchasing situation with respect to internal rules. Refers to the calculated value of the goods/service, i.e. the purchase cost.
<b>Order form</b>	A specific form where the details necessary for the order have been specified.

<b>Central Purchasing</b>	The people who work exclusively with purchasing for the central organisation within SRC and who comprise the central category managers.
<b>Direct procurement</b>	Procurement/purchase without offer procedure, which can but does not necessarily include signing of a contract. Only approved below specific monetary limits.
<b>Simplified procurement</b>	See offer procedure.
<b>Invitation to tender</b>	Procurement documentation for the invitation to tender: the administrative regulations, requirement specification and contract proposal for a procurement.
<b>Competition</b>	Refers to offer several suppliers the opportunity to submit offer for procurement.
<b>Coding</b>	Filling in fields in the finance system's code string: account, responsibility, activity, etc.
<b>Requirement specification</b>	List of requirements that are set for the product to be procured.
<b>Supplier</b>	Company or other legal person that provides goods, services or contract works in return for compensation.
<b>Objectivity</b>	One of the three basic requirements for procurement within SRC. Aims to treat all suppliers equally.
<b>Quotation procedure</b>	Quotations must be obtained from at least three suppliers and then the best alternative is evaluated.
<b>Order confirmation</b>	(= confirmation of the order). Confirmation from the supplier that the order has been received, that the ordered product can be supplied and information about the delivery date.
<b>The price base amount</b>	The price base amount is decided by the government and rounded up to the nearest hundred Swedish kronor.
<b>Product</b>	Collective term for goods and services (and contract works).
<b>Framework agreement</b>	Undertaking to use a company's goods/services during an agreed period. order are made on a framework agreement.