

**FORMAN CHRISTIAN COLLEGE  
(A Chartered University)**

**SOPS FOR PROCUREMENT**

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## SOPS FOR PROCUREMENT

### 1. DEFINITIONS

#### 1.1. Agent

The person with the power and authority to act for the University in dealing with a third person / party.

#### 1.2. Actual authority

The authority given to an employee (Agent) by the University to act on a particular transaction or group of transactions.

#### 1.3. Delegation

The act of authorizing a person to act on behalf of the University or actual authority.

#### 1.4. Apparent Authority

When the supplier perceives that the employee has the actual authority to conclude a transaction and that actual authority has not been granted.

#### 1.5. Competent Authority

Rector or his/her designee

### 2. Authority Limits

The lines of authority and authority limits shall be prescribed by the Competent Authority from time to time.

### 3. PURCHASE ORDER (PO) AS CONTRACTS

A Purchase Order, either verbal or written, is a legally enforceable contract, if the following under mentioned elements are present:

**An Offer and its acceptance** by competent parties concerning a **legal subject matter** for a **consideration**.

If any employee of the Procurement Office negotiates a procurement, either verbally or in writing, he/she enters into a contract with suppliers / vendors if the above mentioned four elements are present. These employees, therefore, in execution of their duties / responsibilities shall be governed and guided by their limits of authority prescribed in this manual.

### 4. EMPLOYEES' PERSONAL LIABILITY

A person involved in the procurement process shall be personally liable, to make good the loss / damage incurred by the University if he / she:

4.1. Solely or jointly with others, makes an incorrect statement concerning his/her authority with intention to deceive.

4.2. Performs an unlawful act damaging the interest of the University, even though believing that such act might benefit the University.

- 4.3. Misrepresents, misconstrues, misunderstands his / her authority, and / or does not exercise sufficient and due care and discretion in exercise of authority given to him / her.
- 4.4. Does not adhere to the law of the land notwithstanding instructions issued to him / her.

## **5. LIABILITY FOR MISQUOTING AN ORDER TO A VENDOR**

If the requisitioner or the procurement department misquotes the requirements or specifications of an order to the vendor and the vendor fulfils the order according to requirement and specification, the University shall be liable to accept goods or services supplied.

If convenient the Procurement Office shall make mutually satisfactory arrangement with the vendor to correct the mistake at additional cost. If a significant loss to the University is involved, the matter shall be referred to the Legal Advisor of the University to determine the cause and relief.

## **6. ORGANIZATION & RESPONSIBILITIES**

### **6.1. RESPONSIBILITIES**

The specific responsibilities of Procurement Office shall include:

- 6.1.1. Set policies and develop procedures for procurement activities performed directly by all employees who procurement goods and services.
- 6.1.2. Monitor all procurement activities at the University to ensure that purchasing policies and procedures are observed University wide.
- 6.1.3. Serve the needs of the user departments for which goods and services are procured:
- 6.1.4. In conjunction with the Legal Advisor and key user and technical departments, protect the University's corporate interests in contracting activities.
- 6.1.5. Solicit user department objectives and requirements including product specifications, supplier performance requirements and other criteria pertaining to goods and services procured for those departments.
- 6.1.6. Develop short-range and long-range purchasing objectives with a view toward reducing the overall cost of goods and services procured and improving service to user departments.

- 6.1.7. Evaluate supplier performance based on knowledge of prices and deliveries and information received from user departments relative to product or service quality. Anticipate and negotiate possible price changes and, in general, develop thorough knowledge of the goods and services procured.
- 6.1.8. Maintain effective communications between Procurement Office and all user departments involved in procurement-related activities.
- 6.1.9. Initiate claims against vendors for all short / incorrect and damaged receipts.
- 6.1.10. Maintain all required records.
- 6.1.11. Debits/credits notes if required

## 7. PRINCIPLES (Do's and Don'ts)

### 7.1. DEFINITIONS

#### 7.1.1. Conflict of Interest

A situation in which a person / an employee has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties

#### 7.1.2. Competent Authority

#### 7.1.3. Rector or his/her designee

### 7.2. Value for Money (VFM)

Benefit derived from every procurement or every sum of money spent. VFM is based not only on the minimum procurement price (economy) but also on the maximum efficiency and effectiveness and best quality.

### 7.3. Bidder

Contractor, supplier or vendor who responds to Invitation to Bid, Request for Quotation (RFQ) or Request for Proposal (RFP).

### 7.4. Do:

- 7.4.1. Protect any information that is proprietary to the University or to a supplier.
- 7.4.2. Conduct themselves generally in ways that bring credit to them personally, to the University and to the larger body of purchasing colleagues.
- 7.4.3. Accord prompt and courteous reception to all who call on the University for business purposes.
- 7.4.4. Ensure that requirements are sourced competitively wherever practical and possible, using new suppliers or contractors to test the market, commensurate with the value of the requirement and the risk to University.
- 7.4.5. In competitive sourcing situations, invite only firms to bid that you are willing to award the contract; and after evaluation of bids in fact award

the contract to the responsive, responsible bidder based on quality, the lowest total cost to University, delivery, safety and the environment.

- 7.4.6. Treat all bidders alike. Clarifying information should be given to all potential bidders to include informing them of what factors will be involved in source selection.
- 7.4.7. Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions. Be aware of any restrictions imposed by Government legislation.
- 7.4.8. Attempt to ensure that the University obtains best value for money from any procurement activity. Consider whether you could demonstrate that best value for money had been achieved. On occasions you may be asked to report on the process formally.
- 7.4.9. Consider the environmental impact of any procurement activity.
- 7.4.10. Wherever possible aggregate requirements into logical packages to maximize our purchasing power.
- 7.4.11. Report, in writing, to the General Manager Procurement, poor performance by Suppliers or Contractors and consider whether they should be excluded from future business.

## 7.5. Don't

- 7.5.1. Become involved in any situation that produces a conflict of interest in performance of University duties.
- 7.5.2. Become involved in any situation that results in the development of a sense of personal obligation to any supplier.
- 7.5.3. Indulge into sharp practices (e.g., evasion and misrepresentation that is just short of actual fraud) in dealing with all present and potential suppliers.
- 7.5.4. Take advantage of an apparent mistake in a supplier's bid.
- 7.5.5. Accept money, loans, credits, or prejudicial discounts and the acceptance of gifts, entertainment, favors or services from present or potential suppliers that might influence or appear to influence purchasing decisions.
- 7.5.6. Procure anything that isn't strictly necessary to:
- 7.5.7. Maintain the University
- 7.5.8. Maintain or improve safety standards in line with University policy and plans or in accordance with legislative requirements.
- 7.5.9. Maintain the working environment to an agreed standard.
- 7.5.10. (With the exception of unforeseen circumstances, the majority of substantial requirements will arise as a result of the formal process of assessing and prioritizing remedial work).
- 7.5.11. Commit University to any expenditure (other than petty cash) without involving Procurement Office first.
- 7.5.12. Allow Suppliers or Contractors to unduly influence our procurement decisions (statements such as "We are the only supplier who..." are more than likely untrue).
- 7.5.13. Exceed your delegated authority.
- 7.5.14. Accept any gifts or benefits of any kind from Contractors or Suppliers. However incidental seasonal gifts (diaries, pens etc.) may be accepted if it might be considered that University would offer similar in return. Acceptance of such gifts must take place at the place of work.

- 7.5.15. Accept offer of entertainments however offers of entertainment may be accepted, again, if it is considered that University would offer the same in return.

## 8. PROCUREMENT PROCESS

### 8.1. PROCUREMENT REQUISITION

#### 8.1.1. Objective

To provide guidance and ensure uniformity of procedures when a user wants to procure some material, hire services or needs repair/ maintenance services. This will be done by raising the request electronically through software.

All University employees who are involved in the procurement of goods and services.

#### 8.1.2. Definitions

##### 8.1.2.1. Procurement Requisition (PR)

A documented request for the procurement of materials and services.

##### 8.1.2.2. Emergency Procurement

Emergency Requisition shall be raised only when there is insufficient time to go through the formal procurement process and failure to acquire the goods or service would represent unacceptable risks.

##### 8.1.2.3. Procedure

In an emergency, Procurement can be requested through telephone/e-mail/fax etc. for the procurement of required material. However approved PR must follow to support the action requested.

##### 8.1.2.4. Normal Procurements

Normal PR shall be used for all procurements.

##### 8.1.2.5. Initiation of Normal PRs

- Any request for procurement of materials / equipment / supplies or services.
- The person raising the Requisition shall provide:
  - Description - Clearly describe and specify the requirement unambiguously. Specifications provided with procurement requisitions must be in a form suitable for issue to potential suppliers or contractors.
  - Quantity - Detail the quantity required, and state whether partial deliveries are acceptable.

- Quality - Clearly describe the required quality standards and performance characteristics noting that these shall be sufficient for the purpose. No benefit is achieved for University by specifying goods or services of a higher than necessary quality.
- Events - Identify when the items or service are required and ensure that you have allowed sufficient time for the procurement process to be undertaken. If program requirements are critical and would involve cost to University if not completed to time, clearly identify this so that the terms and conditions of contract can be tailored to suit. As Procurement Division has no direct control over when requisitions are raised, it is therefore the requisitioner' responsibility in the first instance to ensure that Requisitions are produced on time.

#### **8.1.2.6. Cash Purchases**

Any purchase of less than Rs 10,000.00 can be made through cash. Cash purchase can be made from a single vendor up to an amount of Rs. 25,000.00 in one fiscal year otherwise that vendor would be liable to deduction of taxes according to law.

#### **8.1.2.7. Purchases through Capital Infrastructure Funds**

All purchases made from the Capital Infrastructure Budget would be made only after the special approval of the Rector irrespective of the amount. The PR would be raised by Accounts Department and not the Requesting Department. Receiving will also be put in the Software by Accounts after goods are received and physically verified by the Requesting Department.

#### **8.1.2.8. Approval of PR**

- i. For all equipment or stock / inventory items of consumable nature, Requisitions shall be sent by the user department to the Inventory Office for confirming the availability of the item requested. The Inventory Office shall sign the Requisition and mention the quantity on the Requisition, if available.
- ii. All PRs where goods or services are to be procured shall essentially be raised electronically by the requisitioner
- iii. In the software after budget verification the PR shall be forwarded to the Approving Authority for approval in accordance with the lines of authority
- iv. After approval the PR shall be forwarded in the software to the Procurement Office.
- v. Procurement Office shall
  - Determine if the PR is complete in all respects



### 8.1.2.9. Splitting of PRs

Requisitioning department shall make effort to foresee and group requirements in a manner that the PRs are initiated to cover the overall requirements of a particular item instead of raising too many PRs for the same item over a short period of time.

### 8.1.2.10. Roles & Responsibilities and Timescale

#### 8.1.2.11. Roles & Responsibilities

Roles	Responsibilities
Requisitioner	<ul style="list-style-type: none"> <li>▪ Fill all required fields on the PR.</li> <li>▪ Electronically approve PR</li> <li>▪ .</li> <li>▪ Get PR approved from the approving authority if required</li> </ul>
	<ul style="list-style-type: none"> <li>▪</li> </ul>

### 8.1.2.12. Timescale

At least 10 working days are required to process and complete a normal PR where off the shelf items are required. For other items time may be extended depending upon the nature of purchase.

## 9. SOURCING & SOLICITATION

### 9.1. Objective

The Procurement Department must determine the appropriate supplier selection method to ensure that the lowest total cost, required quality (price, quality, warranty, delivery and service) and highest customer satisfaction are obtained. The procurement office shall invite quotations/proposals/bids for requisitions above the prescribed limit decided by the Competent Authority

### 9.2. Scope

All University employees who are involved in the procurement of goods and services.

## 10. Definitions

### 10.1. RFQ/RFP/Invitation to Bid

Proposals/Quotations from contractors, vendors, suppliers, etc. in response to Request for Proposal or Request for Quotation from the University, invitation to bid. The terms bids, tenders, quotations and proposals may be alternatively used.

### 10.2. Bid Committee

For requisitions having value 1M or above a Bid Committee shall be decided by Competent Authority

### 10.3. User

Requisitioner who may be a department head or a person authorized in this respect.

### 10.4. Value for Money (VFM)

Benefit derived from every procurement or every sum of money spent. VFM is based not only on the minimum procurement price (economy) but also on the maximum efficiency and effectiveness of the procurement.

### 10.5. Fitness for Purpose

The selected goods are services are appropriate for the required purpose.

## 11. Policy

### 11.1. Preferred Suppliers

At times the user department may suggest using any particular suppliers that has demonstrated ability to cater to the needs of the department. In such cases the Purchase may give due weightage to that supplier during its process of evaluation. However, decision shall be made by Purchase on the basis of its evaluation based on best value for money.

### 11.2. Competitive Sourcing

### 11.3. Criteria for Competitive Sourcing

Following criteria for competitive sourcing where at least three quotes will be obtained:

- 11.3.1. The value of the procurement is above Rs. 50,000
- 11.3.2. There is more than one qualified supplier;
- 11.3.3. There is no existing purchasing agreement specifically covering that product or service;

When an individual transaction of any amount is part of an existing purchasing contract, separate competitive sourcing for that transaction will not be required.

On the basis of the quotes obtained a standard comparative statement will be prepared to decide the vendor(s) to be selected.

#### **11.4. Request for Quotation / Proposal / Invitation to Bid**

Requests for Quotation / Proposals /Tenders shall be done in the following way:

**11.4.1.** Requests for Quotations (RFQ)/Invitation to Bid for all procurements above Rs. 500,000. The vendors shall submit prices based on fully defined criteria so that competitive price shall be the deciding factor for selection;

**11.4.2.** Forms of RFQ / RFP/invitation to bid shall be in writing as per our standard format design in original. In reply to RFQ/RFP vendor will provide information inquired in RFQ/ RFP in following format.

- i. Vendor's letter head; delivered by hand, mail, courier, etc.
- ii. By e-mail from vendor (on registered email address mentioned on RFQ form) and, if possible, followed by an original quotation on letterhead.
- iii. Format provided by the University.

#### **11.5. RFQ / RFP Procedure**

- i. After the receipt of approved PR, Procurement Office shall prepare RFQ or RFP Containing following basic information;
  - Appropriate reference number containing the number of Procurement Requisition.
  - Vendor's name and address.
  - Payment terms.
  - Date and time of delivery.
  - Place & mode of delivery.
  - Delivery charges.
  - Due date by which priced quotations must be received by the University.
  - Description and quantity of items.
  - Date by which quotation should be valid.
  - Warranty of items.
  - Addressee being Procurement Office
  - Sealed bids to be received.
  - Instructions to the vendors
  - Reference number of PR to be affixed on the sealed envelope and quotation
  - Any other special considerations like requirements of quality related certificates.

- ii. Sign the RFQ / RFP and endorse date.
- iii. During the tendering process it is Procurement Office's responsibility to ensure that all the bidders are treated equally. No bidder shall be given information that is not provided to others.
- iv. For requisitions of 2M or above, RFQ /RFP shall specifically mention the amount of bid security between 2%-5% of quoted value to be submitted with Quotation in the form of a bank draft/pay order drawn in favor of University. Quotation submitted without bid security shall not be accepted by the University. The earnest money demand drafts/ pay orders in respect of unsuccessful bidders shall be returned to them while the demand drafts/ pay orders in respect of successful bidders shall be forwarded to Accounts Department. The earnest money shall be refunded to the vendors within three months of completion of supplies under the POs. in case the vendors fail to deliver the material or deliver defective material the amount of damages suffered by the University shall be adjusted against the earnest money held in the name of the vendors.

#### **11.6. Receipt of Bids / Tenders above 500,000**

- 11.6.1. Bids shall not be accepted if received subsequent to the bid opening. If bids are received after the date mentioned in RFQ but before bid opening date then competent authority reserves the right to either accept or reject the bid.
- 11.6.2. Bids will be opened in the presence of a Bid Committee and a representative of the User department, if the value of purchase is Rs. 1M or above. Bids shall be opened in the CFO office in the presence of a representative of the user department in case the value of the purchase is more than Rs. 500,000 but less than Rs. 1M. Bids for purchases lower than 500,000 would be opened in the Purchase office in the presence of GM Purchase or his assignee and a representative of the User department.
- 11.6.3. Following opening of bids, the bids will be retained by the Procurement Office for preparing comparative statement for commercial assessment and, where required, passing to the Technical Department which would provide technical justification for selection of vendor.
- 11.6.4. In case if lowest cost vendor is not selected then proper written justification needs to be provided.
- 11.6.5. Comparative Statement shall be finally approved by the General Manager Procurement.
- 11.6.6. Each comparative statement along with relevant bids shall be part of procurement record.
- 11.6.7. No Employee of the University shall furnish information about any vendor or potential vendor to another party. Violation of this policy can result into disciplinary action under organization Policies & Procedures.

#### **11.7. Evaluation of Bids of 1M and above**

- 11.7.1. Once bids have been opened, Procurement Office will carry out the commercial assessment and pass to the relevant requisitioner for technical assessment and recommendation. When carrying this out it is worth

remembering that it is University policy to select “Best Value for Money”. This is not always the lowest price alternative.

- 11.7.2. Where a quotation, other than the lowest, is accepted, the Technical/User Department shall provide on the comparative statement, an adequate explanation for the selection (i.e. how the “Best Value for Money” is represented) and shall obtain necessary approval as per limits of authority.
- 11.7.3. If all quotations seem to be unreasonable, fresh bids may be invited from an expanded list of vendors.
- 11.7.4. If sufficient number of vendors are contacted, but only one or two quotations are received on a bid request (i.e. other vendors offering no quotations), more quotation should be sought for, until at least three are available. However in case of fruitless results, or if only one or two vendors are available, the same shall be mentioned on the Comparative Statement and be considered as an adequate justification. Reference numbers of all RFQs / RFPs sent in this regard shall be mentioned in the said justification.

#### **11.8. Exceptions to Comparative Bidding**

- 11.8.1. Emergency Procurements as outlined.
- 11.8.2. Comparative statements shall be valid for 6 months (from date of comparative statement) for repeat orders
- 11.8.3. If manufacturer or sole distributor is directly offering the goods/services then comparative bidding is not required.
- 11.8.4. Any other cases where proper reason is provided for not going into comparative bidding

#### **11.9. Reference Samples**

- 11.9.1. If required samples shall be obtained prior to approval of a vendor. Samples received from the vendors shall be sent to user department.
- 11.9.2. Samples shall be in the custody of the Requesting Office. At the time of receipt of material, all material required as per sample shall be compared with the approved samples in the custody of the Requesting Office.

## 12. Roles & Responsibilities and Timescale

### 12.1. Roles & Responsibilities

Roles	Responsibilities
Procurement Office	<ul style="list-style-type: none"> <li>▪ Selection of suppliers for Invitation to bid/RFQ / RFP</li> <li>▪ Preparing RFP /RFQs/Invitation to Bid complete in all respects and dispatching the same.</li> <li>▪ Preparation of Comparative Statements.</li> <li>▪ Evaluation of Bids as detailed above</li> </ul>
Bid Committee	<ul style="list-style-type: none"> <li>▪ Bids Opening</li> </ul>

## 13. PURCHASE ORDER & CONTRACT

### 13.1. Objective

All procurement commitments shall be made through Purchase Order (PO) and/or Contract.

### 13.2. Scope

All types of procurement through POs and / or Contracts.

### 13.3. Definitions

#### 13.3.1. Contract

A “Contract” is a written agreement between two or more competent parties that expresses, for a consideration, an item to be provided or a service to be performed that is legally enforceable under its terms and provisions.

#### 13.3.2. Terms and Conditions

Clauses, which are intended to document the understanding of the parties on matters such as contract acceptance, delivery performance, contract termination, shipment rejections, assignment and subcontracting, patent rights, and payment procedures.

### 13.3.2.1. Contracts Process

- **Types**

The following are University's standard contracts

- i. **Purchase Order** - Standard Procurement document for the procurement of goods.
- ii. **Contracts** - Contracts in contrast to POs include detailed contract terms and conditions drawn and negotiated based upon each specific procurement and shall be reviewed for legal and financial implications before execution. They include contracts for professional services, repair & maintenance contracts, etc.

- **POs**

- i. **Preparation**

The Procurement Office shall prepare PO

- ii. **Approval**

PO shall be prepared by the Procurement Office in software and approved as per the line of authority/Authority Limits

- iii. **Distribution**

For orders valuing Rs. 500,000 or above an acceptance Copy (To be signed by the Vendor for accepting the PO and kept in the Procurement File).

- iv. **Vendor's Acknowledgement**

For orders valuing Rs. 500,000 or above, after sending the PO to the successful vendor, the procurement office shall get acknowledgement/acceptance from vendor as to:

- Receipt of the PO
- Terms of Payment
- Delivery terms
- Quantity/Specifications
- Complete terms and conditions
- Any other conditions

## 14. VENDORS SOURCING AND MANAGEMENT

Vendors are selected on the basis of best quality at lowest cost. Purchase department selects and continues vendor on the basis of:

- 14.1. Capability to deliver on time
- 14.2. Ability to provide after sales service
- 14.3. Relevant technical expertise

- 14.4. Honour warranties where applicable
- 14.5. Fulfil our legal requirements
- 14.6. Clientele/setup of the vendor
- 14.7. Past performance and referencing

No approved vendor list is maintained by the Purchase Department. Vendors are continued on the basis of past performance record and feedback from the departments.

### **15. Blacklisting of Suppliers**

Although every effort should be made to develop a Supplier to its fullest potential, inevitably it will become necessary to take corrective action in order to highlight failings. Written records should be kept when such failings occur. Suppliers should be notified that their performance is unsatisfactory, and that remedial action is required to ensure that they are not blacklisted.

### **16. DONOR SPECIFIC REQUIREMENT**

In case of procurements funded by a donation/donor funds any specific requirements of the donors under an award / donation agreement or other agreed regulations shall also be followed and complied with. In case there is any inconsistency between the University Procurement Procedures and Donor's Specific Requirements, the Competent Authority will decide on the procedures to be followed.

### **17. MATERIAL & SERVICES RECEIVING**

#### **17.1. POLICY**

##### **17.1.1. Material Receiving by Department**

- i. Unloading and checking the shipment - Check the number of packages/containers being delivered against the truck/delivery tag to insure everything listed has been delivered. Check each shipment for physical damage. If there is damage, note it.
- ii. Unpacking and inspecting the material - Compare the supplier's delivery challan against the Purchase Order to verify that the correct items have been shipped. Verify that the quantity delivered agrees with what was ordered. Check the general condition of the material to determine whether any external damage was incurred during shipment.
- iii. Handling discrepancies - At the time of delivery, the person doing the receiving must immediately notify the supplier or the person who did the actual ordering (Purchase Office) that a discrepancy or damage exists. In the case of damaged material that was delivered by a common carrier, the person receiving the items must protect them from further damage by placing them in a safe place until the supplier provides instructions concerning the material's disposition. If the items are delivered by the supplier's own vehicle, the driver should be asked to



contact his Company to arrange to take the damaged items back and not leave them.

- iv. Preparing Good Receipt Note (GRN) - GRN shall be prepared by the inventory personnel or requesting department on receipt of goods and forwarded to Procurement Department for processing of bills for payment. This will be done electronically in the software.

#### **17.1.2. Material Returns**

Before any material is returned, regardless of the reason, the supplier should be contacted in order to provide authorization or instructions for the return.

### **18. RECORD KEEPING**

#### **18.1. DEFINITIONS**

##### **18.1.1. Procurement Records**

All documentation (in hard copy or soft copy) pertaining to the procurement of goods or services. Some examples include, but are not limited to: requisitions, quotations, procurement documents, terms and conditions, tax exemption certificates, export bill of lading, airway bill and requests for proposals etc.

##### **18.1.2. Retention Period**

All retained records shall be preserved for at least 6 years (desirable 10 years) and may be moved to a storage location for the balance of the required retention period.

**Additions in SOP # 2**

2.1 The authority limit of the HOD to approve a PR is Rs. 25,000.00

2.2 The authority limit of the Dean / Chief to approve a PR is Rs. 50,000.00

2.3 The authority limit of the Vice Rector to approve academic department PRs is Rs. 100,000.00

2.3 Any PR above Rs. 50,000.00 for administrative departments and Rs. 100,000.00 for academic departments will be approved by the Rector