**[COMPANY NAME]**

**[COMPANY LOGO]**

**QUALITY MANAGEMENT SYSTEM**

**PURCHASE CONTROL**

**STANDARD OPERATING PROCEDURE**

**[CN]-QMS-SOP-001**

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| **PREPARED BY:** (Name, Position, Date Signature) | **VERIFIED BY:**(Name, Position, Date Signature) | **APPROVED BY:**(Name, Position, Date, Signature) |
|  ---- Management Representative  | -----Management Representative   | ----[Top Management] |

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**REVISION HISTORY**

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PURPOSE

To ensure that purchased goods and services are procured from approved sources and comply with the requirements and specifications including agreed delivery time.

SCOPE

All purchases of goods and services influence the quality of the final product/services.

REFERENCES

Related documents used in this procedure are listed below.

|  |  |
| --- | --- |
| **REFERENCES** | **DESCRIPTION** |
| [ISO 9001:2015](../Level%206%20Document%20Reference/ISO%209001%202015%20Standard.pdf) | Quality Management System Requirements |
| [CN]-QMS-M-001 | Quality Manual |
| [CN]-QMS-FC-002 | Purchasing Flow Chart |

TERMS, ABBREVIATIONS and DEFINITIONS

|  |  |
| --- | --- |
| **TERMS/ABBREVIATIONS** | **DEFINITIONS** |
| [CN] | [COMPANY NAME] |
| [TM] | [TOP MANAGEMENT] |
| QMS | Quality Management System |
| QTY | Quality |
| ISO  | International Organization for Standardization |
| MR | Management Representative |
| Company | [COMPANY NAME] |
| [TOP MANAGEMENT] | A person or group of people who directs and controls an organization at the highest level. Top management has the power to delegate authority and provide resources within the organization. |
| Purchase | To acquire goods/products/services by paying the supplier. |
| Purchase Control  | The act of procurement control over goods/products/services. |

ROLES and RESPONSIBILITIES

[TOP MANAGEMENT] ([TM])

The [TOP MANAGEMENT] shall have the overall responsibility to ensure the implementation of this procedure in various organization departments along with respective concerned employees.

Management Representative (MR)

The management representative is the key employee nominated by the [TOP MANAGEMENT] to oversee/monitor and manage this procedure.

Contracts/Procurement

* Responsible for maintaining approved Supplier list, processing material requisitions, inquiries, and purchase orders.
* Ensure that supplier provides and delivers product/services acquired promptly.
* Responsible for purchasing products/services from the supplier required by the [COMPANY NAME].

PROCEDURE

Approved Suppliers

* Supplies of goods and services that would have a direct impact on the quality of final products will preferably be procured from the approved supplier’s list.
* Initial list of approved suppliers has been established based on evaluation of experience concerning their ability to meet requirements and performance in past dealings.
* Any inclusion of a new supplier in the list must be authorized by the operations in charge or [TOP MANAGEMENT].
* Any potential supplier holding a valid and updated ISO 9001 Quality Management System certificate issued by an accredited certification body will be deemed as approved and shall be included on the approved supplier’s list. Copy of the certificate shall be requested and included in the supplier’s file to the extent practicable.
* Evaluation of new suppliers may also be based on submission of samples and/or trial orders.
* Operations in charge will monitor the performance of approved suppliers and maintain the quality record for each approved supplier. All remarks, comments, and complaints regarding the performance of any of the suppliers shall be recorded in its file. The operations in charge will review these records at least once a year.
* Based on this monitoring, the operations in charge may warn the supplier, whose performance falls below the required standard, requesting him to implement suitable corrective measures. Should a subsequent review of such supplier’s performance prove that no improvement was noted, operations in charge will remove such supplier from the list.

Purchased Requisitions and Quotations

* When an item is required, a verbal request or a sample material is sent from personnel requiring the materials describing the material along with required specification.
* Either verbal or written inquiry – depending on the requirements - may be sent to obtain quotations from potential suppliers. Complete information like Item description, Quantity, Delivery Schedule, Specifications, Date by which reply is required, etc. will be stated in the inquiry to obtain the correct price without losing time.
* As far as possible and where practicable, in the case of high-value items (say R.O 500/- and above), up to 3 quotations may be obtained to compare the prices. However, this does not apply to proprietary items.
* While selecting the supplier, the following parameters shall be used:
* Price
* Conformance to specification
* Bidders’ previous performance record
* Availability of bidder's representative locally
* Purchases are done from other known companies
* After sufficient quotations have been received and examined for completeness, a comparative statement may be prepared, where applicable, noting all pertinent data and also deviations. Based on this, the finalization of the order is initiated by the operations in charge.
* If the requisition involves Capital Equipment, then [TOP MANAGEMENT]/MR final approval is required to initiate the Purchase Order. Based on this approval, the award of order is prepared by the operations in charge and approved by [TOP MANAGEMENT]/MR.

Purchase Document

* Purchase Order Document must contain the clear unambiguous description of the product purchased; quantity ordered and required delivery time. When applicable, the purchase order document shall include reference to the drawings, specifications, and other relevant data.
* The agreed quality assurance requirements and provisions for settling quality disputes shall be stipulated in the purchase document as appropriate.
* All purchase documents must be reviewed for the correctness of the data by the operations in charge and approved by the relevant authorities as stated as per clause 6.2 before releasing to the suppliers.
* The approved Purchase Order will be forwarded to the Supplier. Sometimes, depending upon the urgency, a verbal order is communicated to the supplier and a formal Purchase Order Document is sent later.
* The operations in charge shall monitor “Unexecuted Orders” on a periodical basis. In case, the deliveries are overdue or materials are required urgently, the Operations and Procurement shall pursue with the Supplier for timely delivery.

Verification Arrangements

* When [COMPANY NAME] requires verification of purchased product at the supplier’s premises, the verification arrangements and the method of product release shall be specified in the purchasing documents. On occasions, [CN] representatives may visit the suppliers’ premises to verify whether the materials and services are suitable for the purpose for which they are intended and that they comply with specified requirements.
* Whenever it is a contractual requirement that the customer and/or his representative be afforded the right to verify the purchased product at the supplier’s premises, the arrangements for such verification and method for product release will be specified in the purchase document.
* If specified in the contract, the customer or his representative shall be allowed to inspect any purchased product at [CN]’s premises.

Cash Purchasing

* Urgent requirements made by concerned personnel to the operations in charge will be reviewed, checked for the availability of materials, and verified for immediate need and cash purchasing.
* In case, the required materials are available at stores, materials will be issued from the stores.
* If the required materials are not available at stores, then operations in charge shall obtain authorization, where required based on the value, from [TOP MANAGEMENT] and arrange for cash purchase.

* Under urgent circumstances and emergencies, [CN] purchases materials from non-approved suppliers either by cash or credit on a trial order basis. Such purchased materials, if found to be conforming to the technical and quality specifications, then, those suppliers shall be added to the approved supplier list.

Deliveries of goods

* While receiving materials, these are inspected to verify compliance with specifications as per Purchase Order, if found non-compliant, the rejection is recorded and the material is put on hold till further disposition.
* If the materials are not usable, they will be returned to the supplier.

Procurement/Hiring of services

* When acquiring goods/services, the person in-charge of procurement refers to the Purchasing Flow Chart [CN]-QMS-FC-002 to ensure the smooth flow of its acquisition.
* The need for a sub-contractor for a particular type of service will be discussed and assess through the Supplier Audit Checklist [CN]-QMS-F-019. Based on the evaluation, if the supplier is qualified, details will be inputted to the Approved Suppliers List [CN]-QMS-F-018 where purchase department use as reference in case of acquisition of necessary resources.
* The operations in charge will review the request and call the representative of the company for negotiation if required.
* After the finalization of the terms and conditions, a purchase order is issued to the sub-contractor.

FORMS USED

|  |  |
| --- | --- |
| **FORMS** | **DESCRIPTION** |
| [CN]-QMS-F-018 | Approved Supplier List |
| [CN]-QMS-F-019 | Supplier Audit Checklist |

DISTRIBUTION and STORAGE

Hard Copy Distribution

Hard copy distributions shall be restricted as a part of the reduction of consumption of paper. All [CN] employees shall be given access to [CN] Portals and an online reporting system to facilitate reference as and when required. Hard copies shall be made available at the point of use.

Soft Copy Distribution

The scanned copy of the document after approval bearing relevant signatures shall be put in [CN] Portals and an online reporting system to enable employees to have access to these documents.

Storage

This document shall be stored as mentioned below:

|  |  |  |
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| **SR #** | **DOCUMENT TYPE** | **LOCATION** |
| 1 | Approved and signed original copy | [CN] Document Library/Storage |
| 2 | Final editable version | [CN] [TOP MANAGEMENT] Office |
| 3 | Approved scan copy | [CN] Portals and online system |