

Procurement Policy & Procedures for DEEP TRUST

1. OBJECTIVE

- 1.1. To ensure purchases are made following a systematic, uniform, transparent, efficient and cost-effective procedure
- 1.2. To ensure purchases are of requisite quality and specifications and are made from reliable suppliers
- 1.3. To ensure that the system facilitates programmes to function smoothly, through enabling purchase procedures helping prompt purchases in achieving the programme objectives.

2. ELIGIBILITY & APPLICABILITY

- 2.1. Location Head and above ranks only can authorise purchases. In addition Monthly budget is treated as authorisation of purchase.
- 2.2. This policy applies to all locations of DEEP TRUST and Corporate Office, whether purchase of goods or services, whether out of revenue or capital budget.
- 2.3. This policy will be superseded by other policies, if any, addressing purchase of specific items (e.g. group IT Policy for, say, purchase of computers)

3. PROCESS OWNERS

- 3.1. Staff who make requisitions for purchases
- 3.2. Location Head/Managing Director
- 3.3. Administration Department

4. POLICY & PROCEDURES

- 4.1. Relevant staff makes a requisition to Location Head/DEEP TRUST for the necessary goods / services

4.2. Location Head initiates the procurement of services and in case of goods, after ascertaining its availability in stock and also, if necessary, after consulting the Finance Department about AOP (especially for fixed assets, high value items, etc.)

4.3. Location Head ensures preparation of functional and technical specifications of the goods and services to be procured

4.4. Procurement criterion matrix

Capital Purchases

Value of Goods / Services (single or multiple items purchased at a time)	Purchase Order	Quotations	Approval Authority
Up to Rs.10,000	Not Required	Not Required	Location Head
Rs.10,001 to Rs.25,000	Required	Single quotation	Location Head
Rs.25,001 to Rs.1,00,000	Required	Three quotations	Location Head
More than Rs.1,00,000	Required	Three quotations	Director with recommendations from Purchase Committee

Repeat Capital Purchases

Value of Goods / Services	Purchase Order	Quotations	Approval Authority
Up to Rs.10,000	Not Required	Not Required	Location Head
Rs.10,001 to Rs.25,000	Required	Quotations obtained during first purchase are valid for 4 months, up to 3 times the quantity actually procured in the first lot of purchase	Location Head
Rs.25,001 to Rs.100,000	Required	Quotations obtained during first purchase are valid for 3 months, up to 2 times the quantity actually procured in the first lot of purchase	Location Head
More than Rs.100,000 Upto Rs.2500000/-	Required	Three quotations	HOD with recommendations from Purchase Committee

**** (Capital Purchases:** Capex are equipment , furniture and other fixed asset acquired for the use by the company.)

Programmatic Expenses – (It is advised that the person responsible for purchases shall not break the purchases into more than one purchase order to circumvent the procedure. As a check against such practise, same items purchased within three days will be treated a single purchase)

Value of Goods / Services (single or multiple items purchased at a time from the same vendor)	Purchase Order	Quotations	Approval Authority
Up to Rs.10,000	Not Required	Not Required	Location Head
Rs.10,001 to Rs.25,000	Required	Single quotation	Location Head
Rs.25,001 to Rs.50,000	Required	Two quotations	Location Head(AGM & Above)
Rs 50,001 to Rs 100,000	Required	Three quotations	Location Head
More than Rs.100,000 upto Rs.2500000	Required	Three quotations	DIR-CSW with recommendations from Purchase Committee

Programmatic Expenses - Repeat Purchases

Value of Goods / Services	Purchase Order	Quotations	Approval Authority
Up to Rs.10,000	Not Required	Not Required	Location Head
Rs.10,001 to Rs.20,000	Required	Quotations obtained during first purchase are valid for 4 months, up to 3 times the	Location Head

		quantity actually procured in the first lot of purchase	
Rs.200,001 to Rs.1,00,000	Required	Quotations obtained during first purchase are valid for 3 months, up to 2 times the quantity actually procured in the first lot of purchase	Location Head
More than Rs.1,00,000	Required	Three quotations	HOD with recommendations from Purchase Committee

Emergency Purchases: It is classified as Purchase of medicines during epidemic, sudden purchase during the visit of Chairman and other dignitaries Or where approving person cannot be contacted in similar situation)

Emergency Purchases:

Value of Goods/Services	Approval Authority
Upto 5000/-	HOD – 1
Upto 50000/-	HOD
Upto 100000/-	CEO
Upto 500000/-	BCM
Above 500000/-	GCM

- To be approved by Location Head and above as per norms mentioned above.
- Instant Verbal authorisations have to be ratified in writing or by email later as per norms mentioned above.

4.5. Quotations

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

4.5.2. Normally Location Head sends enquiries to previously dealt vendors for obtaining quotations.

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

- a letter of invitation or e-mail
- a closing date by when quotations should be submitted
- scope of services 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

4.5.4. Location Team obtains at least three quotations and prepares a Comparative Statement. 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.)

4.5.5. After receiving the written quotations and making comparative statement, individual negotiations shall be made with all the vendors about pricing, without revealing the quotations of other vendors

4.5.6. Normally, price is the most important consideration in vendor selection and lowest quoting vendor is 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.

4.5.7. Location Head/Team prepares a Comparative Statement of all the quotations

4.6. Purchase Committee

4.6.1. Purchase Committee comprises respective Location Head, one Finance Staff, one Admin staff and if necessary an outside technical expert along with the requisitioner.

4.6.2. In respect of purchases for outside locations, Purchase Committee discussions will include telephone talks / conference calls / emails with the Location Head, being a member of Purchase Committee

4.6.3. If the value of goods / services exceeds Rs. 50, 000, Dir-CSW authorises after considering the recommendations of Purchase Committee.

4.6.4. Purchase Committee also recommends about obtaining three or more quotations from vendors, competitive bidding, tender and other modes of calling for quotations from vendors.

4.6.5. In respect of the purchases recommended by it, the Committee jointly records a certificate in the following format:

“Certified that we, members of the purchase committee, are jointly and individually satisfied that the goods recommended for purchase are of the requisite quality and specifications, priced at the prevailing market rate and the vendor recommended is reliable and competent to supply the goods/services in question.”

4.7. Purchase Order

4.7.1. Location Head authorises purchases without a requirement of Purchase Order up to an amount of Rs.5, 000, for single item or multiple items purchased at a time. All purchases exceeding Rs.10, 000 are made by issuing a written Purchase Order.

4.7.2. Signing of Purchase Order:

Purchase Order Value	Signing Authority
Upto 200000/-	HOD - 1
Upto 10,00,000/-	HOD
Above 10,00,000/-	CEO

4.7.3. Purchase Order consists of the following details:

- Full name and address of the vendor
- Complete description of the item or service, including vendor product codes, if any.
- 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

4.7.4. Purchase Order is made in Triplicate; original is given to the vendor and duplicate retained as office copy. Third copy of Purchase Order is given to Admin/Finance Dept for follow up and cash flow planning

4.8. Delivery against Purchase Order

- 4.8.1. Location Head / Admin Dept to do follow up for delivery of ordered items in time.
- 4.8.2. Requisitioner/Location Head /Admin Dept take delivery of the items from vendors and ensure the quantity and quality match with the purchase order.
- 4.8.3. Requisitioner/Location Head/ end-user fills up Goods Receipt Note of items and requests the finance department for payment to the vendor

4.9. Payment to Vendors

- 4.9.1. Where the terms include payment of advance, Finance Dept pays such advance based up on the authorisation from HOD.
- 4.9.2. Finance Dept pays the final amount, net of advance, if any after delivery of the goods / services, upon receipt of invoice etc. from the vendor and confirmation for receipt of goods from Location Head / Admin Dept...
- 4.9.3. Invoice, Delivery Note, Purchase Order, Purchase Committee minutes, quotations, comparative statement, etc. shall form part of relevant vouchers.