

SOP – GMRIT Procurement

Background

GMR Institute of Technology (GMRIT) was established in the year 1997 by **GMR Varalakshmi Foundation** – the corporate social responsibility arm of **GMR Group** – GMRIT offers aspiring engineers high quality technical education.

Objective

The objective of this SOP is to put in place a process to ensure purchases are made by following a systematic, uniform, transparent, efficient and cost-effective procedure. To ensure purchases are of requisite quality and specifications and are made from reliable suppliers. To ensure that the system facilitates programmes to function smoothly, through enabling purchase procedures helping prompt purchases in achieving the program objectives.

Procedure, Systems and Process

Purchase Requisition:

Required staff or Department or Stores Department prepares a manual Purchase requisition or Material Requisition Note (MRN) on functional and technical specifications of the goods and services to be procured with necessary budget or AOP information from Accounts Department, also taking support of Stores Department to check the availability of stock of such items before obtaining the necessary approval from Institution Head for either by mail or by hard copy of the necessary goods or services.

This manual MRN Form issued by CPD for various procurement will be entered into SAP for creating computerized Purchase Requisition by a dedicated Stores Person, for the smooth operational control, the same will be released based on the release strategy fixed for GMRIT.

The Purchase Department will collect the same from the requested person or department, after verifying in SAP System for the completed or fully released Purchase Requisition.

Based on the Procurement criterion procedure, either the Business Procurement team or Central Procurement Department (CPD) will be processing these requests.

Quotations / RFP

In respect of regular services and goods, purchase department / requested department / Location Team maintains a list of probable vendors after considering their reliability, quality, ability to meet deadlines, etc.,

Normally Requested Department / Purchase Department will send a mail for requesting vendors including previously dealt vendors for submitting their proposals either by an hard copy or email or online submission.

The contents of the requests for quotations shall include, but not limited to:

- a letter of invitation or e-mail or on-line invitation
- a closing date by when quotations should be submitted
- scope of services / BOQ and/or specifications of goods
- cost schedules, showing the unit-prices, tax rates and amounts, packing, transport, insurance, total cost

- transport mode, delivery place, validity period of the quotation, consequences of delays

Requested Department / Location Team / Purchase Department obtain at least two or three quotations either in the form of sealed tender or online proposal through e-sourcing portal or through email. If the item is procured from the manufacturer or its authorised agent the only one quotation will be sufficient. For easier comparability, quotations from all vendors shall be on uniform basis (e.g. tax-inclusive prices from one vendor cannot be compared with tax-exclusive ones from the other.)

Technical / Vendor Evaluation will be conducted and review will be conducted by the user department based on the technical parameters, vendor capabilities etc. either on line or in the excel format which is considered to be basic evaluation for selection of vendors.

Purchase Committee:

Purchase Committee comprises respective representative from requested department, one Finance Staff and if necessary an outside technical expert will be considered for the Negotiation.

After receiving the written or online proposals purchase department will prepare the comparative statement, and it will be shared with the purchase committee for individual negotiations with all the vendors about pricing, without revealing the quotations of other vendors by the purchase department / purchase committee.

Normally, price is the most important consideration in vendor selection and lowest quoting vendor or based on the techno commercial negotiation, vendor will be selected for supply. In some cases, however, factors such as payment terms, product quality, existing equipment compatibility, and delivery schedules are more important. If for such reasons, lowest quoting vendor is not selected, rationale for such decision will be documented. In case of online e-sourcing portal Reverse auction (RA) will be conducted, to achieve the objective of the company to procure the best item / services at the best possible rate.

Note for Approval:

Note for approval will be prepared based on the facts and recommendations of the purchase committee in (E-sourcing portal) or Manual approval notes with an appropriate approving authorities as per the delegation of powers (DOP).

Purchase Order

Institution / Location Head authorises purchases without a requirement of Purchase Order up to an amount of Rs.10,000/-, for single item or multiple items purchased at a time. All purchases exceeding Rs.10,000/- should be made by issuing a written Purchase Order or SAP Generated Purchase order.

Purchase Order will be consisting of the following details:

- Full name and address of the vendor
- Complete description of the item or service, including vendor product codes, if any.
- Quantity, Unit price and total price
- Date and place of the desired delivery of order
- Signature of HOD / authorized signatory
- Taxes and transport details
- Jurisdiction and Penalty clause if applicable.
- Order acceptance clause

Purchase Order will be signed by the respective authorized signatory / purchase department representative based on the approval given by approving authority.

Purchase Order copy will be shared with the vendor, stores department, user department and Finance department for necessary supply, and information purpose respectively. When purchase department sharing purchase order with vendor it is requesting them to provide acceptance of purchase order within a stipulated days, else considered as deemed acceptance,

In case of discrepancies the vendor or user department will be requesting for amendment in the purchase order, in some cases even stores can request for the amendment of purchase order based on the receipt, same will be considered with the approval of the head of purchase department with intimation to the user department. On amendment of the purchase order the same will be shared with the vendor / Stores / User Department and Finance & Accounts Department.

Delivery against PO and its Receipt at Stores

Purchase Department or User Department will follow with vendor for delivery of ordered items within the time stipulated in Purchase Order or Purchase department will arrange for the collection items as per the terms and conditions indicated in the purchase order.

Once the material received at the Location, the head will confirm the receipt of material at their respective location, the receipt should be confirmed by Security Department and later by stores department. Goods Receipt Note (GRN) will be prepared on the same day of Receipt or Next Day based.

While preparing GRN in SAP the stores department or Purchase department, will attach the copy of the invoice, PO and any other documents which may be necessary for the confirmation of supply of goods or completion of services.

In case of rejections the Vendor will be intimated immediately in regard to reasons for rejections, we prepare Non-Returnable Gate Pass and dispatch note. The same will be sent back to vendor either by courier or returned in person.

Purchase department will follow for the replacement of rejected items within the stipulated time, so that user department will not have any discomfort or inconvenience.

Payment to Vendors

Where the purchase order having a payment terms as advance, purchase department will be preparing note to Finance Department for making such advance payment with necessary authorisation from Manager Purchase and approving authority either by mail or hard copy. The Finance department will release these advances and intimate to purchase department for necessary actions.

In case where the purchase order indicates the payment will be after the receipt of delivery of items, Finance & Accounts Department will account the necessary voucher in SAP after receipt of Goods Receipt Note (GRN) from Stores on receipt & installation of the goods / services, the GRN will be prepared and shared with Finance & Accounts department, to pass the necessary entries in Finance Module of SAP upon receipt of Original invoice from the location. While accounting Finance & Accounts department will also consider any penalty clauses mentioned in the PO in regard to late supply or delay in services or delay in completing the projects etc., after considering all the necessary adjustments it accounts the bills in SAP. In case where the vendor has been paid with advance amount, finance and accounts team will adjust such advance amount to arrive at the final amount which needs to be paid to vendor.

Invoice, Delivery Note, Purchase Order, shall be form part of relevant vouchers with accounts department.

