

PURCHASING (GENERAL)

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 KSPHC.

1.1 Application

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

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.

PURCHASING (GENERAL)

- 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 KSPHC 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 KSPHC 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
CMD	= Chairman and 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		

PURCHASING (GENERAL)

	EE/AAO/CAO/SE/CE/FA/ED	<p>eligible tenders and comparative statements shall be prepared.</p> <p>c) Comparative statements shall be put up to EE/AAO/CAO/SE/CE/FA/ED/CMD 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	<p>Award of contract and placing of purchase order:</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"> - Specification of the materials/services to be procured. - Quantity of item(s) to be supplied - Supply schedule along with destination - Rates & statutory levies - Packing conditions wherever applicable - Acceptance criteria - Documents to be made available along with the consignment <p>In case of deviation, the conditions under which the materials are to be accepted (or) rejected.</p>	D	<p>Purchase order</p> <p>Supply agreement</p>
5		<p>Follow up of for timely supplies:</p>		

PURCHASING (GENERAL)

	EE/AAO/CAO/SE/CE/FA/ED	Follow up shall be made to ensure timely supplies of materials	
6	EE/AAO/CAO/SE/CE/FA/ED	<p>Acceptance on receipt:</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

5.0 Reference

- a) ISO 9001: 2000 Clause Number 7.4
- b) Quality Manual Clause Number 7.0

6.0 Associated Documents

- a) Procedure for control of documents QSP01
- b) Procedure for control of records QSP 02
- c) Procedure for Purchasing – Construction Contracts QSP 17

7.0 Revisions

Revision “00” – First issue.

8.0 Distribution of procedure

Chief Coordinator-QMS shall issue this procedure to all the functional heads.

*Approved by	Top Management Committee
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*Board of Directors of KSPHC in its 107th meeting held on 04-12-2004 vide resolution No. 2004 / 047 has constituted a Top Management Committee consisting of CMD, ED, CE and FA with MR and CC as co-opted members. Further the Board has authorised CMD to approve and issue the QSPs after review by the Top Management Committee.