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PURPOSE

- To have a centralized tally system for Procurement.
- To have a authority matrix to approve purchases.
- To finalize reordering level for consumables and Rack materials.

SCOPE

All departments of OEC come under the scope of this procedure.

REFERENCE

- PO – Purchase Order.
- VP – Vice President.
- COO – Chief Operating Officer.
- BOD – Board of Directors.
- IT – Information Technology.
- AVP – Assistant Vice President.

GRN – Goods Receipt Note.

PO – Purchase Order.

RESPONSIBILITY

- AVP Admin and COO are the owners of the process.
- User Department/Branches are responsible to create a GRN.
- Admin Department is responsible for creating PO.
- Accounts Department is responsible to generate Invoice.

PROCEDURE / DESCRIPTION OF ACTIVITIES

All procurement's other than local consumables shall be done through authorized PO by HO. The value limit given below is per PO, except for local consumables which can be on cash vouchers.

All procurement of materials above Rs 10000 shall be done from the approved Vendors (Refer to the list) or by three best price quotes of recent origin.

Branch offices should not raise Purchase Order and has to send all purchase requirements to HO Admin manager with local price quotations if any, (Min three quotes).

All services such as Pest control, Security, AMC, Manpower supply etc for all locations shall be provided by the **Service Contract/ Annual P.O.** approved by the HO as per the authority and no services shall be availed without a valid service contract. Regional branch heads shall raise their requirements directly to HO Admin Department giving sufficient lead time and detailed specifications, who in turn shall coordinate and finalize the Service agreements.

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Any item procured through a PO shall be accepted through a GRN only. Accepted GRN shall be sent to Accounts HO for releasing the payment.

PROCESS OF PROCUREMENT IS AS FOLLOWS:-

1. Purchase Requisition

- 1.1. For any requirement of items to be purchased or services availed *a request through an email that has to be sent to the purchase manager.*
- 1.2. PO has to be raised by the user department in Tally System after taking approval from the respective heads like Branch Manager /V.P. Admin for material or services require at the respective branch.
- 1.3. PO approval limit:

Sr. No.	Limit	Authorised By
1	Upto 10,000	NA
2	Upto 1,00,000	V.P. Admin
3	Upto 5,00,000	COO
4	Above 5,00,000	BOD

- 1.3.1. A.V. P Admin / COO will process the request after assessing the requirement, present stock position and past/future consumption patterns.
- 1.3.2. Quotations need not be called for item costing less than Rs 10000, fair last purchase price & market value should be good enough to take judgment.
- 1.3.3. PO needs to be raised for utility bills like rent, water, power bill, diesel bill etc.

2. Quotation

- 2.1. Items costing above Rs 10000 needs approval, upon approval of the *request by the respective HOD's*. After receipt of approval admin Department calls for Quotations from three vendors.
- 2.2. Admin Department should study the quote received from vendors & prepare comparative analysis *as per the Purchase Process (OEC-ADM-PU-02)* with technical details if any along with recommendation and upload the same on to the tally system.
- 2.3. *Admin Department has to ensure that the Vendor Registration Forms are duly and completely filled in and available with other supporting documents.*
- 2.4. A.V.P Admin / COO will authorise the PO for payment process.
- 2.5. Based on the above online inputs in Tally, Accounts department processes the bills.

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3. Purchase Order (PO):

Purchase Order is a contract between the buyer and seller.

- 3.1. Admin prepares Purchase Order based on the approval received for the approved quantity, price and terms over the Tally System.
- 3.2. Original Purchase Order needs to be provided to the suppliers / vendors who need to acknowledge receipt of the same vide signature or email.
- 3.3. The PO should be clear and not ambiguous.
- 3.4. Annual single PO can be raised for Security Services & other yearly contract services.
- 3.5. Purchase Order should contain the following details:
 - 3.5.1. Purchase Order number.
 - 3.5.2. Purchase order date.
 - 3.5.3. Description of material / services specification with quality.
 - 3.5.4. Quantity of material required.
 - 3.5.5. Rate of material procured.
 - 3.5.6. Taxes in detail /specifications percentage of tax.
 - 3.5.7. Delivery Time lines, part/ full delivery, schedule, etc.
 - 3.5.8. Penalty clause for delay in delivery / Services
 - 3.5.9. Payment Terms.
 - 3.5.10. Remedies in case of default.
 - 3.5.11. Transportation charges.
 - 3.5.12. Transit Insurance.
 - 3.5.13. Forms, if any, to be collected or given to the vendor.
 - 3.5.14. Annexure, drawing numbers, etc in case of racking and other orders.
 - 3.5.15. All the PO's should be subject to "Mumbai jurisdiction".
 - 3.5.16. Company standard terms should be printed over the P.O.

4. Timelines for receipt of material / services:

- 4.1. Once request is approved and purchase order is issued timelines will be communicated to the user department. However normal lead time is mentioned as follows:

Sr. No.	Particulars	Lead Time	
1	Stationary Items	1 week	
2	Housekeeping Items	1 week	
3	Barcode labels	10 days	
4	Corrugated boxes	2 weeks	
5	Heavy Duty Racking	For supply	For installation.
		4 to 6 weeks	2 to 3 weeks
6	Other PO schedule	Will be provided by Admin Department to the user department immediately on release of PO	

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4.2. All PO's should have payment terms against the acceptance or approval after trials. Payment terms will be paying by cheque in Advance / 30 days, unless a special term is approved by Directors.

5. Records to be maintained by Admin Department:

- 5.1. Hard copy of Acknowledged PO/ email should be filed along with copy of quotations.
- 5.2. The Admin department should record on monthly basis the PO's for which material or services are not received within the time specified in the PO.
- 5.3. Pending PO's should be filed separately.
- 5.4. Admin department should prioritize the pending payment list based on the list provided by Accounts department on weekly basis.

6. On Receipt of Material or Services

- 6.1. It should be verified by user department & security with sign and stamp on original delivery challan and invoice.
- 6.2. Quality, quantity and other specifications should be verified by the concerned user department and ensure that material received is as per the specifications given in PO.
- 6.3. GRN should be prepared by the receiving user department.
- 6.4. Admin Department may send the materials for testing at the required testing centre as per company policy.
- 6.5. Accounts should verify the bill with PO and *GRN in the system*.
- 6.6. After verifying the bill and ensuring the material is received in good condition the bill along with PO, delivery challan and other enclosures accounts can release payment on due date or as per priority set by Admin Department.
- 6.7. The bill for services should be certified by the Department Head of the concerned department.

7. Each department should *raise a request through an email* for their respective division:

7.1. IT DEPARTMENT:

- 7.1.1. The department should raise a request for I.T. requirements & call for three quotations for the same and forward the quotation with comparative analysis (*OEC-ADM-PU-P-02*) to Admin Department.
- 7.1.2. Admin Department will verify the analysis and call for one additional quote to authenticate the analysis and release the Purchase order. Copy of the purchase order will be handed over to I.T. Department.
- 7.1.3. Purchase orders for the department will be initialed by V.P. IT and signed by V.P. Admin based on the authority limits set.
- 7.1.4. Follow-up for material, GRN process, maintenance, payment follow-up, services etc will be managed by the respective I.T. Department.

7.2. HR DEPARTMENT:

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7.2.1. The *request* & purchase order for manpower bills and services will be prepared by the respective department.

7.2.2. All the bills pertaining to the department should be authorized by the A.V. P. HR *and* COO.

ENCLOSURES

NA

FORMATS / EXHIBITS

From Tally:-

1. Purchase Order
2. Goods Receipt Note