

Internship Training

At

Al Abeer Educuity

To Design Standard Operating Procedures (SOP) Of Purchase

Anushree Mehrotra

PG/14/011

Under The Guidance Of

**Dr. (Maj.) Dinesh G K
Chief Operating Officer**

&

**Mr. Syed Shibli Imam
Chief Financial Officer**

**Post Graduate Diploma in Hospital and Health
Management
2014-16**



International Institute of Health Management Research

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AL ABEER
EDUCITY

AL ABEER MEDICAL ACADEMY & RESEARCH CENTRE PVT LTD

CIN :U85110KL2009PTC025035

Ref No: AE/HR/TM-INT/2016/001

Date: 14/05/2016

Completion of Dissertation from Al Abeer Educity

The certificate is awarded to

Ms. ANUSHREE MEHROTRA

in recognition of having successfully completed her
internship in the department of

OPERATIONS

and has successfully completed her project on

**“TO DESIGN STANDARD OPERATING PROCEDURES (SOP) OF PURCHASE
FOR AL ABEER EDUCITY”**

Date: 02/03/2016 to 14/05/2016

Organization: AL ABEER EDUCITY

She comes across as a committed, sincere & diligent person who has
a strong drive & zeal for learning

We wish her all the best for future endeavors

Koshy K Ancheril
Senior Manager- Human Resources



TO WHOMSOEVER IT MAY CONCERN

This is to certify that Anushree Mehrotra student of Post Graduate Diploma in Hospital and Health Management (PGDHM) from International Institute of Health Management Research, New Delhi has undergone internship training at AL ABEER EDUCITY, Malappuram, Kerala from 02-March-2016 to 14-May-2016.

The Candidate has successfully carried out the study designated to her during internship training and her approach to the study has been sincere, scientific and analytical.

The Internship is in fulfilment of the course requirements.

I wish her all success in all his future endeavours.



Dr. A.K. Agarwal
Dean, Academics and Student Affairs
IIHMR, New Delhi



Dr.A.K.Agarwal
IIHMR, New Delhi

Certificate of Approval

The following dissertation titled **“TO DESIGN STANDARD OPERATING PROCEDURES (SOP) OF PURCHASE FOR AL ABEER EDUCITY”** at **“AL ABEER EDUCITY”** is hereby approved as a certified study in management carried out and presented in a manner satisfactorily to warrant its acceptance as a prerequisite for the award of **Post Graduate Diploma in Health and Hospital Management** for which it has been submitted. It is understood that by this approval the undersigned do not necessarily endorse or approve any statement made, opinion expressed or conclusion drawn therein but approve the dissertation only for the purpose it is submitted.

Dissertation Examination Committee for evaluation of dissertation.

Name

DR A.K. Agnwal

DR Shakti K Gupta

DR Manish Dey

Signature



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Date: 14/05/2016

Certificate from Dissertation Advisory Committee

This is to certify that **Ms. Anushree Mehrotra**, a graduate student of the **Post- Graduate Diploma in Health and Hospital Management** has worked under our guidance and supervision. She is submitting this dissertation titled **“TO DESIGN STANDARD OPERATING PROCEDURES (SOP) OF PURCHASE FOR AL ABEER EDUCITY”** at **“AL ABEER EDUCITY”** in partial fulfillment of the requirements for the award of the **Post- Graduate Diploma in Health and Hospital Management**.

This dissertation has the requisite standard and to the best of our knowledge no part of it has been reproduced from any other dissertation, monograph, report or book.

Dr. A. K. Agarwal
Dean Academics and Student Affairs

IHMR, Delhi

Dr. (Maj) Dinesh Gopalakrishnan
Chief Operating Officer

Al Abeer Educity



CERTIFICATE BY SCHOLAR

This is to certify that the dissertation titled **“TO DESIGN STANDARD OPERATING PROCEDURES (SOP) OF PURCHASE FOR AL ABEER EDUCITY”** and submitted by Anushree Mehrotra, Enrollment No. PG/14/011 under the supervision of DR.A.K. Agarwal .for award of Postgraduate Diploma in Hospital and Health Management of the Institute carried out during the period from 2nd March to 14th May embodies my original work and has not formed the basis for the award of any degree, diploma associate ship, fellowship, titles in this or any other Institute or other similar institution of higher learning.


Signature

(ANUSHREE MEHROTRA)



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FEEDBACK FORM

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Dissertation Organization: AL ABEER EDUCITY

Area of Dissertation: OPERATIONS

Attendance: 100%

Objectives achieved: YES

Deliverables: SOP AND PURCHASE POLICY/ GUIDELINES FOR AL ABEER EDUCITY

Strengths: Ms. Anushree commits and delivers the assigned tasks with transparency and quality. She is adaptable to change and we appreciate her performance for timely actions and hard work.

Suggestions for Improvement: Given her potential we would recommend her to develop her business acumen and analytical skill to infer data and processes.

Syed Shibli Imam
Chief Financial Officer

Date: 14/05/2016
Place: Calicut





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Suggestions for Improvement: Attention to micro detailing.
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Koshy K Ancheril
Senior Manager – Human Resources

Date: 14/05/2016
Place: Calicut



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“The journey is more important than the destination. Excellence is a journey not a destination”

To traverse on the virtuous path of excellence, it required a great passion to pursue the performances of my desire and the path was illuminated by many a person of importance to whom I owe whatever I have been able to accomplish.

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I would like to bow down my head in front of the Almighty for his invisible hand always behind my destiny.

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TABLE OF CONTENTS

Sl. No.	Content	Pages
	List of Figure	10
	List of Table	10
	Acronyms / Abbreviations	10
	Definitions	11-12
	Part A. Internship Report	13
1.	Organization Profile	14--18
2.	Vision , Mission & Values	19-21
3.	Promoters & Management	21
4.	Product & Services	21-22
5.	Key Learning	22-24
	Part B. Dissertation Report	25
1.	Abstract	26-27
2	Introduction To Study	28-29
3.	Scope of Study	30
4.	Problem Statement	31
5.	Aim & Objective	31
6.	Methodology	32
7..	Analysis	33-34
8.	Results	35-73
9.	Discussion	74
10.	Limitation	75
11	Recommendation	76
12.	Conclusion	77
13	Annexure	78-7

List Of Figures

Figure Title	Page No.
Organogram	24
Existing Process of Purchase	67
Existing Process of Stores	68
Proposed Process Flow of Purchase	73

List Of Tables

Table Title	Page No.
Work Order Steps	57
Recommending Authorities Of W.O.	59
Recommending Authorities Of Purchase	60
Proposed Purchase Process	70

Acronyms/Abbreviations

PC	Purchase Committee
DC	Delivery Challan
FIFO	First in First out
GRN	Goods Receipt Note
GP-I, GP-O	Gate Pass –in, Gate pass -out
GDN	Goods Dispatch Note (returnable and non returnable)
IRE	Invoice Receipt Entry
M/PRSR	Material/Printing & Stationery Requisition
MSL	Minimum Stock Level
PO	Purchase Order
PRQ	Purchase Requisition
RN	Rejection Note
PM	Purchase Manager
ROL	Re – ordering Level
SM	Store Manager

DEFINITIONS:

Purchase orders & Work Order

- A **purchase order (PO)** is a commercial document issued by authorized signatory to a seller, indicating specification, make, types, quantities, and agreed prices for products or services the seller will provide to the buyer.
 - P.O provides details about the goods including description , PO Number, Vendor Name and Address, Order Date, (date on Which order is Placed) price per unit, quantity being purchased, Discount Details, Rate of Tax, Payment terms & Condition and delivery details .
- **Work Order** : It is an order authorizing specific work or job order or project which may include a portion each of material and services contract to be performed .
- **Negotiation** – Is a procedure for awarding contracts after formal negotiation for best price , quality & terms.
- **Procurement** - Is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quality and quantity, at the right time, in the right place and from the right source via a contract.
- **Purchase-** Identification and recognition of the real need for items to set up & initiate the operations for the hospital for set up & initiating the operations for set up & initiating the operations /training centres & other projects and assurance of satisfaction of project needs at the lowest possible cost, consistent with the best quality of goods required.
- **Request for Proposal** - Is a procedure to solicit prices from vendors.
- **Purchase Requisition** :
Document generated by a user department or storeroom-personnel to notify the purchasing department of items it needs to order, their quantity, and the timeframe. It may also contain the authorization to proceed with the purchase, called purchase requisition.

- **Goods Receive Note**

Record of goods received at the point of receipt. This record is used to confirm all goods have been received and often compared to a purchase order before payment is issued.

- **Bill Of Quantity (BOQ):**

A **bill of quantities** (BOQ) is a document used in tendering in the construction industry in which materials, parts, and labor (and their costs) are itemized. It also (ideally) details the terms and conditions of the construction or repair contract and itemizes all work to enable a contractor to price the work for which he or she is bidding.

- **Purchase Note (P.N.)**

A debit note is a commercial document issued by a buyer to a seller as a means of formally requesting a credit note. A seller might also issue a debit note instead of an invoice in order to adjust upwards the amount of an invoice already issued (as if the invoice is recorded in wrong value).

Part A. Internship Report

Organization profile of Al Abeer Educity

Al Abeer Educity is an integrated education and healthcare project aimed to provide high quality learning to foreign nationals, NRIs and local students. The project will provide education from kindergarten up to professional level, housing on array of courses under one roof. In line with the company values, commitment to provide eminence in education bringing forth an exceptional learning experience in a relaxed environment.

Al Abeer Medical Group has been providing exemplary healthcare in the kingdom of Saudi Arabia since 1999. Upholding an excellent reputation, it continues to maintain renowned high standards of care giving by making sure our service resonates through to the heart and soul of patients. The company's success has allowed for expansion and now it boast ten advances medical centres across the cities of Saudi Arabia. It is Al Abeer's mission to continue to go a step further in offering more than medical care alone the essence of which can be found in the company's core values.

Al Abeer Educity is the first integrated education and healthcare hub of international standards in Kerala. The Educity is spread across 90 acres, the Educity houses an International School, Multi- Speciality Hospital, a medical college, Engineering College, a nursing school and Paramedical Institute along with Management School. Support infrastructures will include Hostel Facilities, Residential villas, Ayurveda Spa and Hypermarket. It will have 750 beds and over 117 critical care beds with 13 operation theatres initially. Further the bed strength will be increased to 1500.

AL ABEER EDUCITY , CALICUT & Malappuram (KERALA)

The corporate office is located at Calicut 46 KM away from the Educity site, Malappuram.

Human Resources:

Mr. Alungal Mohammed is the Chairman and Dr.Jemshith Ahmed is the CEO. Total number of staffs working in the corporate office and Project site are 43. The securities are outsourced. There are various Consultants working affluently with the organization.

Infrastructure

Al Abeer group is planning to set up an Edu-city, an integrated medical and education project near Malappuram town in Kozhikode. The campus will be spread across 75 acres of land at Melmuri and will house an International School, from Kindergarten to Higher Secondary level, a Medical College, a Nursing College, an Engineering College, and a Management College. The cost of the project is estimated at Rs 550 crore.

The Al Abeer Group, the leading medical group of Saudi Arabia, which started its operation at Jeddah, now has branches across Riyadh, Jeddah, Makkah, Madinah and Damam. The group also runs a 100-bedded hospital at Kondotty in Malappuram.

Elaborating the project plan, the chairman and managing director of Al Abeer group, Alungal Muhammed said, the project aims at providing education from the kindergarten level to all the professional courses under one umbrella at an affordable fee structure.

DEPARTMENTS:

Departments In The Hospital-

The OPD (Outpatient Department) are-

- Pulmonology
- Rheumatology
- Obstetrics & Gynecology
- Pediatrics
- Physiotherapy
- Orthopedics
- Psychiatry
- Ophthalmology
- Dental
- Dermatology
- Diabetes and endocrinology
- Internal medicine
- Sports medicine
- ENT
- Emergency medicine
- Radiology
- Speech therapy
- Music therapy
- Gastroenterology
- Neurology
- Neonatology
- Infertility

➤ Dialysis

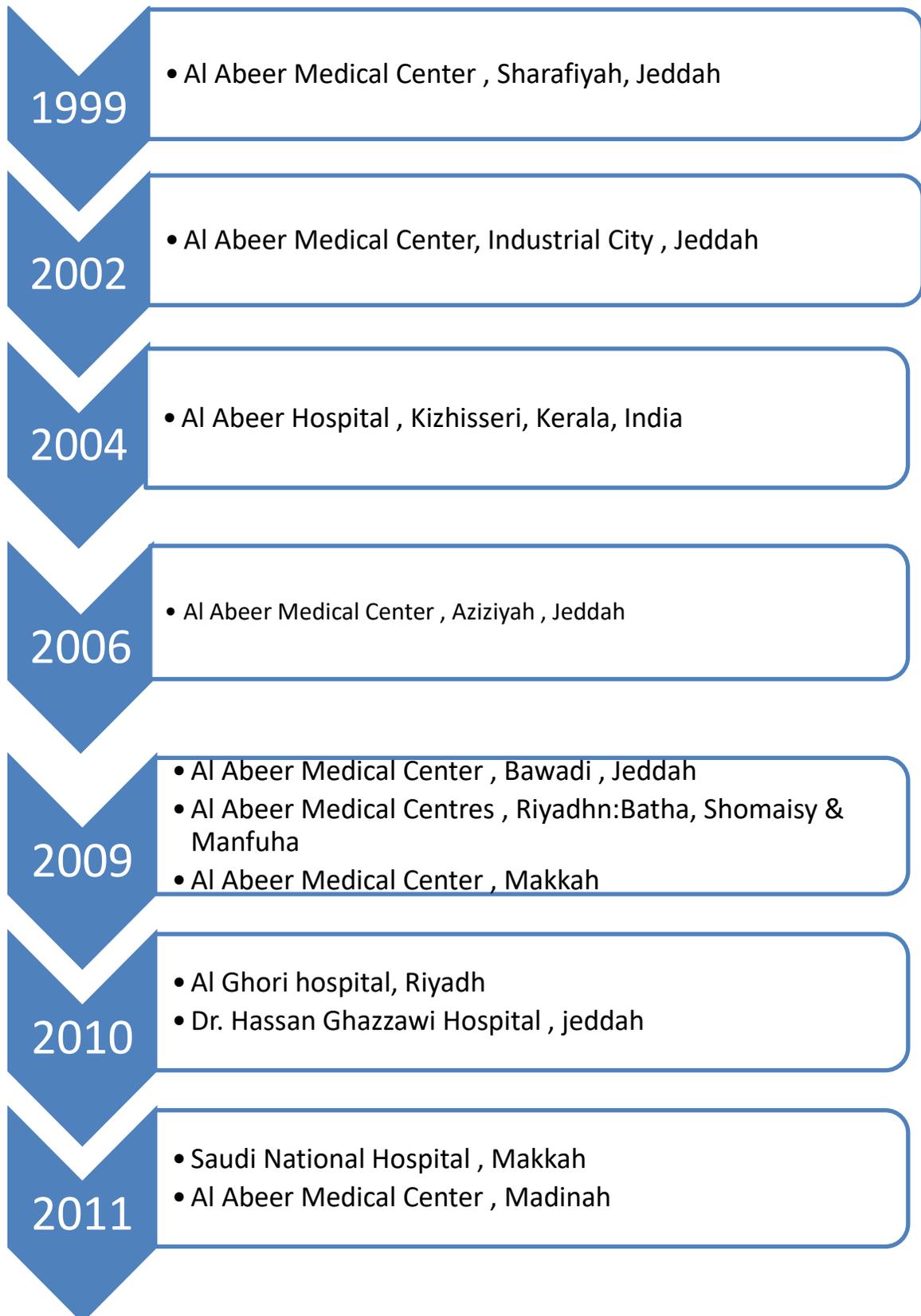
The surgical procedures carried out in the hospital are-

- General surgery
- Cardiac surgery
- Laparoscopic GI
- Bariatric surgery
- Neurosurgery
- Thoracic surgery
- Vascular surgery
- Plastic and reconstructive surgery
- Liver transplant
- Bone-marrow transplant

Other services in the hospital are-

- Blood bank
- Laboratory services
- CSSD
- Pharmacy
- Preventive health check-ups
- Patient care service
- Day care
- Clinical nutrition

The Journey of Al Abeer:





Vision , Mission & Core Values of Al Abeer Educity :

Vision :

“Strives for perfection , Excellence and Values in education and Health Care”

Achieving global preference in healthcare and education through our distinctive services based on excellence and reliability.

Mission

- To be the leader in all our endeavours founded on reliability, quality, integrity and corporate citizenship.
- To provide distinctive services to drive excellence and to create a delightful experience.

- To be an employee centric organization and to ensure stake holder value creation through profitable growth.
- To shape the thinkers, innovators and leaders for the future, by inspiring young minds and by encouraging research and knowledge creation.
- To redefine academic landscapes by creating an enjoyable learning experience with emphasis on our values.
- To be the benchmark of excellence in care, awareness and safety while creating a care-seeker centric wellness-eco system.

Indispensable Values: We Believe in: (TEDICS)

1) Team Work

Strive towards the common goal through collaboration while relying on each other's strength and commitment that is founded on mutual trust and shared values.

2) Excellence

Deliver our professional best, provide the highest quality of services again and again, being maximal in reliability and thus being the bench mark in the industry.

3) Diversity

Understanding and accepting the differences individuals will have geographically, physically, intellectually, emotionally, culturally and in finding value this diverse association brings, in order to be effective, innovative and resourceful.

4) Integrity

Having the courage to act on convictions, uphold fairness, honesty and trust in whatever we do, be 100% when it comes to respecting processes, people and systems.

5) Compassion

Understanding the point of view of others, recognizing the effect of one's action on others, placing high regard for human dignity and in ensuring affirmative action that support these elements.

6) Social Commitment

Focus on the positive impact we can have on the communities, environment and the lives we touch. Our responsibilities extend to having the highest legal and ethical standards that co-exist with business priorities.

Promoters and Management:

Al Abeer Group's President, Alungal Mohamed –a keen visionary and business entrepreneur-is the driving force behind this project. He envisaged the idea of helping foreign nationals, Indian citizens and NRI returnees, by creating an education and healthcare complex that hosted modern facilities, catering to the needs of people and their children.

Products & Services:

Educity Facilities:

- Medical Academy and Research Centre
- World Class Multi Specialty Hospital
- School of Management Studies
- Human Resources Training Centre
- Metro Library

- Information Technology Labs
- Academic boarding Schools of all levels
- Indoor Stadium with swimming pool
- Art Theatre
- Villas
- Herbal Spa

Al Abeer Educity's smart infrastructure will provide a highly advanced futuristic technological environment for residents and visitors. Information Technology labs and a well-stocked library will augment the educational facilities, fostering an atmosphere of teaching and learning.

In addition to the enhanced digital connectivity that the smart infrastructure will provide, Al Abeer Educity will also have world class amenities for sports and recreation. Swimming pools, stadiums and theatres will engender a spirit of health, well-being and culture. A fully stocked Hypermarket providing a variety of items will offer Al Abeer Educity's residents and visitors with convenience and a quality shopping experience.

Key Learning:

The area of engagement during the internship period was to map the existing process flow of stores and purchase at Al Abeer Educity and to design Standard Operating Procedures for purchase for Educity project.

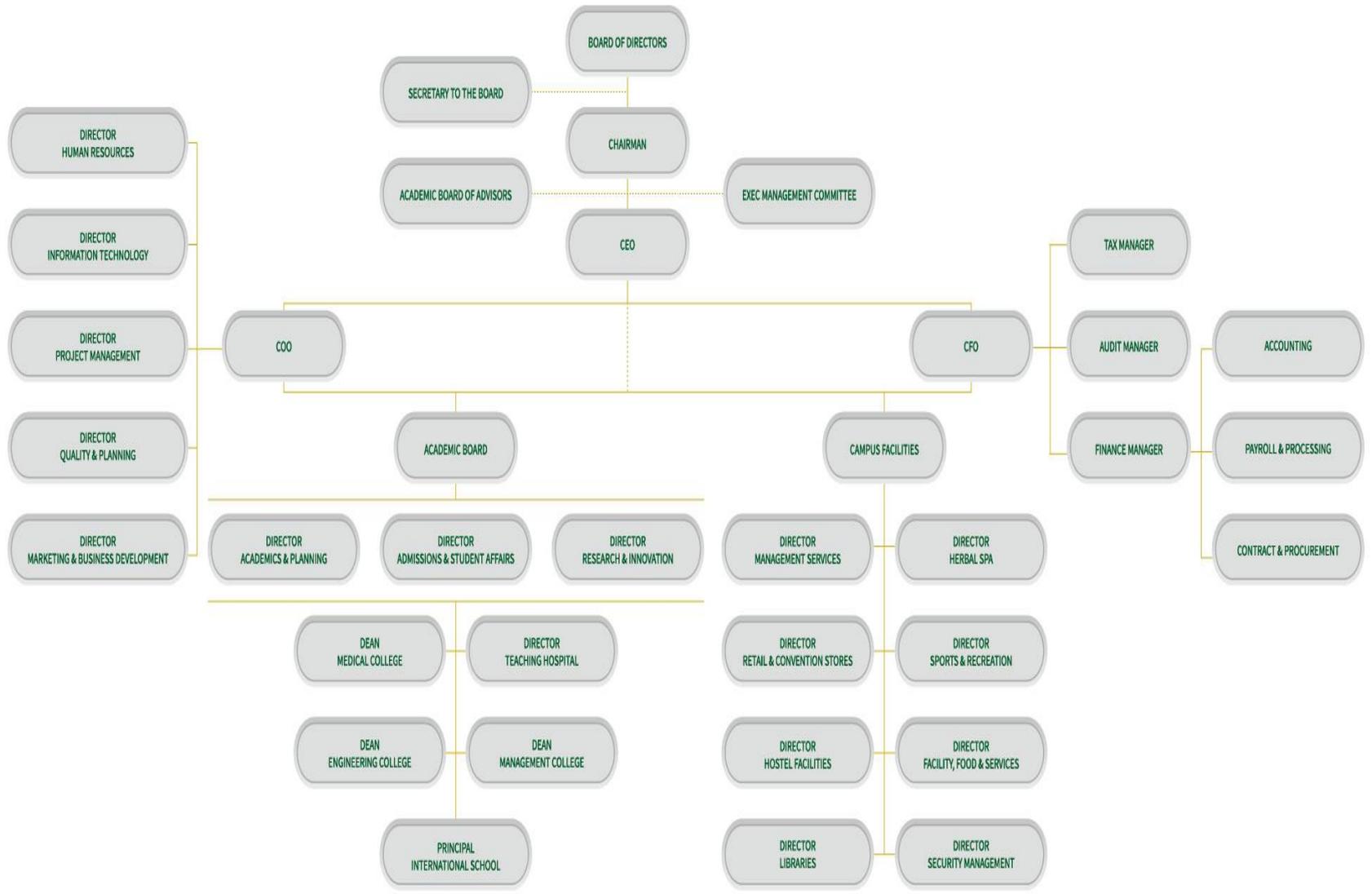
During the first week of joining I had Induction and orientation both in the corporate office and at Project site. Second week I have been assigned the task to Map out the existing

process of purchase & stores at project site and design the future Standard Operating Procedures(SOP) of Purchase for Al Abeer Educity. I have worked under guidance of Dr. Dinesh .G.K. (COO) and Mr.Syed Shibli Imam (CFO) .

Reflective Learnings :

- Mapping of existing process of stores and purchase at Al Abeer Educity
- Interaction with store manager , Senior Engineers , store staff , etc

Organogram Of Organization:



Part B: Dissertation

Organization: Al Abeer Educity , Calicut (Kerala)

Role: Senior Executive Management Trainee

Task: To Design Standard Operating Procedures of Purchase for Al Abeer Educity .

ABSTRACT:

The hospital is in construction phase, at this level material management plays important role and here building SOP documents for stores also plays vital role. Purchase department has to procure all the capital items for projects including materials for civil, mechanical , electrical , plumbing, equipments , instruments , furniture , fixtures, other raw material, medicines, medical consumables, instruments, bio-medical equipments, disposables, equipment, devices, implants, printing and stationary, Housekeeping, spares and maintenance and other essential goods.

Most important aspect of material management is to obtain correct quality of materials with:

- lowest possible cost (economic order quantity)
- High inventory turnover
- Low storage cost (reduce capital & recurring expenditure)
- Maintain continuous supply
- Maintain quality of purchase
- Cordial relationship with suppliers
- Low pay roll costs

- Development of Vendors
- Good Records
- Avoid Wastage

Elements of Material Management:

- Identification of items
- Estimating demand
- Purchase & Procurement
- Inspection and Quality Control
- Storage
- Inventory Control
- Issue Procedure
- Maintenance , Repairs and Condemnation
- Information System

INTRODUCTION

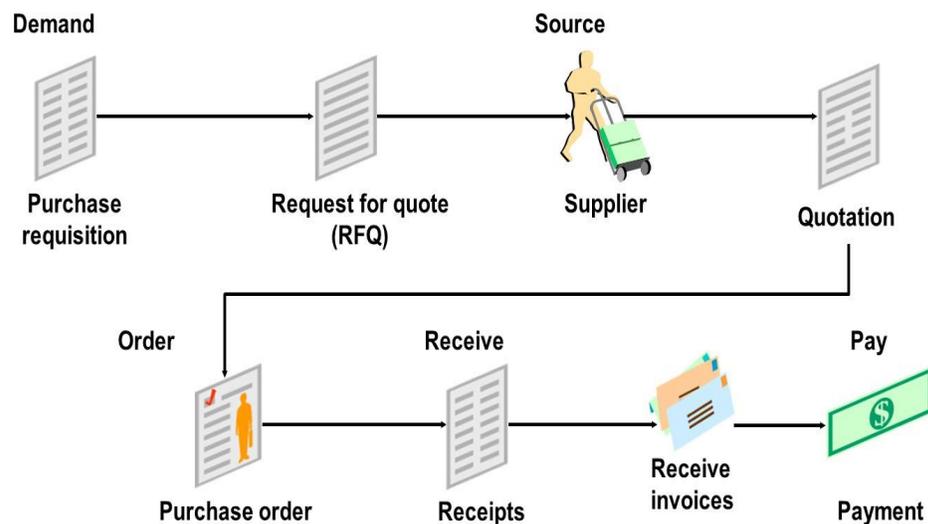
The Purchase department has to procure all the capital items for projects including materials for civil, mechanical, electrical, plumbing, equipments, instruments, furniture, fixtures, other raw material, medicines, medical consumables, instruments, bio-medical equipments, disposables, equipment, devices, implants, printing and stationary, Housekeeping, spares and maintenance and other essential goods required by the hospital for set up & initiating the operations. Some of the most essential requirements are the economical price, timely delivery, and proper quality, therefore essential, so that the procurement is carried out effectively & efficiently, with minimum overheads in a transparent manner.

The main purpose of the Purchase Department is defined as follows:

- Procurement of stores and user's requirement for the project & initial stage of operations through indigenous and foreign sources as required in accordance with the policy & guidelines in force and the defined budget annually/half yearly/quarterly (as relevant)
- Checking of requisitions/purchase indents with specifications quality and quantum required with the user department.
- Issuing enquiries/tenders and obtaining quotations.
- Analyzing quotation and preparation of comparative statement (quotation charts).
- Negotiating contracts.
- Checking the legality, of the terms and conditions of contracts.

- Issue of Purchase Orders
- Follow-up of purchase orders for delivery in due time
- Correspondence and dealing with suppliers, carriers etc., regarding shortages, rejections etc., reported by the Stores Department.
- Maintenance of purchase records.
- Maintenance of progressive expenditure statement, category wise.
- Maintenance of vendor data base, their performance records/data.
- Keeping various Departments/ Site teams / stores informed of the progress of their requisition/ indents in case of delay in obtaining supplies.
- Serving as an information center on the materials' knowledge i.e. their prices, source of supply, specification and other allied matters.
- Development of reliable and alternate sources of supply.

PROCURE TO PAY PROCESS



SCOPE OF STUDY

Al Abeer Educity and its ventures are currently in planning and development phase. The most important thing for any organization in developmental phase is its material purchase as shortage can cause problem just like the over purchase. So this process need to be handled effectively to avoid the under or over purchase. To keep the purchase smooth standard operating procedure are necessary to keep the things in order in future too. The material purchase will include all medical & non medical items related to day to day functioning of the hospital which includes items for projects including materials for civil, mechanical , electrical , plumbing, equipments , instruments , furniture , fixtures, other raw material, medicines, medical consumables, instruments, bio-medical equipments, disposables, equipment, devices, implants, printing and stationary, Housekeeping, maintenance and other essential goods required by the hospital for set up & initiating the operations related to day to day functioning . This develops the effective strategy there is a need to map the existing process and to design the standard operating procedure for purchase in Al Abeer Educity.

POBLEM STATEMENT

Al Abeer Educity is in its developmental phase and it requires a lot of planning and discussion to get to a point where effective decision can be taken to make the organization operational. The most important process need be addressed is purchase and procurement of the material as currently no standard operating procedure is formed for purchase of the material for the organization. Standard operating procedure for organization process gives a structured and evidence based effective method for execution. Once the standard operating procedures are developed and tested for the organization it can be effective in future implementation and can provide a baseline for the further development.

AIM

To design Standard Operating Procedures of purchase for AL Abeer Educity

OBJECTIVES:

- To understand structure, processes, development strategy of Al Abeer Educity
- To map the process of purchase for Al Abeer Educity
- To develop the purchase process for Educity project by understanding the existing process and users requirement.

METHODOLOGY

As the study aims to design SOP for the organization by first understanding the current process and structure of the organization and then document those, thereafter develop the SOP for purchase using that understanding and data gathered.

Study Tool: One to One discussion using top down approach

Study Population: Administrative staff including the top management and mid level management

Inclusion Criteria: All the persons involved in designing SOP for purchase were included

Study Period: 2nd March till 14th May 2016

Study Area: Al Abeer Educity, Malappuram, Kerala

ANALYSIS

- Various Standard Operating Procedures documents of different hospitals were analyzed.
- Based on SOP documents of other hospitals, analyzed the process and then discussed with CFO on how to proceed for designing the SOP document of Purchase for this organization.
- Many parameters have been considered for designing the process flow of purchase , 5 parameters are:
 - Demand
 - Sourcing
 - Ordering
 - Receiving
 - Payment
- Five parameters were discussed respectively for developing purchase process:
 - **Demand** includes all the steps right from starting who is raising demand to whom. Store manager will assess the stock and if the required stock is lying in store then issue the same and entry of same in inventory records. If it is not in store then P.O needs to be raised after assessment
 - **Sourcing:** Once the P.R is finalized, Request for Proposal /Quotes will be given to vendors.

- **Ordering:** Vendor will be selected based on lowest price and good quality. After finalizing lowest vendor P.O will be given to that vendor.
 - **Receiving:** Once the material comes to the user, various documents needs to be verified with the material: P.O. , Invoice , Gate Pass , etc
 - **Payment:** Payment needs to be made once the material is accepted on 5 way match process.
- Based on these five parameters, Purchase process is designed in discussion with CFO and reviewed by Finance Manager and Purchase Manager

RESULTS

- In designing the purchase SOP apart from the five parameters, there are other factors which have been considered for building the document. The following factors are :
 - A. Budget Consideration
 - B. BOQ Plan
 - C. Working Of Purchase Committee
 - D. Purchase Process
 - E. Receipt Of material
 - F. Unplanned Commitments/Emergency Requisitions
 - G. Staggered Purchase
 - H. Work Order
 - I. Recommending Authorities and their delegated Powers
 - J. Purchase Control
 - K. Payment Control
 - L. Condemnation Policy

A. Budget Consideration

- a. Every project such as the hospital for set up & initiating the operations, training centre or any other program or department will work within an established budget.
- b. Budget for purchases will be prepared by purchase committee and submitted to Management for approval.

- c. Budget guidelines shall be strictly followed. Each project manager/department heads/board of trustees should budgets for all expenses including equipment, repairs, supplies and labour.

B. BOQ Plan :

- a. BOQ plan needs to be developed by management team every year based on the requirements.
- b. A **bill of quantities** (BOQ) is a document used in tendering in the construction industry in which materials, parts, and labour (and their costs) are itemized. It also (ideally) details the terms and conditions of the construction or repair contract and itemizes all work to enable a contractor to price the work for which he or she is bidding.

C. Purchase Committee

Working of Purchase Committee

The Policies and functions of the Purchase and Stores Department shall be controlled and guided by the Stores and Purchase Committee.

1. Objectives

- a. Formulation Of Budget
- b. Ensure standard quality and supply of required materials.
- c. Selection of vendors
- d. Ensure economic price

2. Constitution of the Purchase Committee

The Purchase Committee will constitute members nominated by CEO or any of his delegates including at least one member each from Technical /Operations Representation, Purchase & Finance Representation and may generally be composed of the following:

- a.** CEO/COO or their delegated authorized person
- b.** Project Manager/Site Team / Technical Expert
- c.** Head Finance & Accounts
- d.** Stores & Purchase Manager: Convener
- e.** Bio-Medical Manager
- f.** Hospital Engineering and Maintenance manager

This team can also formulate another subcommittee of experts for specialized purchases.

The Manager Purchase to act as the Secretary of the committee.

3. Functions

- a. To formulate budget and procurement planning on quarterly, half yearly & annually for the hospital set up & initiating the operations and promote effective and efficient planning, procurement and inter-association between teams in purchase process.
- b. Approval Of all purchases
- c. Approval of exceptional purchase .
- d. To review and set purchase policies & guidelines on requirements of material from time to time.

- e. To minimize non planned purchases and control avoidable expenditure
- f. To encourage pooling of items of common use.
- g. To fix maximum, minimum limits for stores where necessary.
- h. To ensure that budgets not exhausted

4. **Process to be followed**

There are four types of process which can be classified as :

- a. Formulation of Plan
- b. Approval of Purchase
- c. Ratification of Emergency /Unplanned Commitments:
- d. Others

a. **Formulation of Plan**

- a. User department will give their budget estimate by January of previous financial year to purchase committee.
- b. Scrutinize the budget estimates submitted by the user department, plan and forecast the requirements of various departments and projects of the Hospital for set up & initiating the operations on the basis of forecast submitted by each department at the beginning of financial year / Quarterly/Monthly
- c. Purchase Committee will finalize based on user department requirement and management policy.
- d. Submission of finalized BOQ to the management for final approval.
- e. Manager purchase would act as secretary for convening the purchase committee meetings.

b. Approval of Purchase:

a. Normal Approval:

- i. Purchase Committee shall receive purchase requisition note duly approved by recommending authorities (reference to Recommending Authorities)
- ii. Manager purchase will present the quotations and comparative statement of the items under review to the purchase committee, based on which the negotiations will be done with the vendors.
- iii. PC shall first consider the L1 (lowest) of the comparative statement.
- iv. If all the members are in consensus , L1 vendor and rate shall be approved
- v. If all the members are not in consensus then matter shall be decided on a simple majority of members present.
- vi. In case P.C not approves the proposal the L1 vendor may be called for negotiation or instruct PM to issue new Request for Quote.
- vii. Weekly Purchase Report/ draft PO is to be tabled on monthly basis.

b. Exception Approval:

- i. If the requirement is not in BOQ plan , then PC shall assess the budget and financial capability.
- ii. Based on the above ,PC shall send the proposal to management along with its recommendation of approval.

- iii. Once the consent of management is received , PC shall instruct PM to procure the item.
- iv. From above (a. normal approval) , 2nd till 6th steps will be followed for purchase.

c. Ratification Of Emergency /Unplanned Commitments:

- a. Obtain the reports within 24 hours
- b. Purchase Committee will review the reports and issue rectification to purchase team.
- c. Emergency Petty expenditure or emergency purchases/services upto Rs. 10,000/- per transaction, not to exceed Rs. 50,000/- per month. A report has to be prepared by finance team on monthly/quarterly basis for all such expenditure and it should be tabled in monthly leadership meeting. Report shall be submitted to BOD and CEO.

d. Others:

- a. Review of Purchase policy and guidelines in every six months.
- b. Review of stores in every 3 months, if surplus of stock found in store then instruction will be given to Store Manager to take action (a) first to utilize them in different projects in the Hospital for set up & initiating the operations or failing which (b) to request the vendor to take it back (c) shall dispose of such surplus materials (d) to analyze the reasons for excessive purchase.
- c. Submit a report to Board of Directors on the purchase and stores Review.

5. IMPLEMENTATION OF THE DECISIONS TAKEN BY PURCHASE COMMITTEE

- Circulate the Approved budget to respective departments.
- Once the approval is obtained, the minutes of the meeting will be circulated to all the members of the committee
- PM will issue P.O based on PC discussion and it shall be signed by Purchase Manager.
- Communication of relevant purchase Committee decisions to BOD & CEO.

6. Ethical Practices

- A contract is a bilateral agreement entered into by the buyer and the supplier. For a contract to be legal and enforceable, both an offer and an acceptance, in identical terms, are required.
- The purpose of negotiation is to bring into existence a contract that is clear, concise complete and in the best interest of all parties to the agreement.
- It must be remembered that contract negotiations are conducted with individual vendors and take place prior to the final selection and award of contract. Thus prudence and good judgment need to be exercised during the negotiation process. Any questions or concern as to the proper decor or stance to be observed should be brought to the attention of the Manager of Purchase.
- No staff member shall benefit in any personal manner as a result of any purchases or services procured for the organization/project .The Materials Management Department is responsible for ensuring that all.

D. PURCHASE PROCESS :

1) Indent/Requisition Stage

- The requisition for the procurement should be raised in the prescribed Performa.
- Separate requisition for assets/non-consumables/consumables/ proprietary /specific brand goods /emergency need are different requisition categories to be raised.
- A requisition register shall be maintained by purchase department.
- The user/contractor/site engineers raises requirement with justification to project manager.

2) Approval of Indent

- Approval of indent / requisition by project manager.
- Project Manager assess the PR if it is as per the planned BOQ, then Project Manager shall consult respective engineers to take their inputs.
- Based on their inputs PR authorization forwarded to store manager.
- If PR is not as per the BOQ quarterly /half yearly plan then Project Manager has to propose the requirement for an exception approval in purchase committee meeting

3) Validation of purchase by store manager :

- Store Manager will assess the requisition with material availability, lying in inventory /inventory in transit.
- If stock is in stores and approved as per BOQ , then stock will be issued to users.
- If stock is not in stores then PR shall be validated and forwarded to Purchase Manager.

4) Initiation of purchase by purchase manager :

- Through Purchase committee – exception approval
- Through Store manager - normal approval

5) Request for Proposal or Quotations

- If the total estimated value of an item exceeds Rs.5,00,000/- TENDERS should be invited from at least three vendors through Selective Inquiries / Email-Internet/ Telephone. Copies of the tender letters should also be simultaneously emailed to known manufacturers/suppliers in the line.
- For requisition involving an estimated value below Rs.1,00,000/- purchase may be made after comparing rates over phone/ email or by market survey and recording on vouchers that the price is reasonable.
- Purchase/Biomedical department heads will ensure that a shortlist of manufacturers/suppliers of similar standard is prepared for such items , thorough market survey is made and after all credentials are scrutinized by a committee appointed by CEO & COO.

Minimum three Quotations :

Minimum three valid quotations are required for comparison of prices before making purchase unless it involves proprietary item. In case of extreme urgency, purchase may be made on the basis of single tender up to Rs.1,00,000/- and two quotes up to Rs.2,50,000/-, if three quotes are not received by due date, provided that the Purchase Manager obtains CEO & COO concurrence that:

1. Loss of time due to extension will severely affect the progress of a time-targeted work.

2. The price quotes is reasonable and competitive. Such cases shall be exceptional and shall not be a routine matter.

6) Vendor Selection and Evaluation

Purchase department keeps complete list of all the vendors and various categories of items. This list is updated regularly based on the needs of user departments. The selection of vendors is the responsibility of the Purchase committee and requires a consideration of several factors. In making the selection, purchase team /Committee will coordinate closely with user/site leads/departments to obtain adequate and reasonable specifications. If goods are rejected with regard to quality/quantity supplied, then remark against the vendor will be embedded in Evaluation. Samples of the stock should be collected from vendor at the time of finalization of quotes and sample should be maintained in a secured way at receiving bay so that it can be matched when the stock comes to the store.

The selection process encompasses listing of various criteria on which the available vendors will be rated. The top three shortlisted vendors will be called for further discussion. The various criteria for vendor selection are as follows:

1. Meeting the laid down technical specifications
2. Delivery on time and without delay
3. Delivering complete quantity of product
4. Quality and conformance to requirements
5. Cost
6. After sales services
7. Warranty

Additional criteria for selecting equipments:

1. Suitability to the scope of services
2. Performance
3. Capability
4. Unique features
5. Information based on the review of literature

7) Purchase Note (P.N.):

1. P.N shall be prepared by purchase department in the prescribed format.
2. P.N shall be signed by P.M
3. Pre audit confirmation column shall be signed by authorized person from finance.
4. Purchase Note along with Comparative Statement (Quotation chart) should be compiled for all accepted offers, indicating net price of uniform units of measurement (UOM), i.e. after taking out the element of discount, if any, brand make offered, details of all levies like excise duty, sales tax, surcharge, delivery charge etc., delivery schedule, terms of supply payment guarantee warranty, AMC /CMC etc and other relevant particulars Comparative statement will be compiled.
5. L1, L2 ,L3 vendors shall be identified and recorded .

8) Pre-Audit

- In all cases pre-audit is necessary before approaching the recommending authority & for this purchase department should involve finance team.
- Availability of budget provision has to be ensured.

- It should be checked whether the lowest offer (L1) is accepted and in case the lowest offer is not accepted, reasons for the same are recorded in writing by the authority to decide the case and the same is available in file.
- It should be ensured that the terms and conditions as incorporated in the Purchase Orders are as per the quotation/tender accepted by the Competent Authority.
- It should be verified whether in the Purchase Order there are any unusual conditions or deviations from the prescribed standard terms and conditions and if so whether the approval of the Competent Authority has been obtained to accept the same.

9) Submission to Recommendatory Authority:

Submit the P.N (Purchase Note) along with the comparative statement to recommending authority based on their delegated powers.

10) Approval by recommending authority :

Recommending authority once approved shall forward it to purchase manager for submission to purchase committee.

11) Purchase Committee Approval :

PC once approved the purchase note shall forward note to purchase manager along with their recommendation of rate and vendor for issue of PO. (Ref- PC functions)

12) Issue of Purchase Orders:

- All Purchase Orders will be signed by the Purchase Manager. Purchase Orders will be issued in the Performa as under:
- Orders for indigenous Stores in form
- Orders from imported Stores in form
- All purchase made on credit basis must be on the basis of the Purchase Orders.

- No Supply Order shall be issued independent of the Purchase Department. This procedure will apply to even such stores, which are expected to be received free of cost.
- The serial number of the Order Registers will always be indicated as per the computer generated numbers.
- The numbering and coding pattern of P.O will be decided by Purchase Manager.
- 5 Copies of purchase order shall be sent to :
 - 1 copy to self
 - 1 original copy to vendor
 - 1 copy to store
 - 1 for receiver/receiving team (User)
 - 1 for Finance

13) Follow Up Of Purchase Orders:

- Purchase Department will be responsible to ensure that Purchase Orders are regularly followed up and materials ordered are supplied by parties concerned within the stipulated delivery period.
- Orders follow-up letters will be regularly issued to pursue suppliers to supply materials as per delivery schedule. When the delivery date has expired, the firm should be asked to indicate the revised date by which they expect to supply. The extension in deliveries may be granted subject to penalties in the contract, if any.

E. RECEIPT OF MATERIAL:

There are two kinds of delivery schedules

1) Expected delivery: Based on quotation / communication or rate contract

2) Confirmed Delivery: Suppliers on receipt of orders may communicate the conformance of deliveries.

Entry of invoice /delivery challan /inward gate pass at security counter is mandatory for every incoming material at hospital for set up & initiating the operations for set up & initiating the operations.

1. Purchase order copy is required at receiving counter along with invoice/delivery-challan.
2. Stores/Receiving team receives goods with inward gate pass.
3. After goods are brought to the Receiving Counter at the stores /receiving team, verification is carried out for quantity and quality if required. Specifications must conform to criteria in the Purchase Order.
4. If the goods are not accepted then returned /rejected items sent with return form back to supplier & copy to purchase team & finance team .Store manager has to maintain register for return stock.
5. If the goods are accepted then stores team prepares duly certified GRN along with invoice either certified by Q.C(if required)or project manager/ COO delegated site lead.
6. Stores team will update the inventory once the stock GRN is received
7. Purchase Manager updates the record & receives GRN/CC, invoice from site lead/project manager.
8. Purchase Manager forwards a copy of P.O, GRN/CC & invoice to finance department.
9. Finance team has to update the purchase journal & the ledger.
10. Finance Manager makes the payment based on payment terms, checks calculates& match's approved P.O, invoice, GRN/CC and updates the payment record.

a) Inspection

- Al Abeer reserves the right to inspect the material at any stage during manufacture or prior to dispatch and carry out suitable test to ensure quality. In case the inspection is carried out at our site and material rejected, the supplier will have to arrange replacement within a reasonable time and arrange the removal of material at his cost.
- Although inspection of goods received is not a function of Purchasing, the Buyer should be informed of any negative results of inspection so that appropriate action can be taken with the vendor.
- On receiving the materials in store and even before receiving the supplier's bill, the Store/Goods Received Executive shall immediately inform the requisitioner over phone, of the arrival of materials in store. The requisitioner shall promptly inspect materials or arrange inspection by a Competent Officer and give a certificate on the reverse of the bill (in triplicate) in the following manner:

i. FOR PURCHASE OF STORES

Certified that stores have been examined by me and found acceptable in accordance with the quality, quantity and specifications ordered for Inspecting Officer

ii. For cash purchase only

Purchase Manager Certifies that the materials were purchased at reasonable local market price/directly from the manufacturer. Store Manager or Site Lead certifies that stores have been examined by me and found acceptable in accordance with the quality, quantity and specification ordered.

iii. For executing some work

Project Manager/Site Leads Certifies the work has been done satisfactorily and as per our specifications and requirement. The claim is reasonable.

iv. Inspecting Officer

In case some materials are found defective by stores /site engineer/lead/expert, it shall be recorded in the inspection certificate. The Store /other inspecting Executive shall immediately contact the purchase team who in turn needs to contact over phone or through mail and ask for prompt replacement, after which he shall again arrange inspection by the requisitioner.

b) Acceptance of Goods :

- After a reasonable opportunity to inspect the goods signifies to the seller that the goods are conforming, or that he will take or retain them in spite of their non-conformity; or
- Fails to make an effective rejection...,but such acceptance does not occur until the Buyer has had a reasonable opportunity to inspect them.

Purchase personnel should realize that the seller relies on the Buyer's timely actions to constitute either acceptance or rejection, and time may become "of the essence" in the Buyer's chance to reject non-conforming goods.

c) Material Returned/Rejected To Vendor

In case of short/excess /defective/quality mismatch of material then following actions & conditions needs to be taken :

- Excess quantity received, then Al Abeer has the option to accept or return, if returned then transport cost for returning material will be borne by Vendor.

- Short quantity received, then escalate and ensure the cost of transportation of balance quantity to be borne by vendor.
- Rejected goods because of quality (not as per sample or defective) then a permanent remark have to be mentioned in vendor evaluation with regard to quality.
- PM/SM/PC(if required) will decide whether return goods will be replaced or not :1)If it is replaced, then by same or other vendor. 2)If other vendor , then previous P.O needs to be cancelled & new P.O proposal needs to be raised and approved by Purchase Committee.

d) Defective Equipment

Rights to recover losses and damages suffered as a result of defective equipment, materials and workmanship exist at the outset, either by operation of law, or by reason express contract provisions. Our rights may arise by operation of law in the following ways:

1. Warranties created by law rather than by expression of the parties.
2. Negligence on the part of the supplier or manufacture of a component part.

F. UNPLANNED COMMITMENTS /EMERGENCY PURCHASE

- An unauthorized commitment occurs when an end-user has already acquired goods or services without the benefit of a pre-approved Purchase Order Requisition. Such un authorization acts/un planned purchase require detailed written explanations signed by the end-user's Departmental Head within 48 hrs. Once received, this written documentation is placed in the purchase order file (for audit purposes) and provided to the appropriate purchase authority for consideration to approve payment.
- The written documentation should include the following:

- a. The circumstances that led to the unplanned purchase outside the normal purchase channels.
 - b. Why it is in the best interest of the Hospital for set up & initiating the operations to pay for capex items/goods/services.
 - c. What will be done to preclude the recurrence of similar unauthorized commitments
- Once received, this written documentation is placed in the purchase order file (for audit purposes)and provided to the appropriate purchase authority for consideration to approve payment.

- In addition to the budget allocation, the CEO is empowered to purchase any other exceptional items.
- Economy measures to reduce expenditure on purchase or stores.
- The following measures to effect economy in expenditure on purchase of stores shall be observed by all:
 - All the project managers/site leads & department heads should forecast and plan their requirements well in advance based on projected/actual work and project requirements should be realistically estimated to eliminate the risk of wastage or surplus .
 - The requesting users/project owners/site team should not inflate their demands. They should draw their minimum requirements for the work in hand and plan for monthly, quarterly, half yearly and annual demands and draw consumption patterns thereafter. The project/department heads of all project/department etc should personally scrutinize the items and the quantity – for the actual requirements.
 - All periodical orders shall be subject to scrutiny by the Stores, Purchase and Purchase Committee (as applicable) on periodical basis..

- Stock levels (maximum and minimum) for all repetitive items shall be fixed by store/purchase/biomedical manager on consumption basis in consultation with Purchase committee. Generally quarterly requisition shall be prepared however purchase committee may suggest an alternative purchase recurrence based on EOQ for procurement.
- **Emergency Requisition** be raised in exceptional circumstances of extremely urgent and strict time targeted requirement, specifying the need for procurement on emergent basis. Such requisition will be processed on priority basis after obtaining the approval of the COO & CEO.

G. STAGGERED PURCHASE

Purchase Committee approves rate and vendor for some quantity and authorized purchase manager to stagger the purchase according to the request. For Example: if the Requisition is approved for 100 bags of cement on the staggered purchase then purchase committee will give approval of 100 bags but multiple P.O . can be raised as 100 bags will come in instalment as when the requirement arises.

H. WORK ORDER:

➤ **Meaning of Work Order :**

A **work order** is an agreement received by an organization from a customer or client, or an order created internally within the organization. A work order may be for products or services.

In a manufacturing environment, a work order is to show that work is about to begin on the manufacture, building or engineering of the products requested by the client. In a service

environment, a work order can be equivalent to a service order where the WO records the location, date and time the service is carried out and the nature of work that is done.

➤ **Responsibility:**

The following Departments participate in this process and are tasked with the following responsibilities:

- Project Manager /Site and Facility Engineer is responsible for scheduling, tracking, managing and the Work Orders.
- Project Manager /Site and Facility Engineer /designated technical expert are responsible for performing the work detailed through the Work Order, charging labor & material against the Work Order and reporting.
- Purchase and Finance team is responsible for processing the Purchase Requisition based on details submitted by Project Manager /Site and Facility Engineer /designated technical expert necessary to facilitate the work detailed through the Work Order.

➤ **Composite Contract:**

- Composite Contracts are essentially contracts in which two elements are involved: sale of goods and services .Such contracts which are taxable as sale of goods and service are known as composite contract.
- There is a line of difference between taxation of composite contract and double taxation of contracts. In the former, a certain percentage of composite contracts is taxable as sale of goods and service tax is levied on other percentage of composite contract. However in the latter sales tax(VAT) and service tax are levied simultaneously on the entire value of contract.

➤ **Process Flow**

(a) Issuing Work Order:

- From user department Work Order Request Form goes to project manager.
- Project manager has to assess the quantity and quality of the work and quantify BOQ .
- If work order request form is not as per BOQ quarterly/half yearly plan then project manager has to propose the requirement for an exception approval in purchase committee meeting and post which PR will be authorized.
- Project Manager(PM) shall prepare draft work order in consultation with the respective engineering team.
- Request For Proposal /invite tenders.
- PM will prepare the comparative statement.
- Project manager/delegated person will be communicating comparative statement to purchase committee.
- If purchase committee finalizes the contractor and rates then they will forward a note to issue W.O
- Project Manager will prepare work order and 2 sets of agreement
- Obtain consent of contractor in the agreement.
- Project manager will arrange to get the signature of authorized person (currently Managing Trustees/Trustee)
- Contractor receives W.O and contract agreement from Project Manager and starts work according to the agreed date and time.

(b)Execution of Work:

- User dept shall assign a person to monitor the progress of work.
- User Department shall verify a Running Account Bills (RAB) submitted by contractor.

- User department shall prepare consumption details of material used based on RAB
- User Department shall prepare consumption details and Running Accounts and get it authorized, same sent to Project Manager/COO.
- Project Manager shall approve and forward bill to accounts department for part payment.
- Once the work is completed, User department will prepare a completion Certificate (CC) and a independent verification report (if mentioned in work order).
- Project manager/COO/Delegated Representative along with user department shall verify and forward final RAB along with consumption data and CC to the accounts department for final payment.

Process Steps Of Work Order:

SL. NO.	ACTIVITY	TOOLS USED	RESPONSIBILITY
1.	From user department Work Order Request form goes to Project Manager.	Work Order Request	User Department , Project Manager
2.	Project Manager has to assess the quantity & quality of work and quantify BOQ.	BOQ	Project Manager
3.	If work order request form is not as per BOQ quarterly/half yearly plan, then Project Manager has to propose the requirement for an exception approval in PC meeting and post which Work Order request will be authorized.	Work Order Request , BOQ	Project Manager , Purchase Committee
4.	Purchase Manager shall prepare draft work order in consultation with the respective engineering team.	Draft Work Order	Purchase Manager

5.	Purchase Manager will send Request For Proposal /invite tenders.	RFP/Quotes	Purchase Manager
6.	Purchase Manager will do the evaluation of vendors.		Purchase Manager
7.	Purchase Manager /delegated person will prepare the Work Order Process Note along with comparative statement and sends for Pre Audit to Finance Department.	Process Note along with Comparative Statement	Purchase Manager , Finance Department
8.	Once Pre Audit is over, Process Note will be submitted to recommending authority.	Process Note , Pre Audit	Recommending Authority
9.	Recommending Authority shall forward Process Note to Purchase Committee along with its recommendation through Purchase Manager.		Recommending Authority, Purchase Committee , Purchase Manager
10.	Purchase Committee selects the vendor and rates and forwards Process Note to Purchase Manager to issue Work Order.	Process Note , Work Order	Purchase Committee , Purchase Manager
11.	P.M/ delegated person will prepare work order and 2 sets of agreement and obtains the consent of contractor in the agreement.	Work Order , 2 sets of agreement	Purchase Manager
12.	PM/ delegated person will arrange to get the signature of authorized person (currently Managing Trustees/Trustee)	Authorization	Purchase Manager / Managing Trustees/Trustee)
13	Contractor receives W.O and contract agreement from PM and starts work according to the agreed date and time	Work Order	Contractor
14.	User dept shall assign a person to monitor the progress of work.	Progress of work	User dept
15.	User Department shall verify a running account bills (RAB) submitted by contractor and shall prepare consumption details of material used based on RAB and	Running Account Bill(RAB) , Consumption	COO/Project Manager , User Department , Contractor

	submit the same to COO/Project Manager.	Details	
16.	Project Manager shall approve and forward bill to accounts department for part payment.	Approve RAB	Project Manager
15	Once the work is completed, Project Manager along with user department will prepare a completion Certificate (CC) and a independent verification report (if mentioned in work order).	Completion Certificate (CC) , Independent verification Report	Project Manager , User Department
16.	COO/Project Manager/Delegated Representative along with user Department shall verify and forward final RAB along with consumption data and CC to the accounts department for final payment	RAB , Consumption Details	COO/Project Manager/Delegated Representative along with User Department

➤ **Recommending Authorities for Work Order :**

For Less than 2 years:

(i)	Upto 1.5 lac	Purchase Manager
(ii)	Upto 5 lac	Head Purchase , technical Committee , Department head/Project Manager and Finance Controller
(iii)	Upto 7.5 lac	COO /Medical Service Director , Head Purchase , technical Committee , Department head/Project Manager and Finance Controller
(iv)	Beyond 7.5 lac	CEO /Medical Service Director , Head Purchase , technical Committee , Department head/Project Manager and Finance Controller

Work Order for Master Agreements

Greater than 2 years:

(i)	Upto 10 lac	COO , Finance Controller & Purchase Manager
(ii)	Upto 25 lac	COO , CFO , Head Purchase and technical Committee .
(iii)	Beyond 25 lac	CEO , Finance Controller , Purchase Manager, & Purchase Manager

I. Recommending Authorities and Delegated Monitory Powers

Upto Rs. 1,00,000	Manager Purchase
From Rs.1,00,000 to Rs. 5,00,000	Manager Purchase ,COO,CFO & CEO
Above Rs 5,00,000	Manager Purchase , COO & CFO
Petty expenditure or emergency purchases/services upto Rs. 10,000/- per Transaction, not to exceed Rs. 50,000/- per month.	Respective Department Heads

Note: *

-Sanctioning power vests on such authorities subject to these authorities will be recommending to Purchase Committee as per the budget provisions.

-A report has to be prepared by finance team on monthly/quarterly basis.

J. PURCHASE CONTROL AND SEGREGATION OF DUTIES:

Key Considerations:

- Prepare the Procurement Plan
- Identify the committee & Active involvement in planning and implementation;
- Define who will procure what.
- Executed as per approved plans and specifications

Recommended segregation of duty between teams for purchase & payment control

Department	Purchase Control Procedure																							
APPROVAL	Purchase Committee																							
RECORDKEEPING	Store Inventory Manager/Accounts Payable/Accounting /Purchase <table border="1" data-bbox="618 718 1317 1600"> <thead> <tr> <th data-bbox="623 725 854 760">Records</th> <th data-bbox="859 725 1312 760">Keeper</th> </tr> </thead> <tbody> <tr> <td data-bbox="623 766 854 886">Inventory Reg & Stock Return Register/Return Form</td> <td data-bbox="859 766 1312 886">SM/store assistant</td> </tr> <tr> <td data-bbox="623 893 854 919">PR/Indent</td> <td data-bbox="859 893 1312 919">Store team</td> </tr> <tr> <td data-bbox="623 926 854 984">BOQ Plan</td> <td data-bbox="859 926 1312 984">Proj. Manager/ delegated individual from P.C</td> </tr> <tr> <td data-bbox="623 991 854 1017">GRN</td> <td data-bbox="859 991 1312 1017">Store Manager/delegated individual</td> </tr> <tr> <td data-bbox="623 1024 854 1116">Weekly purchase Report & P.O register</td> <td data-bbox="859 1024 1312 1116">Purchase Manager</td> </tr> <tr> <td data-bbox="623 1122 854 1181">Inward Gate/outward Gate Pass</td> <td data-bbox="859 1122 1312 1181">Store Manger /Security Manager</td> </tr> <tr> <td data-bbox="623 1188 854 1247">Purchase Journal & ledger</td> <td data-bbox="859 1188 1312 1247">Finance/Accounts Manager/delegated individual</td> </tr> <tr> <td data-bbox="623 1253 854 1356">Written Exception Approval</td> <td data-bbox="859 1253 1312 1356">P.M/ PC/delegated individual</td> </tr> <tr> <td data-bbox="623 1362 854 1520">Work Order</td> <td data-bbox="859 1362 1312 1520">Head Purchase , technical Committee , Department head/Project Manager and Finance Controller</td> </tr> <tr> <td data-bbox="623 1526 854 1596">CC</td> <td data-bbox="859 1526 1312 1596">Project Manager or any of his delegated individual</td> </tr> </tbody> </table>		Records	Keeper	Inventory Reg & Stock Return Register/Return Form	SM/store assistant	PR/Indent	Store team	BOQ Plan	Proj. Manager/ delegated individual from P.C	GRN	Store Manager/delegated individual	Weekly purchase Report & P.O register	Purchase Manager	Inward Gate/outward Gate Pass	Store Manger /Security Manager	Purchase Journal & ledger	Finance/Accounts Manager/delegated individual	Written Exception Approval	P.M/ PC/delegated individual	Work Order	Head Purchase , technical Committee , Department head/Project Manager and Finance Controller	CC	Project Manager or any of his delegated individual
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CUSTODY	<table border="1" data-bbox="618 1686 1328 1847"> <thead> <tr> <th data-bbox="623 1692 854 1727">Material</th> <th data-bbox="859 1692 1323 1727">Custodian</th> </tr> </thead> <tbody> <tr> <td data-bbox="623 1734 854 1760">Stock /Material</td> <td data-bbox="859 1734 1323 1760">Store Manager/Receiving Team</td> </tr> <tr> <td data-bbox="623 1766 854 1841">Work Order /Service Contract</td> <td data-bbox="859 1766 1323 1841">Project Manager/site Lead/Experts/delegated individual</td> </tr> </tbody> </table>		Material	Custodian	Stock /Material	Store Manager/Receiving Team	Work Order /Service Contract	Project Manager/site Lead/Experts/delegated individual																
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Stock /Material	Store Manager/Receiving Team																							
Work Order /Service Contract	Project Manager/site Lead/Experts/delegated individual																							

K. PAYMENT CONTROLS

All payments for procurement should be made only after assessing the following :

- Five-Way Match - matching of a Purchase Order (P.O.), GRN , Invoice , Inspection , Gate Pass Copy.
- Authorization of transactions

Controls for Accounts Payable Team:

- Adjust the vendor account for each purchase transaction so that the company will know the correct amount owed to the vendor
- The vendor's invoice is matched with the related receiving report.
- Vendor invoices are selected for payment based on terms and conditions.
- Balance sheet and expense accounts to be recorded are assigned.
- Stamped "paid" by the cheque signer

L. CONDEMNATION POLICY:

POLICY & PROCEDURE OF CONDEMNATION COMMITTEE

Objectives

- To review the functional status of equipment/ material in the hospital for set up & initiating the operations with a view to condemn junk, unserviceable, poorly functional items after due evaluation and to dispose off the Condemned material of the Hospital for set up & initiating the operations in such a way that its maximum utility is ensured, be it efficient in terms of salvage value recovered or effectively by putting it to proper use after repairing of such items if any or of parts.
- To reduce holding cost of Non Functional items and to increase storage capacity in the departments.

Definition

The life cycle of equipment/goods is fairly simple, but one process that seems to cause problems is deciding when to condemn and how to dispose of equipment /material in the hospital for set up & initiating the operations

- Beyond economical repair - Where equipment/material comes in and the cost of repairing it is considered too high after looking at the current value (taking depreciation into account), and the age of the equipment.
- Technically obsolete - Parts and service support are no longer available.
- Clinically obsolete - The clinician using the device (or manufacturer) recommend replacement for clinical reasons. Eg- Diagnostic ultrasound imaging usually becomes clinically obsolete after 5 years due to the rapid improvements in imaging technology, but can still be used and supported by the supplier.
- Equipment/material that has been damaged by contamination.

Scope

All the condemned or phased out material from the Hospital for set up & initiating the operations.

Responsibility

- The Condemnation Committee, which is the subcommittee drawn out from the members of purchase committee, will be responsible for carrying out the activities to be facilitated by the lead of the Condemnation Committee.
- Before the Condemnation Committee reviews the case following documents are necessary for a condemnation, which has original cost of Rs. 1.0 lac (one Lac), and above.
- Date of purchase
- Cost at the time of purchase
- Life of the equipment.
- History sheet of “Equipment & Machinery
- Letter from COO
- Letter from the competent Authority as to why the needs to be condemned. .
- The final decision in this regard will be after the approval of Lead of Condemnation Committee / COO/CEO/ Head of the Department
- It shall be mandatory for at least three members to be present for the Condemnation of the Condemnation committee.

Activity

- The Condemnation meeting will be carried out periodically(quarterly/half yearly, etc) subject to items list received from a user dept.
- The condemned list will be managed & maintained by store in charge.
- On the day of Condemnation, the members of the committee will satisfy themselves regarding condition and justification of the material brought for their final disposal such as :
 - To be sold off to the scrap dealer.
 - To be donated

- To be sold off to employees at reserved price
- To be sold off to the original dealer

Decision of condemnation committee in these regards will need verification from Chairman – Condemnation Committee / COO /CEO/ Head operations.

i) Disposal of scrap by auction

- a.** Scrap Dealers would be informed by Manager Materials / Maintenance
- b.** The condemnation committee would decide the minimum price and CEO/COO will approve and the scrap dealer paying the highest price will be issued a gate pass.
- c.** The gate pass would be issued in duplicate ,which will include details of each article to be taken out.
- d.** Store Keeper would maintain the record of the Condemned item and update it immediately.

ii) To be donated

- a.** The material to be donated is to be decided solely by the Lead – Condemnation Committee / COO /CEO/ Head Operations.

iii) To be sold off to the employee at reserved price

- a.** Before scrap dealer list of condemned household usage items will be displayed for the employees.
- b.** All Hospital for set up & initiating the operations Employee who need any material, which could be of their used can give their name and the article required from the store to the store Keeper who would in turn inform them whenever the required material is available.

i) To be sold off to the Dealer

- a.** To be return to the dealer after price negotiation or exchange the item from the same dealer

b. One to one discussion was carried out with following administrative staff as well as operation staff was done and during weekly meeting of all the administrative staff focused group discussion was arranged to finalize. Purchase SOP document is in implementation stage as the user acceptance time has been given for 45 days.

i. CEO

ii. COO

iii. CFO

iv. Finance Manager

v. Store Manager

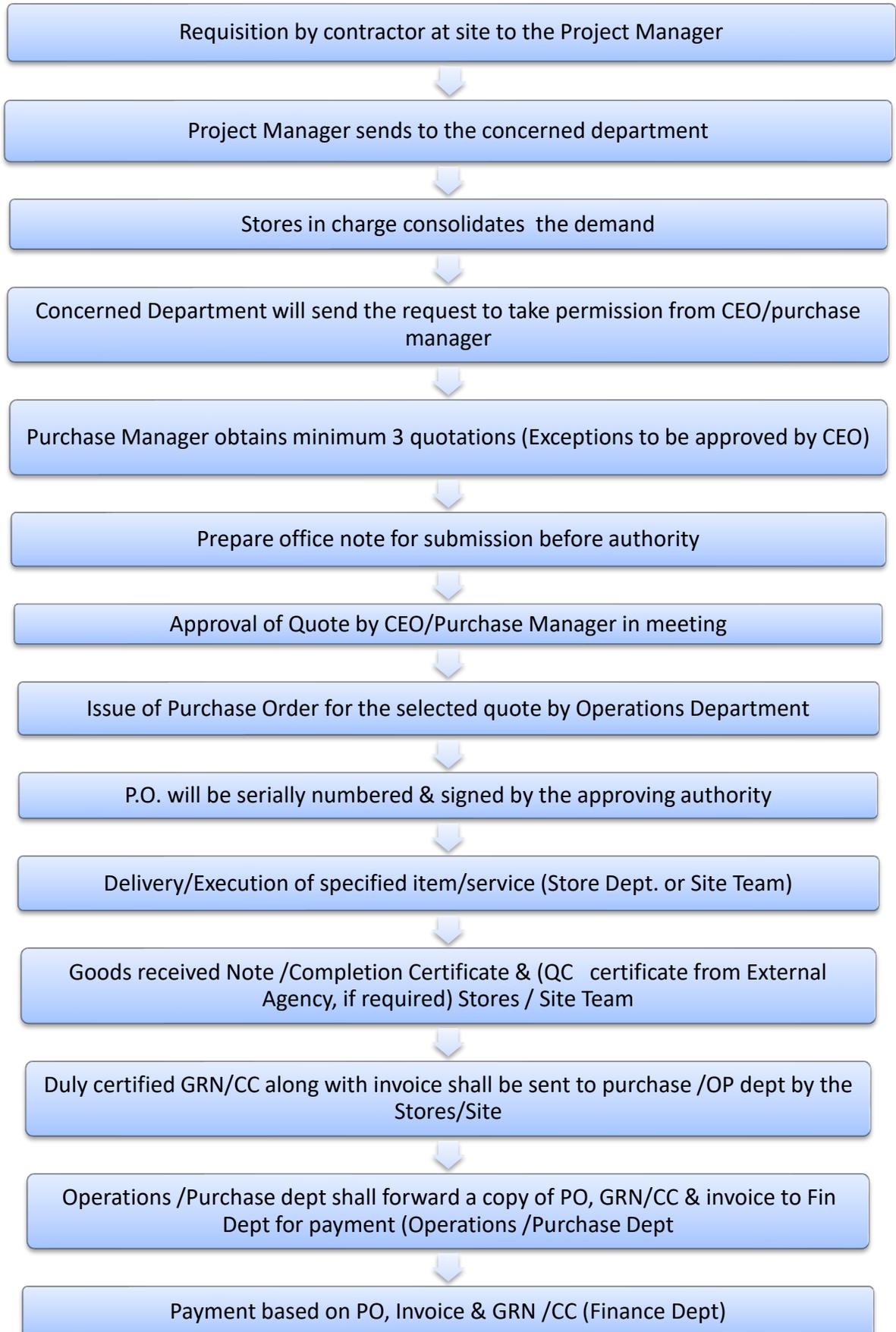
vi. Purchase Manager

vii. Civil Engineers

viii. Security Guard

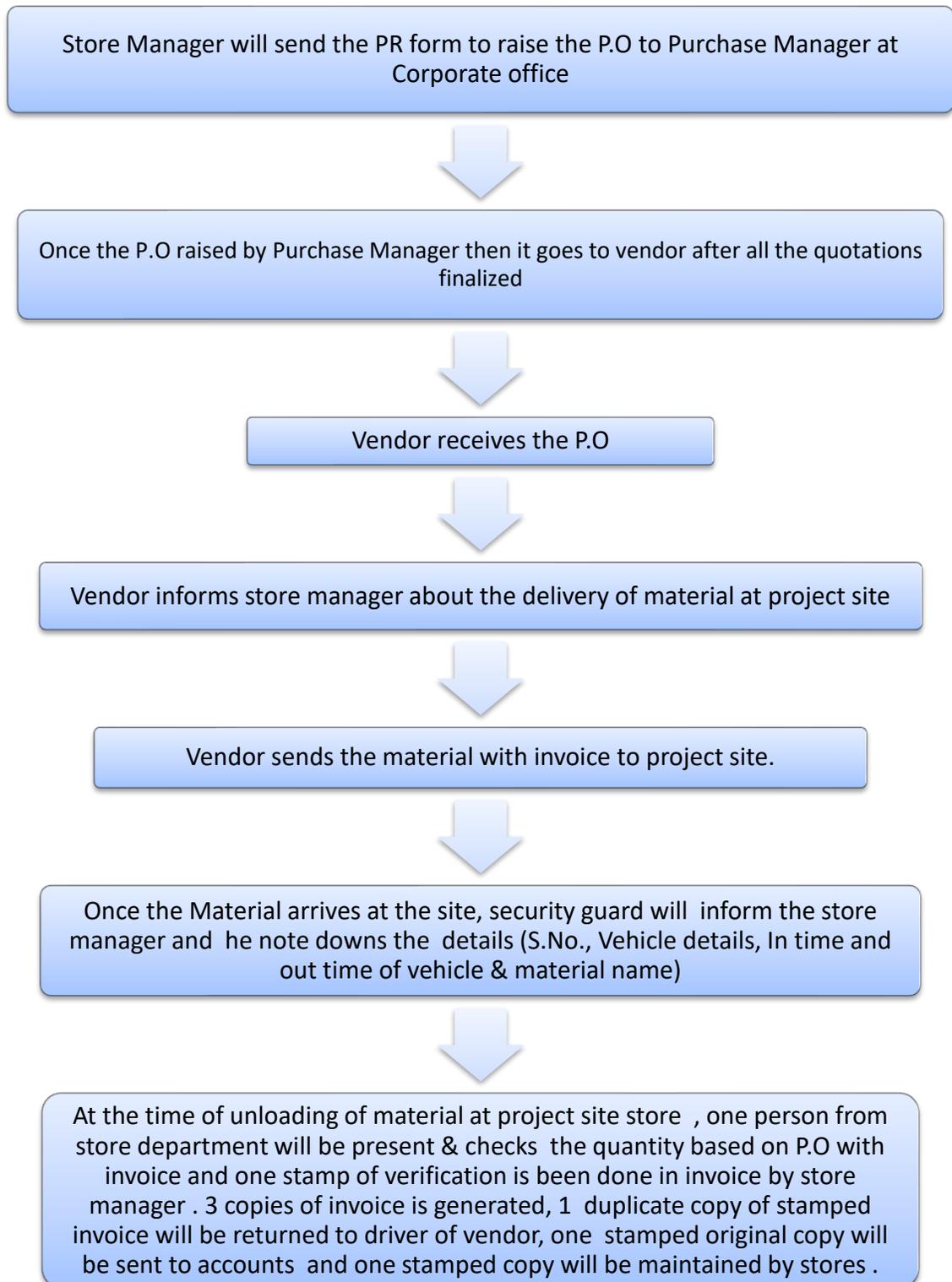
- During one to one discussion with the store manager the following processes was mapped and as it was operational the analysis was done simultaneously by asking questions depending on the process. The given below flow chart shows the existing structure of purchase.

EXISTING PROCESS FLOW OF PURCHASE

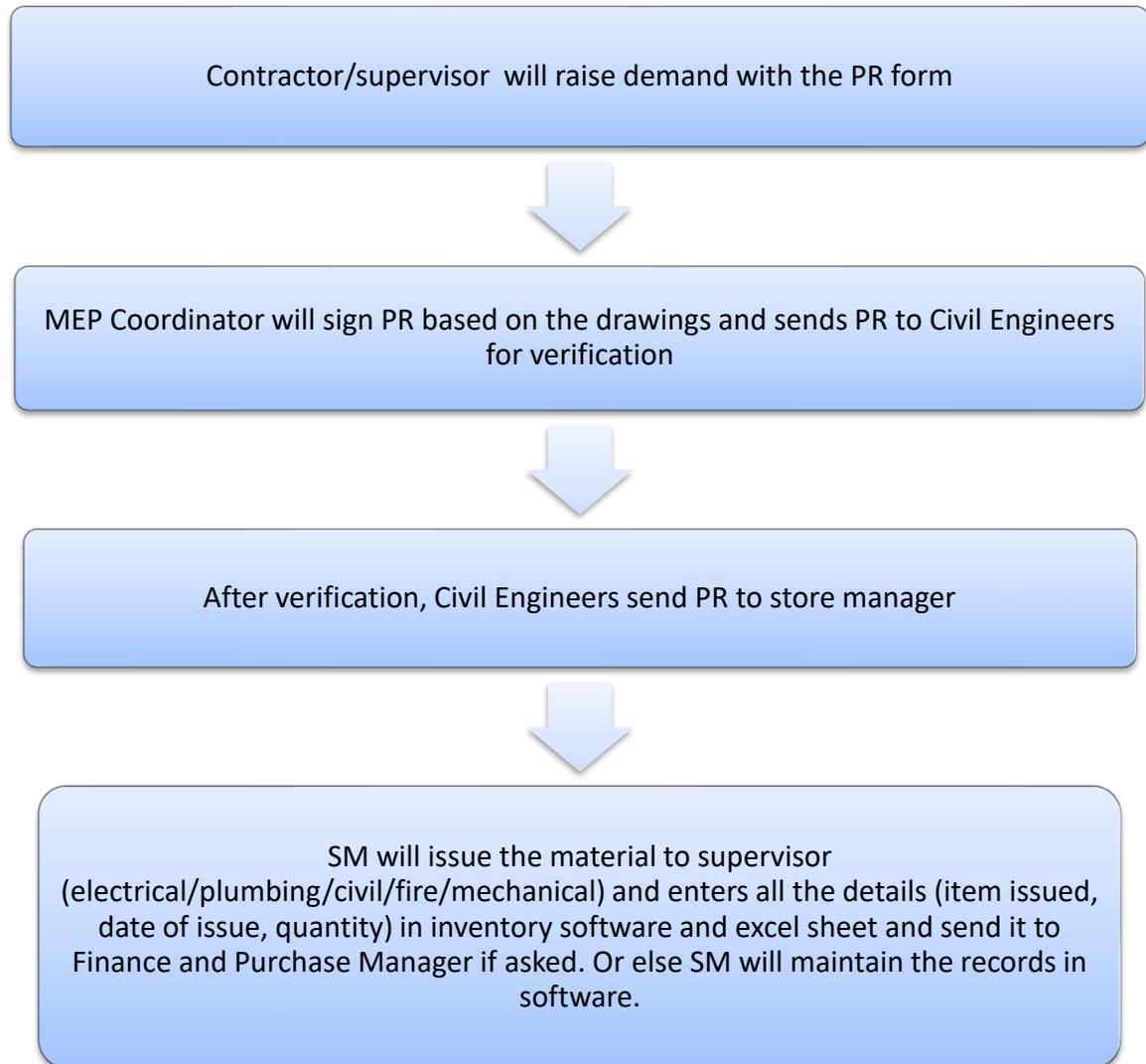


Existing Process Of Stores at Al Abeer Educity :

Process of raising the demand when material needs to be purchased from vendor



Process of raising demand when the material is at store



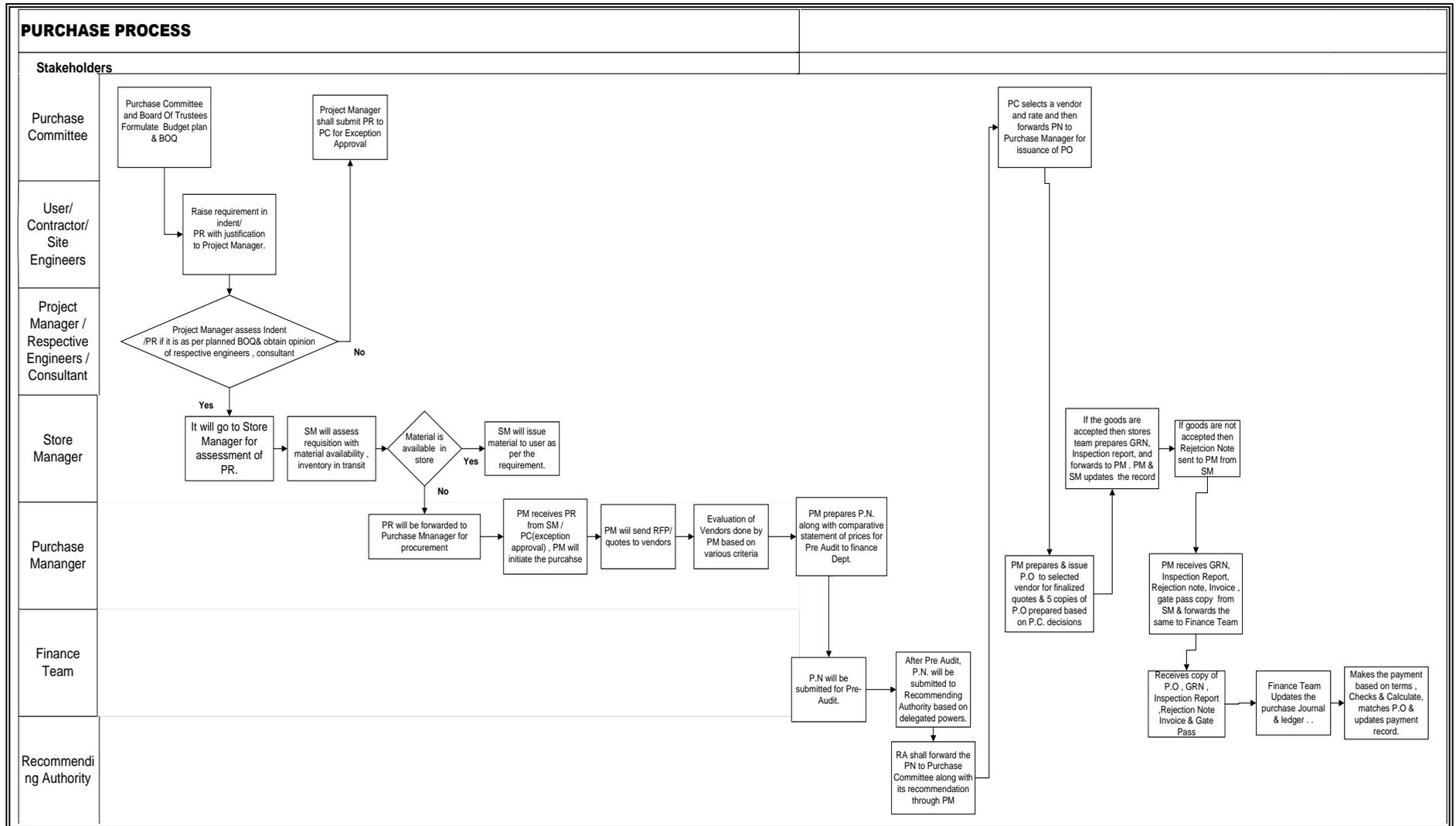
Proposed Process Steps of Material Purchase for Al Abeer Educticy :

S No	Activity	Tools used	Responsibility
1.	Formulate BOQ & budget plan on quarterly, half yearly & annually for the hospital for set up & initiating the operations .	Budget , & BOQ plan	Governance Team and Purchase Committee
2	The user/contractor/site engineers raises requirement in indent/PR with justification to project manager	Indent/PR	User/Contractor/site engineers
3	Project Manager assess the indent/PR if it is as per the planned BOQ and obtain opinion of respective engineers , consultant, etc.	Indent/ PR authorization, planned BOQ ,	Project Manager /Site leads , consultant
4	If it is not as per planned BOQ , then Project manager shall submit PR to purchase committee for exceptional approval and purchase shall be initiated by purchase manager based on PC directive.	BOQ plan, PR , Exception Approval	Project Manager , Purchase Committee
5	If it is as per planned BOQ , then it goes to store manager for assessment of PR.	PR	Store Manager
6	Store Manager will assess the requisition with material availability, lying in inventory/inventory in transit.	PR	Store manager
7.	If the material is available in store then PR /Indent will be treated as approved indent and store manager will issue material to the user as per the requisition.	PR	Store manager
8.	If the material is not in store, then PR will be forwarded to Purchase Manager for procurement.	PR	Purchase Manager
9.	Once Purchase Manager receives PR from Store Manager or Purchase Committee (exception approval), then PM will initiate the purchase.		Purchase Manager
10.	PM will send the(RFP) request for Proposal /Quotations * Details refer from page no. 27.	Request For Proposal /Quotes	Purchase Manager
11.	Evaluation of Vendors will be done by Purchase Manager based on various criteria.		Purchase Manager

S No	Activity	Tools used	Responsibility
12	Purchase Manager will prepare Purchase Note (P.N) along with comparison Statement of prices for Pre-Audit to finance department.	Purchase Note	Purchase Manager , finance Department
13	Purchase Note will be submitted to finance dept. for pre audit.	Purchase Note	finance Department
14.	Once Pre Audit is over, P.N. will be submitted to recommending authority based on delegated powers.	Purchase Note	Recommending Authority
15	Recommending Authority shall forward Purchase Note to Purchase Committee along with its recommendation through Purchase Manager.	Purchase Note	Recommending Authority, Purchase Committee , Purchase Manager
16	Purchase Committee selects the vendor and rate and forwards P.N . to Purchase Manager for assurance of P.O.	Purchase Note , P.O	Purchase Manager , Purchase Committee
17.	Purchase Manager prepares & issue P.O for finalized quotes & 5 copies of P.O prepared -1 for self, original to vendor, 1 to stores 1 for receiving & 1 for finance based on P.C decisions.	P.O	Purchase Manager, Purchase Committee
18	P.O. is issued to selected vendor then follow up of P.O is to be done simultaneously.	P.O.	Purchase Manager , Store Manager
19.	On the receipt of goods , if it is accepted then stores team prepares duly certified GRN ,Inspection Report , invoice , Gate Pass and forwards it to Purchase Manager. Stores/Receiving team receives goods with inward gate pass.	GRN ,Inspection Report , invoice , Gate Pass and P.O	Purchase Manager , Store Team
20.	Purchase Manager updates the record and receives GRN, Inspection Report , invoice , Gate Pass from Store Manager.	GRN, Inspection Report , invoice , Gate Pass	Purchase Manager
21.	If the goods are not accepted then Rejection Note will be sent to PM from Store Manager.	Rejection Note	Purchase Manager, Store Manager
22.	Purchase Manager forwards a copy of P.O , GRN, Inspection Report , Invoice, Gate Pass to finance department.	GRN, Inspection Report , invoice , Gate Pass and P.O	Purchase Manager, Finance Departemnt
23.	Finance team has to update the purchase journal &	purchase journal & the	Finance/Accounts

S No	Activity	Tools used	Responsibility
	the ledger.	ledger.	team
24	Finance Manager makes the payment based on payment terms , checks calculates& match's P.O, invoice, GRN and updates the payment record.	P.O /invoice/GRN/accounts payable /bank ledger	Finance /Accounts & treasury team

Proposed Process Purchase Flow Of Al Abeer Educticy



DISCUSSION:

SOP documents of various hospitals were discussed and analyzed during brainstorming for Al Abeerr Educuity SOP. It was discussed that Recommending Authorities for purchase needs to be constituted to have an effective purchase policy and their limits need to be defined as per their hierarchical position.

During the formulation of SOP it was found that much important process needs to be defined to its last mile step to make the functioning smooth, but it was not included in many SOP's. These processes were purchase process flow, Unplanned Commitments and vendor selection process.

The most common and reliable factors which were adopted with necessary changes in the SOP document were budget considerations and factors included in formation of purchase committee and its responsibilities.

LIMITATIONS:

1. Development of SOP is a continuous process and it will get modified over time during the process of implementation.
2. There are no industry wide standards or guidelines for creating SOP of purchase.
3. SOP's are organization specific and might not serve the same purpose for other organization.

RECOMMENDATION:

- SOP document should be reviewed periodically by Management Team.
- If management realise that guidelines are rigid, scenarios should be recorded and discuss in review meetings.
- In cases where the proposal is for purchase of standard/shelf items approved in Al Abeer standard rates such as office equipment, air-conditioners, furniture, tyres and tubes etc., the Purchase Head may himself finalize the recommendations on the basis of the lowest offers where such offers are precisely identical to the user requirement. In case of any variation or in case of doubt, the offers may be referred to the purchase committee.

CONCLUSION:

During study it was found, there are some important parameters which were considered to develop SOP document of purchase. The parameters are demand, sourcing, ordering, receiving, payment and these parameters were discussed in detail to design the purchase process layout . Apart from these parameters, there were other factors which were discussed with CFO i.e- Budget Consideration, BOQ Plan, Purchase Committee, Unplanned Commitments/Emergency Requisitions, Staggered Purchase, Work Order and Recommending Authorities and their delegated Powers which contributed major role in developing SOP document.

ANNEXURE

1. Capex Track Sheet
2. Purchase Note
3. GRN Form
4. Purchase. Order Form
5. Purchase Requisition Form
6. Recommendation Note
7. Work Order
8. Indent Form
9. Material Consumption Track Sheet



CAPEX TRACK SHEET

AL
EDUCITY

Sr. No.	Description	Received Date	Handover Date	Signature
1	Approval by the HOD			
2	Rate confirmation by Purchase			
3	Approval by COO			
4	Budget Approval by Finance			
5	Approved Capex received by Purchase			
6	To be filled in By Purchase			
7	Recommendation Note			
8	Recommendation Note prepared on			
9	Approved By Head Admin			
10	Approved By Finance			
11	Purchase Order			
12	Date of Release on Purchase Order			
13	Expected Date of Delivery			
14	Date of receipt of Material			



PURCHASE NOTE

Serial No.	Material Description	Required Qty.	MRP	Discount %	Tax	Suppliers Name and Final Rates		
						Supplier L I	Supplier L II	Supplier L III

Remarks:

Purchase Manager Recommendation :

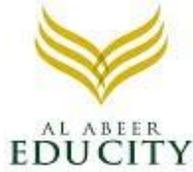
1)Price :

2)vendor:

Pre Audit Comments :

Prepared by:

Terms Of Payment:



GRN FORM

GRN No:	P.O. Number:
GRN Date:	P.O. Date:
From Supplier:	Authorized by:
To Stores:	Challan No:
Bill No:	Bill Date:

Item name	Expiry Date	Unit Price	Qty.	P*Q	Discount	Tax	Total
			Total Quantity:		Total Discount:		

Subtotal:
Miscellaneous Charge:

Grand Total:

Authorized Signatory

Stores In-charge



PURCHASE **ORDER**

Details of Supplier:

PURCHASE ORDER NO:
PURCHASE ORDER DATE:
REFERENCE:
REFERENCE DATE:
ENTERED BY:

We have pleasure to entrust you with our order for the goods mentioned due as per the terms and conditions. You are requested to send us your order acceptance by return of post.

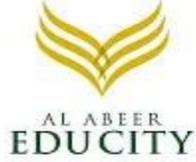
Item Type	Item	Qty.	Unit price	Discount Amount	Tax Amount	Total

Total amount in words:

Terms and Condition:

Specifications for Quality Check by Technical Expert :

For Al Abeer Educational & charitable Trust
Authorized Signatory:



PURCHASE REQUISITION FORM

AL ABEER EDUCITY

Request No

Date of Requisition

Department

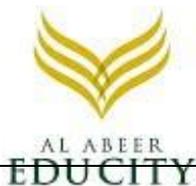
Required by Date

S.No.	Item Description	Unit	Qty on Hand	Qty Required	Remarks

Requisitioned By/ Prepared By

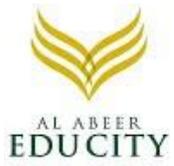
Authorised By

Issued By



RECOMMENDATION NOTE

Sl.No	Particulars	Department	Name	Signatures	Date
1	Rates Negotiated	Purchase			
2	Rates / Terms Approved	Administration			
3	Calculation Checked by	Finance & A/C Finance & A/C			
4	Final Approval by	COO			



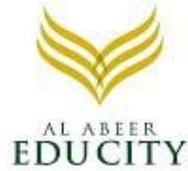
WORK ORDER

<u>Contractor Name and Address</u>

W.O. # :	Civil/Glazing1/0615
W.O. Date :	

Reference:Quote dated 17/06/15

JOB	BILL TO	
DESCRIPTION	Price	
Other Comments or Special Instructions	SUBTOTAL:	
	TAX	Rs. 0.00
	Discount (-) @	Rs. 0.00
	TOTAL	Rs.



MATERIAL CONSUMPTION TRACK SHEET

SL.NO	DESCRIPTION	UNIT	FIRST TIME QUANTITY REQUESTED BY MEP	QUANTITY ORDERED	RECEIVED	PENDING (ORDERED-YET TO RECEIVED)	ADDITIONAL UNITS ORDERED	TOTAL ORDERED QUANTITY	REMARKS