



Standing Operating Procedures (SOP)

and

Procurement Policy

Institute of Business Management

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PROMULGATION

Standing Operating Procedure (SOP)/Procurement Policy for the IoBM Purchase Department is hereby promulgated for information, action and implementation by all concerned. SOPs are to be read and acted upon in conjunction with other orders issued from time to time in this regard. Any proposal for correction/addition/deletion in these orders is welcome and may be routed through normal channel.

HoD Purchase _____

HoD Internal Audit _____

Advisor to ED Admin _____

Executive Director Administration

Approved by:

President

MISSION STATEMENT

The Purchase Department represents IoBM in the purchase of all required goods and printing services at the most favorable prices, terms, and conditions to support the needs of our faculty, staff and students. To establish and maintain a professional and productive relationship with businesses partners and to assure the compliance with policies and SOP set forth by Government, as related to purchasing. To maintain the highest level of ethics while procuring goods and services with the funds of Institute.

PURCHASE DEPARTMENT

The Purchase Department functions as per provision of the Institute of Business Management (IoBM) Purchase and Procurement Statutes 2012. All purchasing and printing of IoBM are centralized and processed through the Purchase Department. The purchase operation is overseen by the Executive Director Administration/Finance. Manager Purchase as Head of the Department (HoD) supervises the Purchase Department in consultation with Advisor to ED Admin (HR, Purchase & Gen Admin) and reports to the Executive Director Administration.

DEFINITIONS

“Bid” means a tender, or quotation in response to an invitation by sole proprietor, consultant, firm, company or an organization expressing willingness to undertake a specified task at a certain price.

“Competitive Bidding” means a procedure leading to the award of a contract whereby sole proprietor, firm, companies or organizations may bid for the contract.

“Contract” means an agreement by consent of parties concerned.

“Contractor” means a proprietor, consultant, firm, company or an organization who undertakes to supply goods, services or work at agreed terms and conditions.

“Emergency” means natural calamities, accidents, war and operational emergency which may give rise to abnormal situation regarding prompt and immediate action to limit or avoid damage to person, property, the environment or the smooth functioning of Institute of Business Management.

“Goods Receiving Note (GRN)” It is the record of goods supplied at the point of receipt. This document is used to confirm all goods have been received and compared to the purchase order before payment is released.

“Purchase” The act of acquiring a needed item or service by an authorized department of the Institution.

“Purchase Order (PO)” is a commercial document issued by a buyer to a seller, indicating description, quantities, and agreed prices with applicable tax for goods or services the seller will provide to the buyer. Acceptance of PO by a supplier constitutes a legal binding to supply goods or services as per terms and conditions of PO.

“Repeat Orders” means procurement of the same commodity from the same source without competition.

“Request for Quotation (RFQ)” means a written request to a vendor to invite bids/quotations to get price, payment terms and other related information about the requested item. The RFQ includes following:

- Item description & specifications in detail.
- Quantity required.
- Delivery details of goods/printing services.
- Requirement of survey, sampling or under taking etc.
- IoBM standard Purchase Order Terms and conditions.
- Customization, if any.
- Any other special term and condition.

“Sole Source” means a vendor or a sole proprietor who sells a product or service that meets the unique needs of the purchaser; generally, **sole source** means the one and only source available for the provision of goods or service in Pakistan.

“Supplier (Vendor)” A *supplier* is an entity that supplies goods and services to another organization. This entity is part of the supply chain of a business

MAIN FUNCTIONS OF PURCHASE DEPARTMENT

The Purchase Department is to obtain supplies, equipment and services at the lowest cost, without compromising on quality, for the institute that meets or exceeds the customer's specifications for performance quality and availability at the time of purchase. In conforming to this policy, the capability, capacity and historical performance of the supplier will be considered and weighed in the decision process.

SCOPE

All purchases and procurements are to be carried out in a fair and transparent manner. To this effect following are to be kept in mind during any purchase/procurement:

- Ensures purchases are made in a transparent and accountable manner.
- Delivers best value through the most appropriate service provider.
- Ensure open and effective competition.
- Supports in a sustainable manner, environmental and ethical practices.
- Appropriately manages risk example contractual, financial and sustainability.
- Promotes efficient purchasing practices and their continuous improvement.
- Ensures the Institute's purchasing activities are in accordance with legal frame-work i.e. rules on taxes and legislation.

The scope excludes the following:

- Major Projects.
- Land Acquisition.
- Purchase of Books/Magazines/Periodicals.
- Rentals.
- Repair and Maintenance of building/furniture/machinery/equipment etc.
- All kind of Service and Maintenance Agreements.
- All types of Works such e.g. Civil, Electrical, Mechanical or IT.
- Purchase of Soft wares.
- Fee payments, Advertisements, Utility Bills etc.
- Mail services, Postage, Travelling & Freight bills etc.
- Legal and Insurance Services.
- Seminars, Conventions and Entertainments.

PURCHASE PROCEDURE

The Purchase is processed as under:

- Receive the Purchase Requisition Forms (PRF) from all departments for the procurement of different items and the printing work. Complete details with respect to Justification, Make, Type,

- Brand, Country of origin, and Specifications of items to be purchased, shall be provided by the requisitioning department.
- Invite quotations on line or visit the market for collection of quotations.
- Evaluation of quotations and negotiations with suppliers.
- Finalize the terms and conditions for trading out the items where applicable.
- Send the completed Purchase Requisition Form to the competent authority for approval (Executive Director or President).
- Collect cash from Finance Department for the items valued less than Rs. 10,000/-for petty purchases or in case where the cheque is not acceptable to the supplier and the amount required is more than Rs. 10,000/-
- Collect cheque from Finance Department for amount greater than Rs. 10,000/- for disposal to the supplier.
- Collect purchased items from the supplier or arrange timely deliveries of supplies/printing work from vendors at IoBM site maintaining quality standards.
- Verify the receipt of requisite items by the Central Store.
- Record all the items and dispose off requisite items to the Central Store.
- Keep the Record of Warranties and use them within warranty period, if required.
- Keep a computerized record of all purchased items.
- Send Release of Payment voucher to Finance Department after receipt of invoice and successful point inspection.

A procurement cycle is attached at Annexure H.

CAPITAL CONTROLS

1. Requisitioning HoD is to ensure that proposed procurement is within the approved budget schedule of budget year, both in terms of quantity as well as cost of expenditure.
2. Purchase Requisition for Capital Purchases is to be routed by the concerned HoD through Corporate Affairs Department prior to forwarding the case to Purchase Department or the President for approval.
3. Inspection of delivered items should be jointly conducted by the Inspection Team consisting of a representative each from the Procurement department and the requisitioning department. Delivery Challan /GRN should be matched with delivered materials /equipment and jointly acknowledged as "Checked and Verified" by each member of "Inspection team".
4. Purchase Order for capital items is to include a condition stating that supplier should inform day/ time of delivery of goods by email one day prior to delivery. Purchase Department would then mobilize "Inspection team" for joint inspection on the stated date and time.
5. Bulky/heavy items which could not be transferred to "Central Store Room" may be kept in a safe and secure place, with proper planks for resting of equipment and coverage with plastic or other secure sheets against rain and dust, on the ground floor of Admin building.
6. Purchase order should include condition that a list of items (with Serial Number, if any) and warranty papers should be handed over with the consignment.

CODE OF ETHICS

Ethical values govern the purchase and procurement policy. Transparency in all stages of the purchase and printing process is an essential ingredient. Integrity is made obligatory through fairness, honesty and impartiality. The purchasing process cannot be both purpose oriented and self-serving; the two are incompatible. Everyone involved in the purchasing process is held accountable to the following principles:

- Give first consideration to the objectives and policies of the Institute.
- Must not become obligated to any supplier and shall not participate in any transaction in which they may personally benefit.
- In order to avoid conflict of interest, any business enterprise in which IoBM employee has significant proprietary interest or control must seek written approval from the Director in advance to conduct business.
- Comply with all Government Laws including Income tax, Sales tax and other applicable regulatory laws in a way that Institute would receive recognition as a good law abiding organization.
- Illegal and unethical practices such as kickbacks, bribery, undue favors, and leakage of confidential information with mala fide intention will not be acceptable and will be dealt with strict punitive action.
- No gifts, beyond those of publicity nature and insignificant value may be accepted. Gift received which are unacceptable according to this policy shall be returned to respective donor.
- Grant all suppliers an equal consideration/opportunity as per institutional norms.
- Conduct business with potential and current suppliers in congenial atmosphere and good faith devoid of personal interest.
- Demand honesty in sales representation whether offered through the medium of a verbal or written quote/mail or a sample of the product.
- Make every reasonable effort to negotiate a mutually agreeable settlement of any controversy with the supplier.
- Accord a courteous response to all who call on for legitimate business.
- By keeping prices confidential and not divulging these prices to the competitors.

CLASSIFICATION FOR APPROVALS

The approval for the payment for procurement is in accordance with the Purchase and Procurement Statutes 2012 of the Code Book of IoBM.

PURCHASE COMMITTEE

The Purchase Committee shall be constituted to review purchases. The Purchase Committee will:

- Consider and give its recommendations for the purchase of items valued over Rs. 150,000/-
- Oversee the justification of requirement of high value items.
- Carry out need analysis and may trim down the request to essentially required items and quantity.
- Discuss different matters relating to purchase of these items.
- Prepare and circulate minutes with recommendations to all concerned.

Purchase of the following items is out of the purview of the Purchase Committee:

- a) Diesel

- b) Printing Work
- c) Photocopy papers
- d) Bulk purchase of daily use items
- e) Any purchase deemed necessary by the management
- f) In case of emergency, purchase to be decided by the President of the Institute

BRIEF FOR PURCHASE COMMITTEE'S MEETING

The Secretary Purchase Committee will prepare a short/brief document to be placed before the members of the Purchase Committee in the meeting. The paper will contain following Information:

- Brief knowledge about the request made by the Requisitioning Department.
- The justification of purchase provided by HoD and its Administrative Approval.
- Availability of budget (HoD Corporate Affairs).
- The detailed description of item(s) with specifications and quantities requested.
- A comparative Statement of all dealers/vendors indicating per unit and total cost of purchase with applicable taxes.
- Standing of vendors in the competition from lowest price quote to the highest.
- Payment terms of each vendor.
- Delivery period of each vendor.
- Warranty Details.
- Port of shipment (where applicable).
- Other terms and conditions, if any.
- Quotations/proposals of all vendors along with associated documents.
- Urgency of purchase.
- The recommendations of end user after carrying out technical analysis of all proposals. In the event purchase is recommended not on the basis of lowest quotation, the reason thereof shall be explicitly stated.
- Any other relevant information.

PROCUREMENT CATEGORIES

The requirements for the purchase of different items and printing services are shown in three categories as below:

- 1 Procurement from Sole Source.
- 2 Procurement by Competitive Bidding.
- 3 Purchases on Rate Contract.

PROCUREMENT FROM SOLE SOURCE: This method is used for requesting approvals on the basis of single source procurements. There is no point in conducting comparative procurement proceedings if the item is to be procured from one source. Following are the occasions where purchase can be carried out without acquiring three quotations/ bids:

- The amount of purchase is up to Rs. 10,000/-
- The item is available at the old or less than old purchase price.
- The purchase is made from the Authorized Distributors/Dealers or Stockist where the price of item is the same.

- The purchase is made from the original manufacturer, sole importer/ distributor, stockist or dealer.
- The change of supplier or product could result in incompatibility or technical difficulties in operation or maintenance.
- The price of product is fixed and controlled by the government.
- Repeat orders are processed subject to the following conditions:
 - If No change in the rates specifications as well as terms & conditions of supply.
 - Order is placed within 120 days' time from the date of the quotations after ensuring that there is no significant reduction (more than 10%) in the cost of the item(s).
 - No repeat order will be placed if buy-back is involved in the purchase.
 - Any amended order shall not be considered for repeat order.
- Spare parts/consumables from original manufacturer/supplier of a machine/ equipment.
- The customization is required and the expertise are available at one source only.
- In case of emergency, purchase is to be approved by the President.

PROCUREMENT BY COMPETITIVE BIDDING: This is the method which is used where the item(s) does not qualify for single source procurement. The competitive bidding aims at obtaining goods and services at the lowest price by stimulating competition. Quotation shall be invited by the Purchase Department after receiving approved Purchase Requisitions with detailed specifications. The enquiry will be floated to as many vendors as possible to have competitive rates. Minimum of three quotations are essential. Quotation can be called and received by hand/registered post/ courier service in sealed envelopes or by email. Purchase Department after receiving quotations will make comparative reports and send to concerned Requisitioning Department for Technical Analysis & Recommendations. The purchase shall be processed based on at least three quotations from reputed sellers unless an exemption to this effect has been explicitly obtained from the competent authority.

The request for quotation (RFQ) should mention following as applicable:

- (i) Description and specifications of the item.
- (ii) Quantity to be purchased.
- (iii) Date and time by which the quotation should be received.
- (iv) Date by which deliveries are expected.
- (v) Warranty requirements.
- (vi) Requirement of training, technical support.
- (vii) After sales service and requirement of annual maintenance contract, if any.
- (viii) Period of validity of quotation.
- (ix) Special requirements of packing and marking.
- (x) Payment terms of the institute.
- (xi) Applicable Tax / Tax exemptions.
- (xii) Inspection and testing Procedures
- (xiii) Cartage and delivery costs.
- (xiv) Installation, commissioning and Training requirement
- (xv) Any other special terms and condition which are applicable.

The competitive procurement is arranged as under:

- I. For the items from the value of Rs.10, 001/- to Rs.200,000/- the competent authority to approve the purchase is Executive Director. However, purchases of more than Rs.150,000/- are to be routed through Purchase Committee. Some three (3) quotations are invited from prospective suppliers/vendors. Unwritten or unauthentic response is not accepted. Received offers are evaluated technically as well as commercially. The best offer after negotiations is recommended for purchase.
- II. The competent authority to approve all purchases valuing more than Rs.200,000/-, is the President. A visit to new suppliers/vendors is to be conducted by Manager Purchase along with a senior person from Requisitioning Department, if procurement relates to technical items.
- III. In case of reordering of any previously purchased items at the same price or less than old price, fresh quotation is to be obtained from at least two other vendors for the procurement. This standard practice shall be applied concurrently to exemption Clauses 8.1 to 8.3 of Purchase and Procurement Statutes 2012.
- IV. Comparative Statement is then prepared. The negotiations are held with suppliers keeping in view the best quality, price, warranty where applicable, after sale service and possibly the track record of supplier. The matter is then finalized and placed before the Purchase Committee for review and recommendations.
- V. Where procurements value is above Rs.2,500,000/- the management may decide to appoint a consultant. If needed, the tenders are also invited directly by IoBM or by Consultant. The Senior Management may decide to advertise the purchase in at least two national dailies, one in English and other in Urdu.
- VI. In case the tenders are invited by IoBM, Purchase Department/Maintenance Department or Requisitioning Department is to formulate precise, unambiguous documents for bidders immediately after publication of invitation Bid, Security and validity date and other relevant details. In case the item is to be imported the process shall be regulated through Corporate Affairs Department. Selection of tender is done on the basis of above criteria and then sent to Purchase Committee for their review and recommendations.
- VII. In case the procurement is to be arranged by consultant, following will be the obligations of consultant:
 - a) Analyze the requirement and recommend line of action.
 - b) Decide whether to go for open bidding or sealed bid process, with or without pre-qualification.
 - c) Prepare draft of all required documents such as Letter of Interest, Tender documents, Drawings, Maps, layouts, Technical Evaluation/Assessments, Letter of award of contract or Purchase Order etc.
 - d) Invite bids/proposals through advertisements or direct from suppliers/vendors on their panel.
 - e) Bids may be opened on the last date of its submission at the time specified in bidding document, at least half an hour after the closing time.
 - f) Bids may be opened in the presence of bidders or their representatives.
 - g) All the bidders in attendance shall sign attendance sheet.bid or proposal. The management shall incur no liability, solely by virtue of invoking its rejection towards supplier or contractors which have submitted bids or proposals.
 - h) In case of rejection of all bids, re-bidding may be called.
 - i) Each bid may comprise of one single envelope containing separately "Financial Proposal" and "Technical Proposal" (if any) marked accordingly.
 - j) Technical assessment and recommendations will be done by consultant however; the financial and commercial recommendations may be made by Purchase Committee.

- k) In case the procurement is to be made in phases, consultant will monitor all stages of procurement particularly with respect to time and precision.
- l) Part payments will be released as per agreed terms and conditions between the parties on the verification of consultant.
- m) Final payment will be released after successful installation, commissioning and training duly verified by consultant.

PURCHASES ON RATE CONTRACT: A Rate Contract (commonly known as RC) is an agreement between the purchaser and the supplier for supply of specific goods and services at specified price and terms and conditions during the period covered by the Rate Contract.

- Based on requirements identified by Purchase Department the Institute may enter into rate contract arrangements for specified terms from one or more sellers for a specified length of time. The details of such arrangements shall be negotiated by Purchase Committee or Sub Committee.
- The recommendations of the committee shall be approved by the Executive Director before they are formally adopted.
- The period for which the Rate contract is valid will be counted from the day the rate contract is formally adopted.
- On the formal adoption of Rate Contract Manager Purchase will procure the items and services by placing direct orders on the firms.
- In case the item is not available ex stock with the contractor, the buyer will be at liberty to buy the item from any source. The item can be purchased at contract rate on single quotation.
- Rate contract will not be a binding as long as other purchase process is followed.

PURCHASE PROCESS

Purchase Requisition Form: The Purchase Requisition Form (PRF) (Annex A) is the basic document which is used for purchasing goods or printing services by any department of the Institute. The Head of Department initiates the Purchase Requisition and forward to Purchase Department after fulfilling all requirements (Please refer to Purchase Controls). Purchase Requisition serves a number of purposes such as:

- Documenting the need for the goods or printing services required.
- Confirming the availability of funding, based on the estimated value of item.
- Confirming that the goods required are justified in number and value.
- Replenishment to maintain maximum or minimum stocks (Annexure J & K).

Prerequisites: For proper requisitioning of goods/services, following prerequisites are set forth:

- The Requisitioning Authority (End User) would request for the purchase of goods/printing services on the prescribed "Purchase Requisition Form". Detailed description of goods/services such as Make, Brand, Model, Configuration, Specifications, features, Size and Dimensions must be mentioned on the form
- Where ever possible relevant literature, Drawing, Design, Snaps or a Sample of item be provided.
- Where a long list is involved, it should be attached with the PRF along with a summarized description e.g. Spare Parts/Consumables for 500 KVA Diesel Generator for maintenance as per list attached.
- The PRF should be raised after confirmation of non-availability of item in Store.
- Justification for the requested purchase/printing services must be mentioned in designated place on PRF.

- PR must not mix requirements of dissimilar items e.g. requirements for generator spares must not have requirements of overhead projectors on the same PRF.
- Where the estimated value of purchase is over Rs.100, 000/- Administrative Approval of Executive Director is obligatory. It is to be sought by HoD of requisitioning department.
- Names of vendors in case of specialized nature of work may be proposed. However appropriate vendor will be short listed by the Purchase.
- Based on the estimated cost of item/ service, the Requisitioning Authority is to confirm availability of budget.
- For maintenance related issues, all concerned are required to register their complaint online to the maintenance department at <https://iobmmaint.macmms.com/>. The Maintenance Department will thereupon decide whether to address the issue using in-house resources or to initiate a Purchase Requisition. For IT related issues, all concerned are required to register online complaint to IT Help Desk at address ithelpdesk@iobm.edu.pk. Thereupon, IT department determines whether to address the issue from existing resources or to initiate a Purchase Requisition.
- Only in case of emergency, to expedite the procurement request got approved through other means such as email, memo or on a note can be entertained provided it is followed by a written PRF having all the details of item as explained above.
- Purchase requirements where sampling is under taken, HoD will provide signed sample and put together with the Request Form. The sample provided by vendor will be approved by concerned authority. The time to process such PR will start from the time sample is approved.
- Replenishments must be timely demanded to maintain maximum or minimum level of stocks.

PURCHASE ORDER

All purchases, except those not required issuance of purchase order as provided below shall be made through a purchase order placed on the seller by the Institute. The Issuance of Purchase Order up to the value of Rs.50, 000.00 would be optional unless made obligatory by vendor. Purchase Order will contain following:

- The name of the supplier with registered address and contact details.
- Description of items with specifications.
- Approved quantity and price with applicable tax.
- The delivery time lines or date by which the item is to be supplied.
- Payment terms.
- Warranty.
- Penalty clause, if applicable.
- Any other term or condition deemed necessary for a certain procurement.

The Purchase Order will be approved by ED Administration / President after the endorsements by the Manager Purchase and Sr. Manager Accounts.

Purchase with Buyback Offer: If any item is purchased under buyback offer for old one, quotations are to be invited clearly mentioning the specification of old and new item asking the buyback offer from the vendor. Before finalizing the deal, a written report about the status of old item whether beyond economic repair or irreparable will be provided by the concerned department.

Change in Purchase Order: If for any reason a financial change in the purchase order is required, the request for such a change shall be thoroughly examined by Internal Auditor (IA) and shall be approved

by the ED Finance before the change is issued in the form of an amendment to the original purchase order.

Payment Terms: Efforts will be made to procure items without making payment in advance. However normal payment terms shall be 10% on complete delivery of the item and the remaining 90% after satisfactory installation, commissioning and training. Terms of payment may be changed from item to item. For regular purchase or small purchases up to Rs. 50,000/-, 100% payment against delivery subject to the inspection and checking be done. Those suppliers who require 100% advance payment, Purchase Department would try to manage the advance payment up to 50% of the total value. Remaining 50% payment be made as per agreed terms. However, where the 100% advance payment is unavoidable, full payment in advance may be done with the approval of CFA. Advance payment amounting to Rs. 2.5 million or more shall normally be made only against a bank guarantee.

Penalty Against Late Delivery: The penalty clause has been incorporated in the Purchase Order for claiming liquidated damages of appropriate amount from the supplier to take care of delays in supplies and performance, for which the supplier is responsible. The normal rate would be 1% of the delivered price of the delayed goods for each day subject to a maximum of 10% of the delivered price. If the payment term is 100% against delivery, then a cheque of penalty amount may be taken from the supplier.

GOODS RECEIVING

Normally delivery of purchased items shall be done at the Central Store. However, in exceptional situations the supplier may also deliver the items directly to the other campus of the Institute or project site. The Inventory Control Officer will be responsible for receipt of goods and the subsequent dispatch of received goods to installation area if the volume or quantity is large enough to be accommodated in the limited capacity of store.

The Inventory Control Officer shall ensure that the inspection of the items by end user is carried out and Goods Receiving Note (GRN) is endorsed by all concerned. In case inspection or checking of goods is not possible same day then GRN must be returned to Store and endorsed subsequently duly approved or rejected within fifteen days. Otherwise, it will be presumed that material supplied is acceptable to the requisitioning authority.

In the event of any shortage/damage/wrong supply, prompt action will be initiated by Inventory Control Officer to rectify the same. In case the supplier fails to rectify the same in a reasonable time, the matter shall be referred to competent authority to recover the cost paid from supplier or claim insurance if the goods are insured.

Once the purchase has materialized satisfactorily, the items must be entered in the appropriate stock register/data base and in the fixed asset inventory where ever relevant.

I OWE YOU (IOU)

The cash purchases above Rs.500/- are strictly forbidden. However, under unavoidable circumstances purchase against cash can be made directly by the purchaser from the market/authorized dealers after ensuring that the price is reasonable. Such purchases are limited to Rs.50,000/- and shall be done directly by the purchaser through an advance drawn from accounts for the purpose. This advance shall be

subsequently adjusted, for which cash memo/bill/invoice or receipt must be submitted. Approved Requisitions/Memo shall be used for drawing the advance.

INSURANCE/WARRANTY CLAIMS

The under warranty equipment going out of order will be sent to the supplier for repair/replacement. The out of order equipment not covered by warranty will be disposed of by respective department. The equipment/items covered under comprehensive insurance, shall be claimed for Repair/ Replacement from the respective insurance company by Finance Department.

LEAD TIME

Time required by the Purchase when PRF is received and quotations are obtained is stipulated as below:

Nature of Purchase	Time required
Routine & Regular items available locally and valuing up to Rs.10,000/-	3 working days
Routine & regular items available locally valuing Rs.10,000 and Rs.99,000/-	1-2 weeks
Items requiring sampling or demo, after the approval of sample/demo.	2-3 weeks
Items where a wide range of options with regard to brands/cost variations are available in the market. User himself is unsure of what is exactly required and need extensive market search e.g. new machine/tools, technical equipment, consumables, spares etc.	2-3 weeks
High value items requiring in depth research survey of market or site e.g. Lab equipment, IT equipment, machines, customized items etc.	3-4 weeks
Items to be Imported.	Approx. 3-4 months depending on: <ul style="list-style-type: none">• Source of Import• Customization requirement

QUALITY ASSURANCE

Quality of product is assured by taking following steps:

- Purchases be preferred from original manufacturers, authorized dealers/partners or resellers.
- Sample or Image or Literature of required item is acquired from Requisitioning Department/Person and shown/handed to supplier for matching.
- Where the sample/image/literature from end user is not possible, vendor is asked to provide sample of required item for approval.
- In case both of the above are not possible, a representative of Requisitioning Department is taken along to market to select the required quality of item.
- At the time of delivery, Inventory Control Officer checks the items as per the specifications mentioned on the PO / Purchase Requisition or he requests the Requisitioning Department to inspect the goods received and endorse on GRN.
- Bulk purchases of stationary and grocery is personally checked by Manager Purchase/Inventory Control Officer.
- Wrong specifications/quality items supplied by vendor are rejected and returned to vendor.

VENDOR MANAGEMENT

It shall be ensured that the vendors, with whom the Institute of Business Management is doing business, are capable of providing the required goods and services that would add value and be able to meet the changing requirements of IoBM.

Selection Method: Vendors will be selected through following methods:

- Market Visits
- Letters of Introduction/company profiles received from time to time and kept in Procurement data base
- Internet and Media
- Yellow Pages
- Industrial Trade Directory
- References of IoBM well-wishers

Selection Criteria: Following guide lines are to be followed for this purpose:

- a) Specialization in particular item/service
- b) Availability ex-stock/Lead Time
- c) Market reputation
- d) Performance through clientele reference
- e) After sale service
- f) Ability to provide sample for approval
- g) Ability to provide demo if needed
- h) Ability to conduct site survey
- i) Offers competitive price
- j) Legally and financially autonomous.
- h) ISO or other certifications

Registration: Upon selection, Vendor Registration Form is issued to the Vendor to provide all required information along with hard copies of requested documents. Following procedure is to be adapted:

1. Upon receipt of Vendor Registration Form duly completed by vendor, the procurement personnel visit the vendor facility / premises to verify the information provided and assesses the potential of vendor.
2. Vendor Registration Form is reviewed and signed by Visiting Officer and counter signed by Assistant Manager Purchase or Manager Purchase.
3. Contact and product/service details of Vendor are incorporated in the vendor list and Registration Form along with related documents.
4. Vendor List is developed, batch-wise based on time period, approved by Management and updated from time to time.

Vendor Evaluation: Vendors who provided goods/services worth of value Rs.200, 000/ in one calendar year to IoBM are evaluated for their performance as under:

1. The data for the value of business undertaken by each vendor during calendar year is extracted from the files and segregate based on the value of business as follows:
 - Between Rs.0.2 million to Rs. 0.5 million
 - Between Rs. 0.5 million to Rs. 1.0 million

- Above Rs. 1.0 million

2. Vendor Evaluation will be based on:
 - Competitiveness of price
 - Adherence to specifications
 - Capability for offering volume discount
 - Capability to extend credits
 - Timely deliveries against schedule
 - Quality of documentation
 - Promptness in replacing the rejections
 - Technical capability
 - Support for urgent requirement
 - After Sales Service/Response Time
 - Quality of products / material / services at the time of delivery
3. Ranking will be marked from A to C (A = Excellent, B = Average, C = Poor) according to the performances and standing in the market. In addition to the ranking, special instructions and/or comments may also be written on approved vendor list
4. For vendors ranked "C" or those who need improvement, Purchase Department will arrange a meeting with the vendor and manager purchase would highlight the issues observed in performance of the vendor. The vendor would be given a chance of another year to improve upon the performance. Upon seeing the response over another year, the ranking may be changed according to results.
5. If, through evaluation process, or on the advice of end user, any vendor is to be disapproved due to performance, disapproval protocol will be adopted.

Vendor Disapproval Protocol: Any user department including Purchase when recommends that Institute of Business Management should discontinue business with any vendor, should:

1. Submit request for disapproval to manager purchase with complete reasoning/ justification, facts and figures. Examples of reasons might be substandard supplies, continuous non-commitment of delivery schedule, acts or endeavor of corruption etc.
2. Manager Purchase will investigate and forward the case to Executive Director with finding/ observations and recommendations.
3. Executive Director, in the best interest of Institute, will decide final recommendations.

Black Listing: Blacklisting of firm can be done on the recommendations of HoD Purchase and with approval of Competent Authority. The Officer in charge Inventory & Purchase Section shall process all such cases reported by any Department / Centers. A committee specially constituted by the Executive Director Administration or Chairman Purchase Committee shall examine the case and shall submit its recommendations to the competent authority for final action. The information on such firms shall be promptly and widely disseminated by Manager Purchase.

TRANSFER OF STORES

Transfer of stores within the institute from one department to another can be done by using the approved format available in the Stores Section. For transfer of items whose individual value is greater than Rs.100,000/-, explicit written approval of the Director will be required. The transfer must be duly recorded

in the relevant register of Store. For transfer of item of lower values Director's permission will also be required. Transfer of items within department can be done with the consent of concerned HoD.

WRITING OFF, CONDEMNATION AND DISPOSAL

An item may be declared surplus, obsolete or no more useful in the process of up gradation or modernization of Institute. An item may be rendered unserviceable if it is beyond economical repair or has out lived its useful life. Under such circumstances the property / equipment be disposed of in the best interest of the Institute with prior approval of the Director as per the following guidelines.

- a) Wherever possible, the item(s) is traded under buy back offers.
- b) If the above option is not available, the obsolete, unusable or beyond economic repair material be disposed off as per laid down procedures.

Authority competent to purchase a store shall be competent to declare the store as obsolete / surplus /unserviceable.

Following table gives the financial limits for writing off an unserviceable item/material:

S#	Competent Authority	Value of Material/Item
1	Executive Director	Upto Rs.200,000/-
2	President	Above Rs.200,000

GENERAL PROCEDURE FOR WRITING OFF UNSERVICEABLE MATERIAL/ITEMS

- The items to be declared obsolete /surplus/ unserviceable or written off should be examined by a committee constituted as under:
 1. Chairman Purchase Committee or his nominee.
 2. In-charge (Internal Audit) or his nominee.
 3. HoD of respective department or his nominee.
 4. In-charge Inventory Control.
- Committee should take into account the prescribed or stipulated life period of the stores. In case, such period is not prescribed /stipulated or it is not over, the committee should examine the conditions of stores and recommend suitable disposal.
- If an item has become obsolete/surplus/ unserviceable on account of negligence, fraud or mischief on the part of employee, the same should be brought out clearly.
- Where the "life period" has been prescribed on any item and the same is already over, it should normally be taken as enough ground for declaring the item obsolete and unserviceable. However, the condition of the item should still be thoroughly examined to see whether the item could be put to further use.
- An item may be declared obsolete / surplus if it is no longer required by the Departments. Reasons for the same should be recorded.
- In case of loss due to negligence fraud or mischief on the part of any employee responsibility should be fixed and losses made good.
- Actual physical disposal of items which have been written-off will be done only after the Director has approved the recommendations of the write-off /condemnation committee.

MAINTENANCE OF RECORD

Following record will be maintained by the Purchase Department:

1. Purchase Requisitions
2. Quotations
3. Approvals
4. Memorandums
5. Technical Analysis
6. Purchase Order
7. General Correspondence
8. Release of Payment (ROP)
9. Comparative Statements
10. Suppliers/Vendors Files
11. Warranties
12. Minutes of Meeting
13. Equipment/Machine Files
14. Policy/Memorandum
15. Events/Activity File
16. Vendor List
17. Vendor Data
18. Gate Pass
19. Electronic Record

Retention Period: The retention period of record for the under mentioned categories is as under:

<u>S#</u>	<u>Record Type</u>	<u>Period</u>
1.	Release of Payment (ROP)	8 Years
2.	Comparative Statements	8 years
3.	Suppliers/Vendors Files	5 years
4.	Warranties	5 Years
5.	Minutes of Meeting	5 years
6.	Note for Approval	5 years
7.	Equipment/ Machine Files	5 Years
8.	Policy/ Memorandum	5 years
9.	Events/Activity File	4 years
10.	Gate Pass	4 years
11.	Vendors List	2 Years
12.	Vendors Data	5 Years
13.	Electronic Record	Life Time
14.	Students' Files/Record	Life Time