

MahaSakthi Welfare Society

Procurement Policy



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Procurement Policy

Procurement Policy Templates support responsible and efficient procurement practices. They define the overall standards and guidelines for "what" employees are expected to do to run an efficient, ethical, and compliant procurement process.

Procurement policies should provide guidance for the entire cycle of activities employees engage in when acquiring goods and services, including:

- 1.Planning and sourcing.
- 2.Recommendation management, including competitive and non-competitive bidding
- 3.Vendor Evaluation and Selection
- 4.Risk analysis and due diligence
- 5.Purchasing includes purchasing authority and approval.
- 6.Receiving and accepting goods and services.
- 7.Invoice approval and payment

Purpose of the Policy

Purchasing goods and services is essential to the organization's efficient operation. The goal of the internal control system for the supply of goods and services is to guarantee that orders are handled by people who are skilled in determining what purchases are necessary from suppliers who are offering the best deals, that purchases do not go over the allocated budget, and that the quantity and price of the goods and services purchased match the order.

Procurement policies should align with organization's strategic goals, including sustainability and data protection. Information security standards set guidelines for protecting shared data. Procedures, not policies, detail how tasks should be accomplished.

Methodology

NGO must follow specific procedures when purchasing goods, equipment, and services for the organization or its projects. Competitive bidding will be a priority practice. The lowest bid will be used as the first criterion when selecting a supplier. However, if a supplier fails to provide the required level of service or an adequate guarantee, additional criteria must be considered. The NGO must specify in the purchase file why the lowest bid was not chosen.

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Secretary

The process of competitive bidding

1. Establish specifications for products or services and create cost projections.
2. To get quotes, go to the market and get permission.
3. Find at least three potential vendors to enter the competitive bid by conducting market research.
4. Ask potential vendors for quotes.
5. Make sure to gather and evaluate a couple of different quotes.
6. As needed, conduct demos and interviews to determine the finalists.
7. Perform due diligence on finalists and a pre-contract risk assessment.
8. Discuss the contract and negotiate to move forward.

Having written procurement policies and procedures has seven major advantages.

Creating procurement policies establishes the overall principles of procurement and provides detailed instructions for implementing specific tasks or processes in accordance with those policies. These offer several significant advantages to the organization:

Standardization and Uniformity

Establishing consistent guidelines for procurement ensures clarity and efficiency, leading to cost savings and improved control over goods and services.

Risk Reduction and Management

Procurement policies should include risk management for identifying and mitigating potential risks, protecting our organization. Having clear risk management guidelines will better protect our organization's interests and assets.

Cost Control

Effective cost-saving strategies, competitive bidding, and clear budget limits help control expenses and ensure economical purchases, while defined approval processes prevent unnecessary spending.

Compliance with Law and Regulation

Ensure compliance with all laws and regulations to avoid legal repercussions and reputational harm.

Transparency and Accountability

Clear procedures enhance transparency in procurement, aiding stakeholders' comprehension of policy and decision-making processes.

Audit and Reporting

Accountability improves as it becomes easier to track and audit procurement transactions with available documentation. Auditors can compare activities to established guidelines to determine compliance and identify irregularities. Your organization can review procurement activities and generate accurate reports, allowing management to make informed decisions.



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Guide on creating procurement policies and procedures.

Crafting procurement policies can be daunting, but this guide provides a step-by-step process to help plan and develop robust strategies for enhancing transparency, efficiency, and compliance in operations

Step 1: Determine the baseline requirements for your company

1. Prior to creating purchasing policies and procedures, it's critical to comprehend the unique requirements and limitations of your company.
2. Describe the operating model. Where and by whom activities will be carried out will be determined by the operating model.
3. Calculate the volume of purchases by taking into account the frequency, value, and quantity of transactions.
4. Determine the kinds of products and services that will be bought. Sort the goods and services that your company buys into different categories. Various types might call for various methods of purchase.
5. Recognize the legal and regulatory environment that controls your sector and region.
6. Evaluate internal resources: Evaluate the financial and human resources that are available for purchases. Take your purchasing team's size and experience into account.
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Step 2 Define Clear Objectives

Define clear procurement objectives: cost savings, supplier diversity, risk management, efficiency, transparency, and sustainability, to guide policy development.

Step 3: Assemble a team for implementation and begin purchasing

Procurement, risk, legal, IT, information security, compliance, and change management specialists should be on this team. To keep everyone on board, this team's main duty is to address any problems and welcome suggestions.



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Step 4: Define Purchasing Policies and Standards

You can start creating purchasing policies now that the planning is finished. Policies should always come first when establishing broad standards and directives for "what" is expected of employees.

Rules and Guidelines

Applicability: List particular vendor categories that are not covered by the policy or that fall outside of its purview.

Purchasing Authority: Specify who has the power to propose, authorize, and carry out purchases.

Sourcing: Indicate which sourcing techniques staff members should employ and when they are needed.

Risk management: Before hiring a new vendor, outline how the business will recognize, evaluate, and reduce risks associated with procurement.

Step 5: Document Your Procurement Processes, Roles, and Responsibilities.

Procurement procedures need to be detailed and tailored to the organization's size and complexity, covering key activities like purchase planning, bids and negotiations, supplier selection, purchase requisition and approval, risk assessments, contract management, and recording and documentation. Be clear on roles and responsibilities to avoid confusion.

Step 6: Create Supporting Tools and Templates

Develop necessary tools and templates to support your procurement process efficiently. Common examples include RFx templates and purchase requisition forms.

Step 7: Review and Right-Size to Your Goals and Resource Capabilities

After developing policies and procedures, assess if feasible. Questions to consider: resources, skills, technology, governance. Prioritize and ensure consistency. Conduct pilot tests for validation.

Purchases

When making purchases as part of a project or organizational task, employees must adhere to these procedures:

Small grants are the best option because they are adaptable, quick, and scalable.

A requisition form

Requisition form is filled out by the employee making the purchase request, approved by the executive director, and sent to the finance division.

b. Order form:

Following the Executive Director's signature, the order form is issued by the finance division. Based on the order form, the finance department or the concerned employee will ensure the purchase is successful.

c. Delivery slip:

Following the purchase, the finance division will provide the supplier with a delivery slip, which they must sign and return to the finance division.

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Conclusion

Operational effectiveness, risk management, and sound governance all depend on effective procurement policies and processes. By documenting procurement processes and providing employees with a thorough procurement guide, your company can manage intricate legal and regulatory environments, uphold accountability and consistency, keep costs under control, and cultivate fruitful, low-risk partnerships with all of your vendors.

To maintain their efficacy and compliance in a dynamic business environment, procurement policies and procedures also need to be regularly nourished. If you take the time and make the effort to regularly review and update them, your company will benefit from effective,



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