

## Procurement Procedures Contract

This Contract ("Contract") is made and entered into as of [Date] by and between [Company Name] ("Company") and [Contracting Party] ("Party"), collectively referred to as the "Parties."

### 1. Purpose and Scope

1.1 Purpose: This Contract establishes the responsibilities and standards for implementing the Procurement Procedures SOP to ensure cost-effectiveness, quality, and timely delivery of goods and services.

1.2 Scope: This Contract applies to all procurement activities, including vendor selection, order placement, receiving, and quality assurance.

### 2. Roles and Responsibilities

2.1 Procurement Officers: Conduct vendor evaluations, issue purchase orders (POs), and manage procurement records.

2.2 Department Managers: Approve purchase requisitions, define requirements, and verify the quality of received goods.

2.3 Compliance Officers: Ensure adherence to procurement standards and ethical guidelines, and conduct periodic audits.

### 3. Procurement Procedures

3.1 Vendor Selection: Vendors must be selected based on quality, price, delivery reliability, and compliance with industry standards.

3.2 Order Placement: POs must be created, approved, and tracked through the procurement system for accuracy and compliance.

3.3 Receiving and Inspection: Upon receipt, all goods shall be inspected to verify adherence to PO

specifications, with any discrepancies documented.

#### 4. Documentation and Record-Keeping

4.1 Procurement Records: Maintain records for all procurement activities, including RFPs, vendor evaluations, POs, and inspection reports.

4.2 Goods Received Note (GRN): Document all items received, noting quantity, quality, and any discrepancies found.

4.3 Compliance Audit Trail: All records must be kept for a minimum of five years and be available for audits to ensure compliance with SOP standards.

#### 5. Training Requirements

5.1 Procurement Process Training: Procurement staff must complete training on vendor selection, negotiation skills, and PO management.

5.2 Compliance and Ethics Training: Personnel shall undergo training on ethical standards, conflict of interest policies, and procurement regulations.

5.3 Refresher Courses: Annual refresher training to ensure staff are updated on current procurement standards and practices.

#### 6. Compliance and Regulatory Standards

6.1 Ethical Procurement Standards: Adhere to guidelines that prevent conflicts of interest, ensuring transparency in vendor relations.

6.2 Compliance with Legal Standards: Ensure adherence to procurement regulations, including anti-corruption laws and fair competition rules.

6.3 Supplier Quality Audits: Conduct regular supplier audits to verify compliance with quality and delivery standards.

#### 7. Continuous Improvement and Feedback

7.1 Vendor Performance Reviews: Procurement shall conduct periodic vendor evaluations to assess reliability, quality, and adherence to agreements.

7.2 Process Optimization: Procurement procedures shall be reviewed and improved based on feedback and audit findings to enhance efficiency.

7.3 Corrective Actions: Any compliance issues identified during audits must be resolved within 30 days, with records maintained.

8. Non-Compliance Penalties and Corrective Actions

8.1 Reporting Non-Compliance: Instances of non-compliance must be reported immediately, with corrective actions planned within 7 days.

8.2 Penalties: Failure to comply with procurement standards may result in retraining, additional oversight, or contract termination.

8.3 Termination Clause: Repeated non-compliance or failure to adhere to procurement standards may lead to termination of this Contract with a 30-day notice period.

9. Liability and Indemnification

9.1 Indemnification: Each Party agrees to indemnify and hold the other Party harmless from claims resulting from non-compliance with procurement standards.

9.2 Limitation of Liability: The Company's liability for any damages arising under this Contract is limited to direct damages only.

10. Signatures and Authorization

By signing below, both Parties agree to the terms and conditions outlined in this Procurement Procedures Contract.

\_\_\_\_\_  
[Company Representative]

\_\_\_\_\_  
[Contracting Party]

Date:

Date: