

<b>PURCHASING (GENERAL)</b>
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**1 Purpose**

The purpose of this procedure is to define a system for planning and controls of activities relating to the general purchases including services other than the construction contracts by the KSPH&IDCL.

**1.1 Application**

This procedure is applicable to cover the general purchases including services other than the construction contracts exceeding Rs. One Lakh.

**2.0 Responsibility**

Overall Responsibility rest with the Executive Engineer/ other designated authorities and Authority for various activities of project management is described in procedure part.

**3.0 Terms and definitions**

- 1 **Part bills or Running Account Bills:** Denotes the account with a contractor when payment for work or supplies or services is made to him at convenient intervals subject to final settlement of the accounts on the completion or determination of his contract.
- 2 **On Account payment or payment on Account:** Means a payment made on a running account, to a contractor in respect of work done or supplies or services made by him and duly measured. Such a payment may or may not be for the full value of work or supplies; if it is subject to the final settlement of running account on the completion of the contract for the work or supplies.
- 3 **Intermediate payments:** The term applied to a disbursement of any kind on a running account not being the final payment. It includes an "Advance payment", a "Secured advance" and an "on account payment" (other than the final payment on a running account) or a combination of these.
- 4 **Mobilisation Advance:** Financial Assistance made to the contractor at a percentage of total contract value at an agreed rate of interest as per conditions of agreements and recoverable with interest before/ on completion of 75% of total value of contract.
- 5 **Detailed measurement Book:** A permanent record to record the detailed measurement of quantity of work carried out for the purpose of making payment and for recording details of payment wherein the details of check measurements are taken by the AEE/EE as per codal provisions at certain percentage basis are recorded and forms important document for making payment.
- 6 **Verification** - Confirmation, through the provision of objective evidence, that specified requirements have been fulfilled.
- 7 **Purchase Order-** Purchase order is a formal written order placed for supply of material and services on finalization of tender.
- 8 **Supply Agreement-** Supply agreement is a formal written agreement entering into contract of supply between employer and the supplier enforceable in court of law.

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- 9 **Tender** – Tender means the formal offer made for supply of goods or services in response to an invitation for tender published in news paper, tender bulletin, web site etc.
- 10 **Tender document-** Tender Document means the set of papers detailing the schedule of works, Calendar of events, requirement of goods and services, technical specifications, procurement criteria and such other particulars, as may be prescribed for evaluation and comparison of tenders.
- 11 **KTPP ACT 1999-** The Karnataka Transparency in Public Procurements Act,1999.
- 12 **KTPP RULES 2000-** The Karnataka Transparency in Public Procurements Rules,2000.

#### 4.0 Procedures

This procedure is to establish a systematic procedure for effective processing of General purchases including services other than the construction contracts by the KSPH&IDCL where the cost of procurement is exceeding Rs.One Lakh. The existing procedure in respect of purchases less than Rs. 1 Lakh shall be continued with reference to provisions of KPWD and KFC. The procedure also ensures that financial aspects of the KSPH&IDCL are done as envisaged and there are no deviations and all deviations are properly explained. In addition the procedure ensures that the management is updated with the financial progress made at periodical intervals.

This procedure covers all the processes of General purchases including services other than the construction contracts. Wherever system procedures are established that provide detailed information about that process, relevant procedures have been referenced. In order to facilitate easy understanding of process sequence, purchase process is divided into convenient process.

Following abbreviations and terms are used in the table; D	= Document	R	= Record
MD	= Managing Director	ED	Executive Director
FA	= Financial Advisor	CE	= Chief Engineer
EE	= Executive Engineer	AAO	= Assistant Administrative officer
AS	= Accounts Superintendent	CAO	= Chief Accounts Officer
KFC	= Karnataka Financial Code		
KPWD	= Karnataka Public Works Department		

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**4.1 GENERAL PURCHASES**

Sl. No.	Responsibility	Activity description	D / R	D / R Reference
1	AE/EE/AAO/CAO/SE/CE/FA/ ED/MD Contract Cell	<b>Identification of materials to be procured:</b> Identification of materials/services are to be procured directly by the corporation shall be done at the time of finalization of estimates for each work / job, on the consideration of timely supply, right quantity, better quality and economy.	D	Estimate of the materials/services concerned / Requisitions
2	EE/AAO/CAO/SE/CE/FA/ ED/MD Contract Cell	<b>Calling of open tender:</b> a) Based on estimation of quantities and specification of the material / services to be procured, tender documents shall be developed (using the standard bid documents) for calling tenders for supply of the materials/services in tune with guide lines of corporation if any and Karnataka Transparency in Public Procurements Act 1999 read with KTPP Rules 2000. b) Tender specification shall be approved by EE/SE/CE/FA/ED/MD. c) Normal tendering procedure for calling open tenders shall be followed and tenders shall be received from interested parties	D  R  D	Guide lines of Corporation/KPPT Act 1999/ KPPT Rules 2000  Tender Documents for supply of materials/services
3	EE/AAO/CAO/SE/CE/FA/ ED/MD Contract Cell	<b>Opening evaluation and approval of tenders:</b> a) Tenders shall be opened by the competent authority on the prescribed date and time. b) All tenders received shall be evaluated with reference to the tender conditions, to identify eligible tenders and comparative statements shall be prepared. c) Comparative statements shall be put up to	  R  R	Comparative statement  Recommendations of penultimate authority/ Final authority

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Sl. No.	Responsibility	Activity description	D / R	D / R Reference
	EE/AAO/CAO/SE/CE/FA/ED/MD	<p>EE/AAO/CAO/SE/CE/FA/ED/MD for appropriate recommendations.</p> <p>d) The respective penultimate authority as in (c) above shall put up Comparative statements with recommendations to Final Approving Authority. The final approving Authority shall decide the case based on the recommendations.</p>		
4	EE/AAO/CAO/SE/CE/FA/ED/MD	<p><b>Award of contract and placing of purchase order:</b></p> <p>Purchase order (along with the supply agreement ,required) shall be executed as per tender conditions clearly bringing out the:</p> <ul style="list-style-type: none"> <li>- Specification of the materials/services to be procured.</li> <li>- Quantity of item(s) to be supplied</li> <li>- Supply schedule along with destination</li> <li>- Rates &amp; statutory levies</li> <li>- Packing conditions wherever applicable</li> <li>- Acceptance criteria</li> <li>- Documents to be made available along with the consignment</li> </ul> <p>In case of deviation, the conditions under which the materials are to be accepted (or) rejected.</p>	D	<p>Purchase order (F-08-01)</p> <p>Supply agreement</p>
5	EE/AAO/CAO/SE/CE/FA/ED/MD	<p><b>Follow up of for timely supplies:</b></p> <p>Follow up shall be made to ensure timely supplies of materials</p>		

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Sl. No.	Responsibility	Activity description	D / R	D / R Reference
6	EE/AAO/CAO/SE/CE/FA/ED/MD	<p><b>Acceptance on receipt:</b></p> <p>All materials received at site / designated place shall be verified for its quantity as per purchase orders and its quality shall be inspected as per specifications with terms and conditions of Purchase orders/agreement.</p> <p>No materials/services shall be accepted which doesn't meet the quality requirements.</p> <p>Records of inspection shall be maintained.</p>	D	DMB, PO/Agreement/ Supply bill / Quality plan for materials for construction work shall apply mutatis mutandis.

### 5.0 Reference

- a) ISO 9001: 2008 Clause Number 7.4
- b) ISO 14001:2004 Clause Number 4.4.6
- c) IMS Manual Clause Number 7.4

### 6.0 Associated Documents

- a) Procedure for control of documents IMSP01
- b) Procedure for control of records IMSP 02
- c) Procedure for Purchasing – Construction Contracts IMSP 11
- d) EMS-OCP-01 Eco-friendly measures
- e) EMS-OCP-02 Energy saving and other alternatives

<b>Approved by : Managing Director</b>
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