

# 5 DOCUMENTATION AND MONITORING

A crucial part of the procurement process is to ensure that procurement documentation is properly compiled, filed and stored. In a worst-case scenario, incomplete procurement documentation may result in the repayment of funds.

Sound management of procurement documentation starts at the very beginning of the project and ensures that procurement is well documented throughout the entire project period.

## 5.1 PROCUREMENT FILES

Keeping proper records of all relevant procurement documentation from the outset of a project is a vital part of procurement. The procurement files are the main tool for this purpose, and it is the responsibility of the Procurement Committee to maintain proper compiling and record keeping of procurement documents as per the below instructions. Moreover, the Procurement Committee shall decide on the location of the physical procurement files during the project period and after receipt of the final payment, keeping in mind the accessibility and safety of the files in case of an audit.

**NOTE:** For easy access and retrieval, it is possible to file procurement documentation electronically. Please check the donor's requirement as some donors require files to be available in hard copies or both.

For all procurement of Supply, Service and Works, procurement files shall be compiled with the following minimum documentation as well as any additional relevant documentation:

### **Project Procurement File**

- Application or Grant Contract
- Procurement Plan, updates and budget
- Donor procurement rules, donor communication (e.g. derogations)
- Declaration of Impartiality and Confidentiality
- General Advertisement for Business Opportunities and supplier responses
- Completed Procurement Documentation Tool
- General Note to File, if relevant

### **Simple Procedure Procurement File**

- Purchase Request
- Copy of Procurement Request or Simple Procedure Quotation (optional) or Request for Proposal (optional)
- Proof of minimum three prices
- Evaluation, justification for selection of contractor and proof of eligibility
- Declaration of Impartiality and Confidentiality
- Purchase Order or Contract
- Copy of invoice
- Shipping documents
- Proof of receipt of supplies, services or works
- Note to File, if relevant

### **Negotiated Procedure Procurement File**

- Purchase Request
- Shortlist of Suppliers or Candidates and Receipt Form

- Request for Quotation or Request for Proposal
- Quotations or Proposals
- Evaluation, justification for selection of contractor and proof of eligibility
- Declaration of Impartiality and Confidentiality
- Purchase Order or Contract
- Letter to Unsuccessful Suppliers or candidates
- Copy of invoice
- Shipping documents, if relevant
- Proof of receipt of the supplies, services or works
- Award Notice (optional below EUR 30,000)
- Note to File, if relevant

#### **Open Tender Procurement File**

- Purchase Request
- Tender Dossier
- Tender Notice
- Shortlist of Suppliers or Candidates and Receipt Form
- Tender Bids
- Tender Amendments, Questions and answers
- Tender Receipt Form
- Tender opening minutes (incl. Checklist, List of Participants, Tender Opening)
- Evaluation and proof of eligibility
- Declaration of Impartiality and Confidentiality
- Contract and Letter of Acceptance
- Letter to Unsuccessful Suppliers or candidates
- Copy of invoice
- Shipping documents, if relevant
- Award Notice
- Proof of receipt of the supplies, services or works
- Note to File, if relevant

#### **The Note to File**

For accountability purposes it is recommended that the procurement responsible staff keeps a 'logbook' in the form of a Note to File, for each procurement procedure and on general procurement related issues in the project (e.g. the steps that have been undertaken, delays, decisions, market challenges, etc.).

The Note to file is a useful document to bridge the gap between what is documented in the procurement file and what actually happened as well as providing an understanding of the context in which the procurement takes place. In addition, the Note to File is helpful to capture pricing collected from suppliers in person or through telephone conversations under the Simple Procedure. Any additional information from the Procurement Officer or committee may be included in a Note to File.

The information gathered in the Note to file enables the Procurement Committee, the procurement responsible staff and future auditors to track the procurement process for each purchase.

**NOTE:** Whenever a Procurement Procedure has multiple orders or deliveries, please prepare a reconciliation sheet, which lists all the invoices, proof of receipt, payments, etc. for that Procurement Procedure.

## **5.2 PROCUREMENT MONITORING**

Procurement monitoring may take place as frequently as is possible and practical during the project implementation period. Ideally, the first monitoring visit would take place in the first few months of implementation in order to identify and rectify any potential problems at an early stage. Interim reporting

and project completion stages are also ideal times for monitoring. It is, however, mandatory to undertake monitoring at least *once* during the project eligibility period. The key tools in procurement monitoring are the project Procurement Plan (GEN 7-1) and Procurement Documentation Tool (GEN 18). Both should be applied and updated during the monitoring process.

Procurement Monitoring		
Project Start	Interim Report	Project Closure/Final Report
1. Monitoring visit	2. Monitoring visit	3. Monitoring visit

The Procurement Documentation Tool in GEN 18, which matches the documentation listed in chapter 5.1, is a mandatory tool to identify the documentation available.

Procurement monitoring is usually carried out by the Grant Administrator. For consortia projects, monitoring may in some cases be carried out by the Lead Agency and in other cases it may be each consortium partner's responsibility to monitor own and implementing partners' procurement. This depends on the organisational set-up of the consortia project.

Ideally, procurement staff shall carry out procurement monitoring, but when pertinent, the finance and programme staff may also carry out the tasks. To create synergy, it is an advantage to carry out procurement monitoring jointly with finance and programme monitoring.

#### What to look for in Procurement Documentation

The documentation should be adequate and checked against the required documentation listed in GEN 18 as well as reviewed for quality, for example:

- Is a Procurement Committee in place? How many and who sits on the Committee? Are the Declarations of Confidentiality and Impartiality (GEN 2-1) signed by all the Procurement Committee members?
- Has the correct Procurement Procedure been applied?
- Do the dates on all documents match with the rest of the documentation for any given lot or project?
- Are all documents signed by the authorised individual?
- Do the technical specifications or TOR of the procured supplies and services match those in the RFQ/RFP?
- Are the documents drafted in English? If not, as per donor requirements, the most important sections should be translated into English, e.g. type of document, names of items, specifications, quantity, price, total value, etc.
- Is there an Evaluation Grid or minutes of the evaluation meeting, signed by the Procurement Committee members? Is the reason for choice of contractor clearly stated and in compliance with the award criteria in the RFQ/RFP/Tender Dossier?
- Is the value of a contract identical on all documents and does this match the Procurement Plan?
- Is there a signed contract or Purchase Order? Does this include GTC and COC?
- Is there a copy of an official invoice? If not, it may suggest that supplier is not tax registered.
- Is there a 'proof of receipt' of the supplies, services or works?
- Arrange for Contract Awards (> EUR 30,000) to be published if not already done so.

Please capture the outcome of the review in the Procurement Monitoring Tool (GEN 18) and indicate which documents are on file. Should any documentation be missing, please insert a comment and request the Contracting Authority to gather all missing or additional documents and keep these in the procurement file. Please ensure that all the required documents are organized in the correct order in the procurement file.

A Note to File should be used whenever there has been an unexpected aspect to the procurement of a lot, where the normal documentation is not self-explanatory. Please ensure that any necessary Notes to File are written, signed and dated by the appropriate staff members and kept in the file. When the review is completed and all documentation accounted for, please keep the Procurement Plan, the Procurement Documentation Tool, and any other relevant documentation, correspondence, etc. in the project procurement file.

### 5.3 PROCUREMENT FINALISATION

Upon procurement completion and before submitting the final donor report, the Procurement Committee shall ensure that the Procurement Plan is updated and harmonized with the Final Narrative and Final Financial Report. It is not uncommon that the information in the Procurement Plan differs from what was initially planned and the 'Actual Procurement' section in the Procurement Plan shall then be updated accordingly. In this way, the final Procurement Plan reflects both the planned procurement, the actual procurement and the changes that have occurred during the project period. It is also at this stage that GEN 18: Procurement Documentation Tool is finalised and filed.

#### Storage of Procurement Files

The Procurement Committee shall ensure that all procurement documentation is kept for at least five years after the final payment and ensure that the files are kept in a safe and accessible place, ready for audit.

**NOTE:** Some donors require documentation to be accessible for a longer period than five years and some donors require files to be kept in both physical and electronic files.

#### Final Procurement Plan

- Finalise the 'Actual Procurement' section of the Procurement Plan (actual Procurement Procedure, contractor selected, actual quantity, contract value and voucher or transaction no.).
- Ensure that the Final Procurement Plan matches the Final Financial Report. Check that the Procurement Plan matches (in donor currency) with the Final Financial Report and the Transaction List. There are often anomalies between the two, due to exchange rate variations, etc.
- Ensure that Final Procurement Plan reflects the Final Narrative Report. The Procurement Plan must indicate procurement of supplies, services and works that relates to the budget and the stated activities of the project.
- Ensure that any procurement related information, as required by the donor, is included in the final report and submitted timely.

#### Audit Preparation

In general, if the tasks described in section 5.1-5.3 have been completed correctly the procurement documentation is ready for an audit. It is important that this is ensured during project implementation and latest at project finalisation.

When selected for a procurement audit:

- The contract holder with the donor shall contact the involved implementing partner organisations for the purpose of gathering and forwarding documentation to the contract holder with the donor. It is the original files which shall be forwarded, unless the donor specifies otherwise.

- It is the responsibility of the implementing partner to assemble and forward all required documentation, following the sequence of the Procurement Plan, Procurement Documentation Tool (GEN 18) and as set out in Chapter 5.1 of this Manual, to the contract holder with the donor.
- The contract holder will quality assure the received files and ensure that all the required documentation is in place.
- If the contract holder receives files with missing documentation this documentation shall be retrieved from the implementing partner organisation.
- The original files received by the contract holder with the donor, shall be returned to the implementing partner or own country office after the audit is completed. This will depend on the organisational structure of the contract holder with the donor and individual agreements with the implementing partner organisation.