



Policy Title: Purchase Order Policy

1.0 Objectives

The document is developed to streamline the purchase order activities of UMT.

2.0 Scope

This policy applies to all UMT Staff members.

3.0 Policy

3.1 Purchase- Committees, Authorities and Proceedings

Following Committees shall be formed for performing the roles specified in this process.

1) Central Purchase Committee (CPC)

In case of purchases exceeding the amount of Rupees one hundred thousand, the matter will be Handled by the Central Purchase Committee the proposed composition of which is as follows:

- a. Director P&D (Chairman)
- b. Concerned Dean's nominee/COD / Director / Office Head, Member
- c. Two Senior Faculty members nominated by the respective Dean, Member (in case of school/institute purchase)
- d. Head OTR, Member/ Head OCMS, Member/ Head OTS (for all IT related purchases), Member/ Senior faculty member as subject/area expert, Member
- e. Manager Procurement, Secretary

2) Committee for Special cases

In emergency cases of purchases and cases where purchase has exceeded the amount of budget Allocated to relevant head and department or there has been no provision in the budget, the matter will be referred to the committee for special cases the proposed composition of which is as follows:

- a. To be appointed by the Rector (Chairman)
- b. One Dean (To be appointed by the Rector) (Member)
- c. Head of Office of Treasurer (Member)
- d. Manager procurement (Secretary)

(Provided that any matter decided by this committee will be applicable after approval by the Rector)

This is proposed composition of committees. Final composition of committees will be decided by the Rector from time to time and any changes to committees will be communicated to all departments by Office of Human Resource.



3.2 Limits for Purchases

Following limits of monetary thresholds apply for processing single transaction of purchase.

Authority	Limit
Head OPS	Up to Rupees 50,000/- (Without calling for quotations) up to 100,000/- (After calling for three quotations).
Central Purchase Committee	More than Rupees one hundred thousand and Below Rupees three hundred thousand (After calling for three quotations) All procurement beyond three hundred thousand there should be no limit on number of quotations as the process will be open competitive bidding.
Committee for Special cases	Unlimited (In cases of emergency purchases and cases where budget has been exceeded / not allocated).

Provided that in case of any purchase above Rupees one million, the minutes of proceeding of Committee for Special cases or CPC as the case may be, must be approved by the Rector. If the Rector feels that there is any irregularity in the proceedings of relevant committee, he may refer the case back to the same committee for removal of defect / irregularity or constitute a separate committee to proceed the case. In case the same matter is decided three times by committees as referred back by the Rector, third decision of committee will be considered as approved by the Rector after 15 days of decision by the committee.

3.3 Proceedings of Committees

1. In-charge purchase section will forward the approved purchase requisition to the Chairman of Relevant purchase committee along with any comments from him and from Director P&D as to nature of goods or services to be purchased, urgency of requirement, availability of product requisitioned at the rates already negotiated or lower than that with existing or any other vendor as per reference catalogue maintained etc.
2. The Chairman of committee will order the secretary of committee to call the meeting through email or any other medium as he thinks fit making sure that all the members of committee are properly communicated for meeting.
3. Procurement Manager will facilitate the process of procurement through arrangement of all documents / quotations / negotiations on behalf of relevant Committee and Chairman of the relevant Committee will ensure the transparency of the process and convening the



meetings of the committee, and may call for additional documents / quotation / negotiations if required.

4. **In case the product or service is available from an existing or any other vendor on rates already negotiated or lower than that, the committee may conclude the proceedings by deciding to purchase the product from the same vendor.**
5. In case the product or service is of specialized nature and there is only one manufacturer or Supplier in the market (Sole source purchase), or for whatsoever reason only less than three Quotations are available and the condition of minimum three quotations is not fulfilled, the case will be referred to the Rector with relevant facts and minutes who will approve the waiver of the condition if satisfied that circumstances of the case merits such waiver or he may issue instructions as he deems fit considering the circumstances.
6. In case an existing vendor is willing to supply the goods or services but only on higher rates than negotiated earlier, his proposal will only be considered as a quotation for the process and whole process will be started afresh.
7. The Chairman of Committee will order for call of quotations, a comparative statement be prepared, ask for samples or take any other action as he thinks fit for smooth operation of the committee and a timely decision.
8. Chairman of Committee may appoint an additional member of the committee with the consent of not less than fifty percent members of the committee if he thinks a special skill or knowledge is required taking into consideration the nature and purpose of goods and services.
9. Minimum fifty percent of members will constitute a quorum of the meeting.
10. Each member will have one vote for decision and Decision of committee will be taken with Simple majority of members present at the meeting.
11. In case the votes are equally divided, the Chairman will cast his deciding vote.
12. The procurement committee should pre-determine the evaluation criteria for evaluation of the submitted bids.
13. Instead of voting, each member of the procurement committee must fill in the separate evaluation sheet which must be used to prepare a composite evolution sheet to be dully signed by each member. CPC may submit a formal note for approval to the rector instead of sharing the minutes of meeting.
14. For any purchase transaction of Rupees one Million or above the minutes of relevant committee will be effective only if approved by the Honorable Rector of the University.
15. In case of Committee for special cases, the Chairman of the committee will decide the procedure of proceeding of the committee.



3.4 Calling of Quotations

Following procedure will be followed for calling of quotations.

1. The Chairman of relevant committee /Manager Procurement will cause the quotations be called for requisite purchases.
2. Open quotations may be called through emails, letters, telephone or any other medium for purchases below Rupees one million.
3. Name and contact details of each vendor will be kept secret and will not be disclosed to any other vendor.
4. Vendors may be called to explain the contents of their quotations as to quality, order size or any other aspect in order to make it comparable with other quotations.
5. Vendors desirous of revising their quotations consequent upon communication will be allowed to do so and revised quotations will be considered for all purposes.
6. Separate technical and financial proposals may be called if necessitated by the nature of goods or services and decision of calling separate bids will be taken by the Committee in its meeting.
7. In any case where quotations are required to be called, a comparative statement of quotations will be prepared.

3.5 Specifications and Standards

1. Consistent with the UMT's purchasing policies and procedures, departments and schools, when establishing standards and specifications and size of orders for goods and services, shall give due consideration to the ability of UMT businesses to compete in bidding for those goods or services. The departments and schools shall continue to observe the goals of quality and economy in purchasing while meeting the needs of the school / department.
2. Specifications shall be prepared to assure that they do not restrict or preclude competition.
3. All requests for quotations for purchases of goods and services and other needed articles to be purchased at University's expense shall, whenever possible and practical, be made in general terms addressing functional specifications rather than brand, trade name, or other individual mark. Brand names and numbers, when used, are for reference purposes and indicate the character or quality desired. If brand names are used, the specifications shall contain an "or equal" or "or acceptable alternate" clause. Manager Procurement or the relevant committee shall determine what an acceptable alternate is.
4. Recognition is also given to standardization and compatibility requirements which should be maintained for purposes of economies in replacement and maintenance.
5. Life cycle cost and energy efficiency shall be included in the criteria used by Schools / departments in developing standards and specifications for purchasing energy consuming products. Life cycle cost means the expected total cost of ownership during the life of a product. Relevant School / department or the Committee may identify the parameters for which energy consuming products are subject to this clause.



6. Standard terms and conditions, contained on requests for bids, quotations, and purchase orders, are intended to ensure that all the basic considerations relevant to the agreement are covered. For purposes of internal consistency all Schools / Departments shall standardize general terms and conditions on Requisitions. Procurement Department shall assist such standardization. Such terms and conditions shall include, but not limited to, exclusive agreements between parties, acceptance agreements between parties, acceptance conditions, guarantees, and warranties, rights of inspection, termination, and other legal regulations.

3.6 Procedure for Bidding

Following procedure shall be followed for bidding process for transactions of Rupees one million or above:

1. For every transaction of procurement of goods and services involving an amount of Rupees one Million or more, there will be open bidding in presence of all vendors who want to attend the bidding process.
2. In case of separate technical and financial quotation, technical quotation / proposal will be opened by the relevant members/department of the committee who will be appointed by the Chairman of the committee for that purpose.
3. Technical proposals will be prepared and a report of technical comparison will be presented to the committee by the concerned department.
4. The committee will decide which vendors are to be called for bidding based on the report.
5. If quotations are called in single envelop then all the vendors who sent their quotations will be called to attend the bidding.
6. Financial quotations or composite quotations as the case may be will be opened in presence of all the vendors.
7. Before the start of bidding process, a presentation will arrange by the Committee to communicate to vendors the requirements for goods or services, technical aspects and minimum standards to be met by the vendors.
8. The amount quoted by each vendor will be disclosed to all the attendants during the bidding process and any vendors desirous of revising the quotation will not be allowed to do so.
9. During the bidding process a final date for communication of decision will be given to the vendors.
10. After bidding process, a final meeting of relevant committee will be called separately and decision will be taken as to first second and third vendors based on process performed.
11. Procurement Department will prepare purchase order for vendor qualified at first position as recorded in the minutes of meeting of committee.
12. The pay orders for security by non-qualifying vendors will be returned. The security deposit of qualifying vendor will be retained by the University and will be released to the vendors only after satisfactory performance of services or delivery of goods.



13. If any vendor refuses or fails to perform the services or supply the goods as per its quotation, the security deposit will be forfeited and order will be awarded to second qualifier as per process.

3.7 Provisions for Professional Service Contracts

1. Professional Service Agreements are contracts for unique, technical and/or infrequent functions performed by an independent contractor qualified by education, experience and/or technical ability to provide services. In most cases these services are of a specific project nature, and are not a continuing, on-going responsibility of the relevant School / department. The services rendered are predominately intellectual in character even though the contractor may not be required to be licensed. Professional Service Agreements may be with partnerships, firms or corporations as well as with individuals.
2. Professional service agreements for greater than rupees one million must be selected through a competitive request for proposal (RFP) process unless the service is a sole source purchase that is appropriately documented. Threshold of rupees one million is not based on a one-time cost, but rather on a cumulative cost for on-going services under the terms of the project engagement. Professional service agreements, which are less than rupees one million over the course of service, may be entered into without using the required competitive bidding process. The authority for limits as provided under the heading limits for purchases will be observed for professional contracts. Selection of a professional service provider shall be based on a variety of criteria including, but not limited to, demonstrated competence, knowledge, references and unique qualifications to perform the services, in addition to offering a fair and reasonable price that is consistent with current market conditions. Additional criteria may be used as appropriate to the circumstances.
3. Work requirements should clearly define all performance objectives, work expectations and project milestones, and hold the contractor accountable for successful completion of the resultant agreement. Requirements may include, but not limited to, reports, training sessions, assessments, evaluations or other tangible services.
4. The following minimum terms and conditions must be addressed in the provisions of contracts:
 - a) Performance Requirements. Performance requirements should be precise and written in such a way that it can easily be determined if and when the contractor has successfully fulfilled his/her/its obligations under the Agreement. Consequences for noncompliance such as non-payment and/or termination of the contract must also be defined. Scheduled due dates that specify milestone targets must be clearly identified and may include, but not limited to, regular meetings scheduled to evaluate progress, identification of problem areas to determine actions to be taken to resolve any concerns, dates for formal written reports, required oral progress reports, and contract monitoring requirements.



- b) **Period of Performance.** The resultant agreement must specify a start date and a completion date. While there may be exceptions, in most circumstances an end date to the agreement will be required. If an end date cannot be determined, a maximum time limit or maximum number of hours must be stated. Agreements with organizations are typically written for a specific term of successive years. In some instances, these agreements are annually renewable. Other provisions of an agreement may include a renewal clause beyond the original term of the agreement. Extended term agreements for individuals are discouraged.
- c) **Compensation and Payment.** Compensation and payment terms include elements relating to cost and payment, such as maximum cost, (i.e., not to exceed cost), cost per deliverable, hourly rates for individuals providing services, number of hours required, allowable expenses and total authorized for expenses, payment and invoicing procedures. Compensation and payment terms should also include a statement as to whether UMT will pay expenses incurred by the contractor and if so, which ones. Such expenses may include, but not limited to, fare, lodging and subsistence necessary during periods of required travel; expenses incurred during travel for telephone, copying and postage, and private vehicle mileage. If other types of expenses are allowed, they must be clearly defined.
- d) **Performance Monitoring.** UMT shall monitor the compliance with the terms and conditions of the agreement and applicable laws and regulations. For this purpose, a staff member or committee may be nominated / formed by the authority responsible for procurement of those services depending on the quantum of contract.
- e) **Provision of Liability.** The provider may be required to show proof of insurance coverage and workers compensation in compliance with statutory requirements, in the form specified by the UMT.

3.8 Purchase Order

1. After completion of process as provided in the sections Committees, Limits, and Proceeding of committees and finalizing the vendor a Purchase Order will be prepared.
2. Each Purchase Order will have unique serial number.
3. In case the purchase requisition is processed by Director P&D as provided in section Limits for Purchases, purchased order will be signed by Director P&D and supported by the documents as evidence of process performed as provided in these procedures.
4. In all other cases Purchase Order will be signed by In-charge Procurement Section and will be properly supported by approved minutes of relevant committee and other documents as evidence of process performed as provided in these procedures.



5. Purchase Order will be prepared in quadruplicate and copies of purchase order will be circulated as under:
 - a) Supplier (As intimation to supply goods of provide services)
 - b) Office of procurement store & Assets (OPS)
 - c) OTR
6. The Procurement Department will keep a serial record of all Purchase Orders issued.
7. In case of blanket purchase orders, In-charge Purchase section will enter all supplies related to particular purchase order on the face of it and enter the purchase order number on each GRN.
8. Purchase order may be prepared as blanket purchase order. The blanked orders may only be given to the vendors/suppliers selected through prequalification process.
9. For the items which have to be procured on a recurring basis there should be a process of prequalification of suppliers/vendors.
10. In case of repeat order for (Generic, stationery and Furniture item) procurement department will entertain the said query.
11. In case of increase in price new price list shall be sent to purchase committee for approval.

3.9 Blanket Order

A Blanket Order is a Purchase Order from which goods and services may be purchased over a given period of time rather than in a single transaction. Blanket Orders differ from standard Purchase Orders as follows:

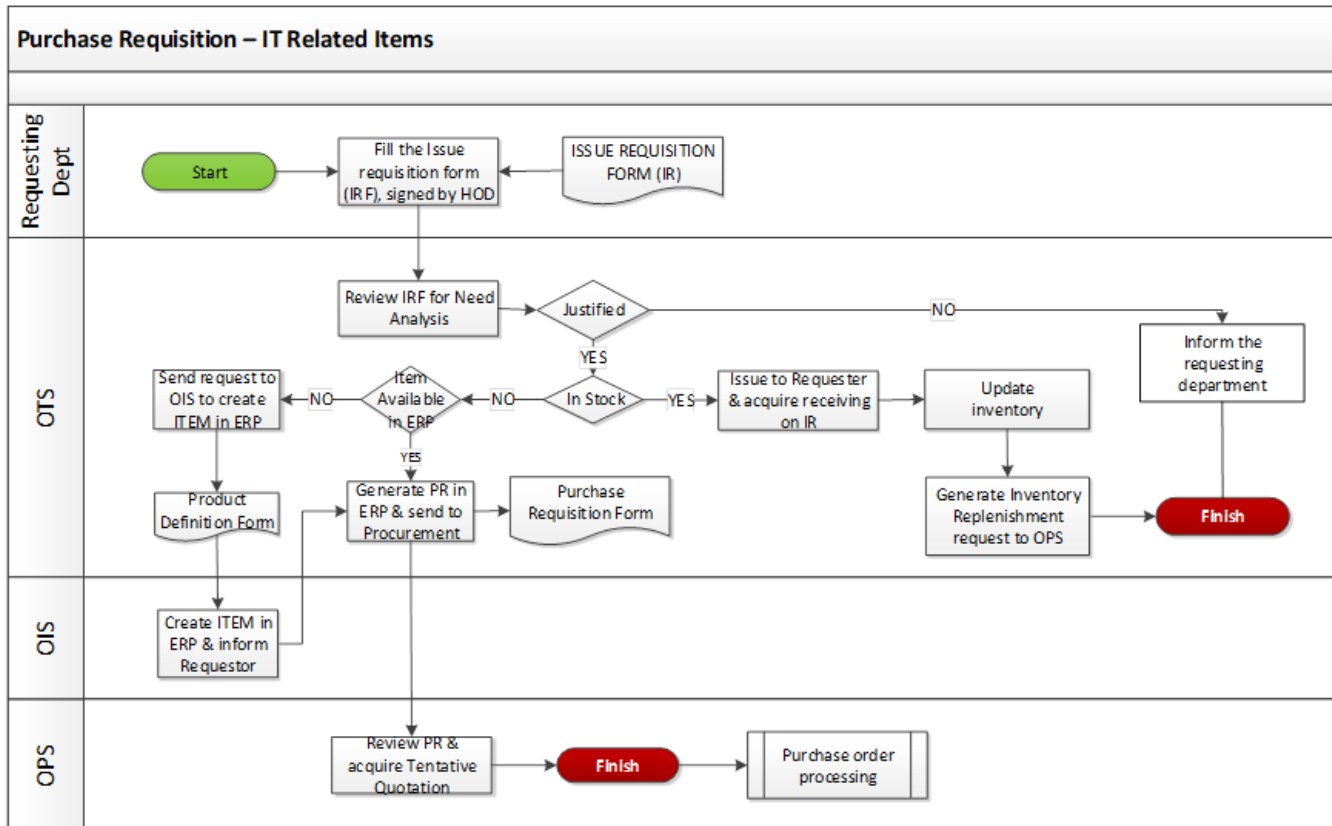
1. Twelve vouchers/invoices
2. Limit on amount per year minimum
3. Contract or non-contract
4. Are not to be used for the purchase of equipment items

3.10 Reference catalogue

1. Procurement Department will maintain a reference catalogue of vendors.
2. Reference catalogue will be updated by the Procurement Department with every purchase other through process of CPC.
3. Following will be the contents reference catalogue:
 - a) Name of vendor
 - b) Description of items purchase
 - c) Brief details about specification of items purchased
 - d) Date of purchase order
 - e) Rate at which goods or services were procured
 - f) Approval authority
 - g) Comments



3.11 Process Flow



3.12 Procedure

1. On receipt of Purchase requisition, the department will acquire quotation. The purchase order up to 100,000/- PKR will be signed by Head OPS and for above this limit the case will be referred to central purchase committee (CPC).
2. One of personnel in OTR department will review the case and will check the procurement limit and budget availability.
3. If budget is available, the Head OTR will approve the requisition.
4. In case the budget is not available in the relevant head, the Head OTR will add his comments and send it back to requesting department.
5. On communication of budget deficiency, the requesting department will be informed about it, if it is considered that the need is urgent, the procurement department may treat it as special case, else the purchase requisition will stand rejected for deficiency of budget.
6. If so, requested by requesting department, the Procurement Department will forward the case to the Committee for Special cases to approve it as special case.
7. If approved by the Committee for Special cases the case will be proceeded as it is approved by the OTR else the case rejected.



8. On verification of purchase requisition by OTR or the Committee for Special cases the Procurement Department in coordination with requesting department will mark the case as:
 - a) Normal purchase / Sole source purchase / Emergency Purchase
 - b) Determine Approval authority
 - c) Case of existing vendor after checking it from reference catalogue, contacting the vendor and confirming that the goods or services are available from existing vendor at rates already negotiated
9. After determining all the above particulars and noting it in support of purchase requisition, the Procurement Department will refer the case to relevant authority as per limits provided in these procedures.
10. The relevant authority will proceed the case as per proceedings procedure provided in this document and conclude the proceedings by documenting those as minutes along with documents as support of procedures performed by it provided that in case of sole source purchase the relevant committee may forego the provision for calling of quotation and bidding process and only consider negotiation with sole provider.
11. On the basis of conclusion of proceedings of relevant authority / Committee, the Procurement Department will prepare a Purchase order.
12. Purchase order may be in form of conventional single delivery order, a blanket order or a contract for providing of services
13. Purchase order will be sent to vendor for delivery of goods or provision of services.

3.13 Key Performance Indicator

1. Time required to acquire Quotation= 4 working days
2. Time required to acquire Head OPS approval = 2 working days
3. Time required to acquire budget approval from OTR= 1 working day
4. Time required to acquire CSC approval = 5 working days
5. Time required to acquire CPC approval = 5 working days
6. Time required to issue PO = 2 working days



3.14 List of Abbreviations

1. OTS: Office of Technology Support
2. ERP: Enterprise Resource Planning
3. OPS: Office of Procurement and Stores
4. IR: Issue Requisition
5. PR: Purchase Requisition
6. OIS: Office of information system
7. OCMS: Office of campus management & services
8. CPC: Central Purchase Committee
9. OTR: Office of Treasurer

4.0 Compliance and Enforcement

The Office of Procurement & Store (OPS) is the responsible office to ensure implementation.