

MUSALIAR COLLEGE OF ENGINEERING AND TECHNOLOGY

PROCUREMENT POLICY

Preamble

1. Procurement has started its journey towards becoming a long-term strategic function of an organization in contrast to its tactical past. Musaliar College of Engineering and Technology (MCET) Procurement Policy is aimed at maintaining the highest standards of transparency and accountability in the Procurement process at MCET. Procurement is a process of acquiring the proper goods and /or services, at the time needed, for the optimum value from a reliable source. This includes formulation of specifications, identifying the goods and services, selection of vendors, price negotiations, evaluation of goods/services, approving substitutions (if required) and ensuring timely delivery.

Scope

2. This Procurement Policy applies to: -

- (a) All employees, including a regular and temporary employee or approved vendors/contractors of MCET.
- (b) Organisation or firms contracted for supply of Goods/Services to Musaliar College of Engineering and Technology.
- (c) All Departments and Sections of the College.

Purpose

3. The purpose of this Policy is to provide required assistance and guidelines in the management of Procurement and outline the procedures for the procurement of works, goods, related services such as transportation, installation, commissioning, training, operations, maintenance, consultancy services etc. It is to serve as a code of conduct as well as to determine the role of actors involved in the process. This Manual will serve as a guide to streamline the day to day working and monitoring and tracking the procurement activities of the Institution.

Objective

4. The basic objective of Procurement manual is to lay down a well-structured and effective procurement process for the Institution so as to ensure timely procurement of goods and services by optimum utilization of allocated budgetary resources following the highest degree of probity, accountability, transparency, fair competition and level-playing field.

Budget

5. Each institution of the Musaliar Education Trust (MET) has an annual budgeting system. Requirement from various departments and sections are forwarded to MCET by 31 December of every year. The Governing Body of the respective Institution analysis the requirements and prepares a budget and present to the Trust. After getting the approved budget from the Trust, the departmental allocations are made. The departments then prepare a plan for expenditure/procurements. The Procurement Board will get a copy of the approved budget as well as the expenditure plan of the Departments.

PROCUREMENT SYSTEM

General Principles

5. Each functionary, delegated with the authority of procuring goods and services shall have the responsibility and accountability to bring in efficiency, economy, and transparency in matters relating to procurement and for fair and equitable treatment of suppliers and promotion of competition in procurement. All Departments/ Sections shall prepare Annual Procurement Plan/ Requirements, based on the Budget allocation. The following must be ensured during the procurement process: -

- (a) The description of the subject matter of procurement, to the extent practicable, should be objective, functional, generic, measurable specifying technical, qualitative and performance characteristics.
- (b) Do not indicate a requirement for a particular trade mark, trade name or brand, unless it is a proprietary item.
- (c) The specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs. The specifications so worked out should meet the basic needs without including superfluous and non-essential features, which may result in unwarranted expenditure.
- (d) The technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards.
- (e) Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.
- (f) Offers should be invited following a fair, transparent and reasonable procedure.
- (g) The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects.
- (h) The procuring authority should satisfy that the price of the selected offer is reasonable and consistent with the quality required.

At each stage of procurement, the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decisions.

Procurement Board

5. A Procurement Board will be constituted by the Principal of the College for a Financial year with a provision to extend the tenure of Chairman and the members. The Procurement Board shall assume the role of coordinating the process of acquisition of all goods including capital purchases, renovations and hiring services at the best available price, quality and value. The Procurement Board has the responsibility to act as an advisor to user departments/sections prior to the acquisition of goods and services to ensure the best interest of the College. The constitution of the Procurement Board is as below: -

- (a) Chairman: Dean (Administration)
- (b) Member 1: Accounts Officer.
- (d) Member 2: Rep of User Department/Section.
- (e) Additional Members*: As per requirement.

*More members must be added for specific purchases, considering the expertise and specialisation.

Role of Procurement Board

6. Procurement, like any business function, has to continually deliver value. Drafting a comprehensive procurement plan is an important role of the Procurement Board for planned capital expenditures in consultation with the Trust/Governing Body. An effective procurement plan covers not only the process for procuring the goods, technology, or services but also the post-procurement activities required for effective operation and maintenance. Some of the important functions are as below: -

- (a) The Procurement Board must ensure the College's purchasing practices are consistent with its long-term vision, and further its goals and objectives.
- (b) The Procurement Board shall exercise legal, ethical, non-biased, courteous managerial and professional standards in the management of the financial resources entrusted to it.
- (c) The Procurement Board shall strive to improve the quality of goods and services acquired.
- (d) The Procurement Board shall organise training for improving the staff purchasing skills, including negotiating, public relations, execution of legal contracts and cost reduction techniques with the provision of relevant tools.
- (e) The Procurement Board shall analyse and improve the procurement process for better efficiencies and effectiveness.
- (f) The Procurement Board shall exercise professional judgment, knowledge and practice in reaching purchasing decisions. The principle of best value should guide purchased decisions. In this regard, although lowest price is a significant factor, other factors including, but not limited to, quality, maintenance cost, resale value, technical service, warranty, proprietary knowledge and proven accomplishment shall be taken into consideration to reach a final purchased decision. Approval of competent authority must be taken in this case.
- (g) Monitor the progressive trends of Purchase Commitments and expenditure so that timely action could be taken up for budget revision proposals, if required.
- (h) Preparation of periodical review reports which shall show the progress of commitments and expenditure vis-à-vis the projected budget estimates in co-ordination with Accounts Department and plan out the Purchase strategy to achieve the budget targets. Cases of serious deviation shall be brought to the notice of the Head of the Institution and Management.

Role of User Departments/Sections

7. Procurement Board is a facilitator/coordinator for arranging the requirements of the Users. Hence the User Departments as responsible for examining, analysing and recommending the requirements with financial effects to appropriate authority for approval. User Departments/ Sections being the beneficiary, have a significant role in the whole procurement process. The user departments are to ensure the following: -

- (a) Requirements taken up for procurements must have Budgetary allocations and approval by the competent authority.
- (b) Non-Budgetary requirements must be projected with a Statement of Case (SoC) with item description, specifications, justification, financial effects and source for procurement.
- (c) Purchase requests for the items requiring higher lead time for procurement must be initiated by the concerned department well in advance.
- (d) Requirements projected must accompany the correct specifications, cost estimate and in-principle approval of the competent authority.
- (e) Consulting the Procurement Board before entering into unique discussions to pursue strategic relationships and/or partnerships with vendors or external clients.
- (f) Forwarding all applicable purchase requisitions to the Procurement Board well in advance to ensure quality, quantity and cost benefits for the goods and services.
- (g) Budget allocation in a particular category is not exceeded for the purchase requisitions forwarded to the Procurement Board.
- (h) Availability of sufficient storage space when bulk purchase requisitions are forwarded to Procurement Board.

Approval of Requirements

8. Requirement along with the justification, financial implication and fund position is to be forwarded to the competent authority for getting approval. Necessary explanatory notes be placed for clarifications. The user departments/sections must ensure all requisitions, necessity assessments, requests for proposal and other related purchasing documents are properly approved by competent authority.

Ethics

9. The College staff shall maintain and practice the highest standards of business ethics and professional conduct. College staff involved with purchasing activities must act, and be seen to act, with integrity and professionalism. The following must be ensured: -

- (a) Honesty, care and due diligence must be integral to all purchasing activities within and between the College, suppliers and other stakeholders.
- (b) Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded.

- (c) College staff must not engage in any activity that may create or appear to create a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers or products.
- (d) Purchasing activities must be open and accountable. In particular, contracting and purchasing activities must be fair, transparent and conducted with a view to obtaining the best at a competitive price.
- (e) The College shall not knowingly purchase any products from companies with unethical business practices.
- (f) Suppliers are expected to conduct business and negotiations ethically with the College, without attempts to influence any purchasing decisions through offering personal gifts and other unethical means.
- (i) Suppliers should conduct business and negotiations with the College avoiding unnecessary expenses and inconvenience to the College.

PROCUREMENT PROCEDURE

Capital/Major Procurements

10. Acquisition of high value items (costing Rs 100000.00 or more) are considered as Capital/Major Procurements. The following steps are involved in Capital/ Major procurements: -

- (a) **Assessing the Requirements.** In every case of procurement, the user shall first determine the need (including anticipated requirement). While assessing the need, to the extent possible, shall take account for the estimated cost of the procurement and shall also decide on the scope and quantity of procurement.
- (b) **Request for Information (RFI).** A Request for Information is sent to prospective suppliers for the purpose of a broad data enquiry and information gathering only. Request for information is sought to formulate/ refine/ rationalize the specifications and structuring the Tendering.
- (c) **Formulation of specifications and Qualitative Requirements (SQRs).** The most important step in any procurement is drawing up of the specifications that meet the requirement. With the increasing complexity of the projects, drawing up the specifications for the materials and equipment has become a special task, requiring professional skill. Detailed specifications supported by drawings and by specifying standard units of measure will eliminate ambiguity. It will also minimize apprehension of bidders on the level of risks they are expected to bear and elucidate precise standards to which the commodity under purchase will be tested/ inspected. This will also reduce chances of bidders inflating their prices to cover perceived risks. The SQRs would be drafted and approved by the competent authorities of the user Departments/ Sections. General broad based SQRs are to be prepared. No specific brand to be specified unless it is proprietary item. No changes to the SQR will be permitted after obtaining the AoN.
- (d) **Acceptance of Necessity (AoN).** The user Department/Section would prepare a

Statement of Case (SoC) as per format for getting the AoN from the competent authority. The SoC will include Background, Requirement with SQRs, Justifications and Financial effects.

(e) Request for Proposal/Solicitation of offers/Tendering. The Request for Proposals for competitive public tender document is sent to prospective suppliers by the Procurement Board. The Procurement Board gets involved from this stage onwards. The Request for Proposal document is utilized to invite vendors to bid on the supply of goods and/or services to the College. The Request for Proposal document provides the specific needs of the College along with relevant background information. Solicitation of offers will be as per 'Single Stage System' or 'Single Stage - Two Bid System' depending on the item. In Single stage Two bid system, Request for Proposal (RFP)/Tender will be issued soliciting the Technical and Commercial bids together, but in two separate and sealed envelopes.

(f) Evaluation of offers/Tenders by Tender Evaluation Committee (TEC). A TEC will be constituted by the Procurement Board (if required) for evaluation of the technical bids received with reference to the SQRs. It will include representatives of the user service, maintenance agency, representatives of IQ AC. The TEC to prepare a 'Compliance Statement' short listing the equipment/services for procurement. TEC will also examine compliance of vendors to provisions of RFP. Non-compliance of vendors to any of the required provisions would be mentioned for rejection of the bid. In cases where an OEM bids, along with other vendors supplying the same product of the OEM, only the bid of the OEM will only be accepted.

(g) Commercial negotiations by Contract Negotiation Committee (CNC). The CNC will be constituted after acceptance of the Technical Evaluation report. The Procurement Board may be assigned the task of CNC depending on the nature of procurement. Initial activities of the CNC shall include benchmarking and all other activities prior to the opening of commercial bid. The user Departments/sections should ensure that their representatives in the CNC have adequate background, knowledge and authority to take a decision. The sealed commercial offers of the technically accepted vendors shall be opened by the CNC at a predetermined date and time under intimation to vendors, permitting such vendors or their authorised representatives to be present. The bids of the competing firms shall be read out to all members present and signed by all members of the CNC. The CNC would prepare a Comparative Statement of Tenders (CST) with a view of evaluating the technically acceptable offers and determine the lowest acceptable offer (L1 Vendor). Notwithstanding this, the CNC may recommend an item/ vendor with higher quote with convincing justification.

(h) Approval by the Competent Financial Authority (CFA). The CNC should document the selection process of vendor and a report must be submitted to the CFA through proper channel. The report must be complete in all respects and should be checked by the members of the CNC. It should comprehensively elaborate the method of evaluation and the rationale for the selection made. All CNC members should sign the recommendation report, in the interest of probity and accountability, as evidence that they concur with the process adopted and the ultimate selection made. Any dissenting view, including the reasons for the same, should also be documented. The whole documents with the approval of the CFA be forwarded to the Procurement Board for further processing.

(i) Award of contract/Supply Order (SO). The Procurement Board after verification

of the document, must ensure availability of adequate funds earmarked for the approved procurement and issue the Supply Order (SO) to the approved vendor. Care must be taken to include all relevant data and conditions in the Supply order. Appropriate provisions must be catered for non-compliances including legal, black listing, compensation etc.

(j) Contract Administration and Post-Contract Management.

Contract Administration and Management refers to timely delivery of supplies or services as contracted, acceptance, payment and closing of the contract. These actions include technical, financial, audit, legal, administrative and managerial services.

Minor Purchases/Routine requirements/Consumables

11. A requisition may be raised for minor purchases, routine regular requirements/ consumables etc, included in the budget allocation and forwarded to Procurement Board after getting approval from CFA. However, an SoC needs to be raised for any new item to be procured.

Emergency Requirements

12. In the case of emergency requirements during working hours, user departments should forward the requisition form duly approved by the CFA to Procurement Board. The user Department may give an advance information directly to the vendor before placing the order. Emergency cash purchase also must be resorted, depending on the emergency and the requisition be forwarded to the Procurement Board with a brief on the emergency should be indicated clearly in the requisition.

13. In the case of emergency orders during off hours, user departments may contact the vendor to initiate the order. The user department shall notify the Dean (Admn) in the next working day. The confirming requisition shall immediately be forwarded to the Procurement Board with the information similar to that of a regular order. In addition, a brief on the emergency shall be indicated clearly in the requisition.

14. User Departments are allowed to bypass the Procurement Board and procure items directly from suppliers/market not exceeding Rs 1000 in exceptional cases. The documentation be completed for getting the payment as early as possible. Purchases should not be splitted to cater this provision.

PAYMENT PROCEDURE

15. On receipt of goods, the user should carry out a thorough audit to ensure the suppliers have met all the terms and conditions of the contract including functional expectations as well as demonstrations/post delivery commitments. User Departments are to certify the quantity, quality and adherence to other terms and conditions of the contract/supply order. A report on the same be forwarded to the accounts department for final clearance of payments. This is applicable for services too. The Final payment to the vendor will be effected only after getting a compliance report from the user Department/Section on the following aspects: -

- (a) Goods/Services delivered are as per the Supply Order issued and functional.
- (b) All documents including the warranty, Insurance, Technical Description, operating

instructions etc are available.

- (c) Training to MCET personnel (if required) is imparted properly, on the new acquisition.
- (d) Contact details of the service agencies are maintained.
- (e) Items are brought on charge in the Stock Register with relevant details.

16. Original bill with the above compliance report be forwarded to Accounts section for payment.

CONCLUSION

17. The Procurement Board shall endeavor to provide the College with cost efficient, flexible methods to procure goods and services while ensuring that the core principles of fairness, openness and transparency are observed and appropriate controls are in place. On occasion, the Procurement Board may enter into specific service agreements with vendors which include vendor-defined methods to order goods and services.