

Procurement and Purchasing Process

Procurement Overview

Procurement ensures we get best value while maintaining quality and compliance. All purchases must follow procurement process.

Centralized procurement for common items (office supplies, equipment). Decentralized for specialized departmental needs.

Purchase Request

Submit purchase request through procurement portal with item description, quantity, estimated cost, and business justification.

Include preferred vendor if applicable. Attach specifications or requirements document for technical purchases.

Vendor Evaluation

Procurement evaluates vendors on price, quality, delivery time, service, and financial stability. New vendors complete vendor registration and due diligence.

Preferred vendor list maintained for common purchases. Using preferred vendors expedites approval process.

Competitive Bidding

Purchases over \$10000 require competitive bidding. Procurement solicits quotes from at least 3 qualified vendors.

Evaluation criteria: Price (40%), quality (30%), delivery (15%), service (15%). Award to vendor with best overall value.

Purchase Orders

Approved purchases generate purchase order (PO). PO sent to vendor as authorization to deliver goods/services.

Don't commit to purchases without approved PO. Vendors should not deliver without valid PO number.

Receiving and Inspection

Receiving department inspects deliveries for quantity and quality. Report discrepancies or damage immediately.

Sign delivery receipt only after inspection. Receiving report sent to procurement and finance for payment processing.

Invoice Processing

Vendors submit invoices to accounts payable. Invoices matched to PO and receiving report (3-way match).

Discrepancies resolved before payment. Payment terms typically net 30 days. Early payment discounts taken when beneficial.

Emergency Purchases

Emergency purchases (system down, safety issue) can be expedited. Obtain verbal approval from authorized approver.

Submit formal purchase request within 24 hours. Document emergency nature and business impact.

Software and SaaS Procurement

Software purchases require IT approval for technical compatibility and security. SaaS agreements reviewed for data protection and terms.

Consider total cost of ownership including implementation, training, and ongoing support. Evaluate alternatives including open source.

Contract Negotiation

Procurement negotiates terms with vendors for large purchases. Legal reviews contracts before signing.

Negotiate: Price, payment terms, delivery schedule, warranties, support, termination clauses. Document negotiation outcomes.

Supplier Relationship Management

Maintain positive relationships with key suppliers. Conduct annual supplier reviews for strategic vendors.

Address performance issues promptly. Recognize excellent supplier performance. Diversify suppliers to reduce risk.

Procurement Compliance

Follow procurement policies and approval thresholds. Don't split purchases to avoid approval requirements.

Conflicts of interest must be disclosed. Don't accept gifts or favors from vendors beyond nominal value (\$50).