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PURCHASING POLICY

“The right product”
“In the right quantity”
“At the right price”
“At the right time”

Manual:	Doctors For You	Approved By:	President & C.E.O
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PREAMBLE

The Directive is based on the five key principles that allow “Doctors For You” to achieve value for money while following a procurement process that is fair and transparent to all stakeholders:

1. Accountability

Organizations must be accountable for the results of their procurement decisions and the appropriateness of the processes

2. Transparency

Organizations must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results

3. Value for Money

Organizations must maximize the value they receive from the use of public funds. A value-for money approach aims to deliver goods and services at the optimum total lifecycle cost

4. Quality Service Delivery

Front-line services provided by organizations, such as training, treating, teaching and patient care, must receive the right product, at the right time, in the right place.

5. Process Standardization

Standardization processes remove inefficiencies and create a level playing field

1. Purpose:

Purchasing is an important activity where it is mandatory that the responsibility for buying materials and services be assigned to a group of people skilled in negotiating, cost reduction and other purchasing techniques.

The primary responsibility is to provide for the purchase of materials, supplies and services, with the objective that they will be available at the proper time, in the proper place, in quantity, quality and price consistent with the needs of the organisation. This balancing of several factors is critical.

To achieve this overall objective, the responsibilities, authorities and controls set forth in this policy, and related policies and procedures, must be adhered to by all employees.

2. Scope:

This policy applies to all purchase and purchase-related documents prepared or processed within the Organisation.

3. General Responsibilities:

The **Director of Purchasing** (Head of Purchase Committee of DFY) has the responsibility for the procurement of all goods and services, the processing and sale of goods and services, and to either provide the services for such procurement or processing or give functional directions to others delegated the authority to perform such services.

Only those persons delegated by the President are authorized to commit the Organisation for materials, equipment, supplies and services.

Purchasing has the responsibility for obligating the Organisation and for making the final determination of source of supply, quantities purchased delivery schedule and price negotiations, except where others are so authorized. These decisions will be made in conjunction with Administration, Finance and other departments, as appropriate.

Purchasing is responsible for initiating and maintaining effective and professional relationships with suppliers actual and potential.

Purchasing is to serve as the exclusive channel through which all requests regarding prices and products are handled. The Purchase Department will conduct all correspondence with suppliers involving prices or quotations. In cases where technical details are necessary, the Purchasing Department should be provided with copies of all such correspondence. Close communication and co-ordination between Purchasing and the using departments must occur.

All negotiations are to be handled by the appropriate purchasing personnel within their delegated authority.

When supplier sales representatives make personal sales calls, they are to be directed to call on the appropriate Buyer at that time.

All employees involved in purchasing activities will work to maintain and enhance the Organisation's image by their personal conduct and methods of doing business.

All employees engaged in purchasing activities will recognize and practice good public relations by giving all callers and visitors courteous treatment.

Vendor selection and products purchased are to meet the basic policies and standard practices of the Organisation. The orderly replacement "by attrition" is to occur when cost-effective and operating commitments can be met.

Purchasing personnel are to purchase all goods at the lowest possible *total* end-use cost, considering the guidelines of prices, service, quality and delivery.

The Director of Purchasing is to assume full authority to question the quality and kind of material asked for, in order that the best interests of the Organisation may be served.

Purchasing personnel are to inform ordering departments whenever the quantity or specifications of materials ordered are inconsistent with sound purchasing practices or market conditions.

Purchasing personnel will work to establish and encourage punctual delivery of specified goods and services in correct quantities.

Purchasing personnel will negotiate the return of rejected equipment or supplies to suppliers.

The Director of Purchasing is to advise Management of economic conditions and changes significant to the Organisation's long and short-term interests.

Any action, pertaining to purchasing or negotiations, shall be preceded by a purchasing requisition containing:

- Required approval signatures.
- Proper ordering details.

Competitive bidding will be used whenever and wherever possible.

Salespersons and manufacturer's representatives visiting the Organisation on business matters are required to make a statement of their business at the Purchasing office and obtain departmental approval before approaching the intended location.

In the opinion of the Director of Purchasing, when any request for equipment, supplies or services contains specifications peculiar to a department, he may arrange for the representative to visit and conduct business with the department representative.

Members of Management, other than Purchasing Department, may not commit the Organisation to any purchase, preference, or give other information regarding price or performance. The Purchasing Department reserves the right to question the kinds of materials or the quantities requested, in order that the best interests of the Organisation may be served.

Requests for equipment not included on a previously approved Capital Equipment List are required to be approved by the President and Finance Committee prior to any purchasing action.

- Contracts or equipment requests shall be accompanied by a detailed report of that contract or equipment. The report shall contain all relevant details as to why it or they are required.

In cases of extreme emergency, after regular business hours, if a product or a supply item is needed, a department / program / project head may order the supply of the needed product or equipment from a supplier. In these circumstances, the verbal ordering must be confirmed by furnishing Purchasing with written requests, as soon as practical, or in any case, at the commencement of the next business day.

During normal business hours (8:30 a.m. to 5:30 p.m.), all departments / field offices /project offices must obtain a purchase order *before* contacting a supplier.

All contract documentation (originals) shall be kept in the Finance Department.

Employees /Staffs are not permitted under any circumstances, to order supplies, equipment or services for personal use or consumption using a Organisation account established with any of the suppliers.

Products requiring evaluation must be processed through the Evaluation and Standardization committee.

No payments, other than progress payments, may be made under a contract unless an individual authorized by the appropriate end user certifies that:

- The work has been completed
- The goods are supplied or services rendered
- The price charged is according to the contract

Standard due date for payment is 45 days after invoicing unless otherwise specified.

- Invoices received without authorized purchase order will not be paid.

- For development contracts and agreements, invoicing is described by the relevant contract or agreement and includes the appropriate accommodation of the Construction Lien Act, bonding and insurance notifications, consultant certifications, etc.

No Equipment or property shall be sold, removed or disposed of from the organisation office / health centres /hospitals /camps without the prior knowledge of Project Head /Program Manager /Materials Management Department and subject to the **Disposal of Assets Policy**.

Disposal of Assets Policy

- ✓ For disposal of Assets prior written information should be taken from the Regional head office & Program Manager (For the assets worth INR 20,000 or less). For assets worth more than INR 20,000 written permission should be taken from Doctors For You Head quarter.
- ✓ Proper record should be maintained at all the regional offices regarding the disposal of assets for minimum 3 years duration.
- ✓ For disposal of assets worth more than INR 20,000 a committee consisting 3 members among followings Vice –President, Secretary, Jt. Secretary, Program Head, Treasures, Purchase department head or Accounts section head should be formed.
- ✓ Assets register should be updated every year at all the regional offices and field offices by the account section staff to be checked by auditors.

For Donated or loaned Equipment, Drugs & Material

Purchasing must be notified if equipment is acquired outside the tendering process.

- This includes equipment that is donated, loaned, provided as a value added in relation to consumable contracts, or acquired through another means.

Clinical equipment acquired outside the normal purchasing process or donated by some individual or agency must have an appropriate Medical Device License (if applicable) and must be registered, prior to use, with Biomedical Engineering and on the Capital Asset Register.

Safe process and equipment purchase and/or modification

It is the responsibility of the requisitioner & /or the departmental approval authority to ensure that any equipment requests for purchase are assessed for existing or potential hazards and ensuring that appropriate controls are put in place prior to the request to purchase.

Ethical Procurement Policy**Doctors For You Ethical Procurement Policy**

An ethics dispute should never be the result of a difference of opinion between the procurement department and organisation employee or board members. Every organization should have a written policy making it clear what top management considers ethical and what it considers unethical. If you don't have an ethics policy, don't wait for an ethics dispute to arise to realize that you need one!

Doctors For You procurement department will follow these principles while purchasing any item

1. Buyer's loyalty must be to his organisation's goals, to the exclusion of personal gain
2. Buyer must avoid and real or perceived conflict of interest or personal obligation to the suppliers
3. Buyer must act professionally and ethically towards suppliers and potential suppliers
4. When in doubt consult your seniors and document your actions
5. Rotate Buyers
6. Do post purchase audit
7. Have Whistle- blowing policy
8. Ethics training for his staffs who is involved with the purchase of products or services and/or who meets with suppliers
9. An ethics ombudsman – Doctors For You appoint an ethics ombudsman - a person in the organization with whom an employee can confidentially communicate any real or perceived ethical violations. Having an ethics ombudsman can make procurement employees more comfortable in revealing behaviours of questionable ethics.
10. A process with checks and balances. Every major procurement should require management review to confirm that all guidelines were followed and that no ethical violations have occurred or will occur.
11. Audits. Periodically, audits should be performed to verify that all procurement activities were conducted ethically and in accordance with procedures. Audits also serve as a deterrent to future unethical behaviour.

4. Functional Responsibilities:

Acting as the agent for the organisation in all matters pertaining to purchasing and procurement, the Director of Purchasing becomes the custodian of organisation purchase funds. This responsibility requires special knowledge accompanied by a high degree of integrity in spending these funds to obtain:

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Active and continuous participation is required by the Purchasing Department to search for and disseminate ideas and suggestions from manufacturers and supply sources which leads to cost savings and/or product improvements or procedure improvement.

Responsibilities are not only restricted to the act of negotiation and actual purchase, but also include following through the chain of events and decisions to ensure that everything possible has been done to obtain the best value for the Organisation funds that have been spent. Purchasing personnel do not permit personal interest to influence relationships with existing or prospective vendors.

5. Tendering/competitive bidding process

The method of procurement differs depending on the value of the goods, services or equipment being purchased.

- The requestor must not reduce the overall value of procurement (e.g. dividing a single procurement into multiple procurements) in order to circumvent procurement thresholds.
- Purchase Committee {consisted of Vice-President, Secretary, Jt. Secretary & Treasurer} approval is recommended for all purchases above Rs 60,000. However in emergency situation HQ can raise the purchase order after getting 3 quotations. For all purchase more than INR 3 lakh or more than \$5000 purchase committee approval is must.

The following guidelines must be followed in obtaining all procurement:

Goods, Non-Consulting Services and Construction		
Total Procurement Value	Means of Procurement	Recommended Requirement
\$0 up to \$ 200 (Up to 12,000 Rs)	Petty Cash	Can be processed local by Project Head / Field office head
\$0 up to \$ 1000 (> 12,000 up to 60,000 Rs)	Purchase Order (Minimum of 2 Quotes)	Needs to be approved by Program Manager
\$1000 up to \$5,000 (> 60,000 up to 3,00,000 Rs)	Purchase Order (Minimum of 3 Quotes)	Needs to be raised from HQ Purchase committee approval recommended

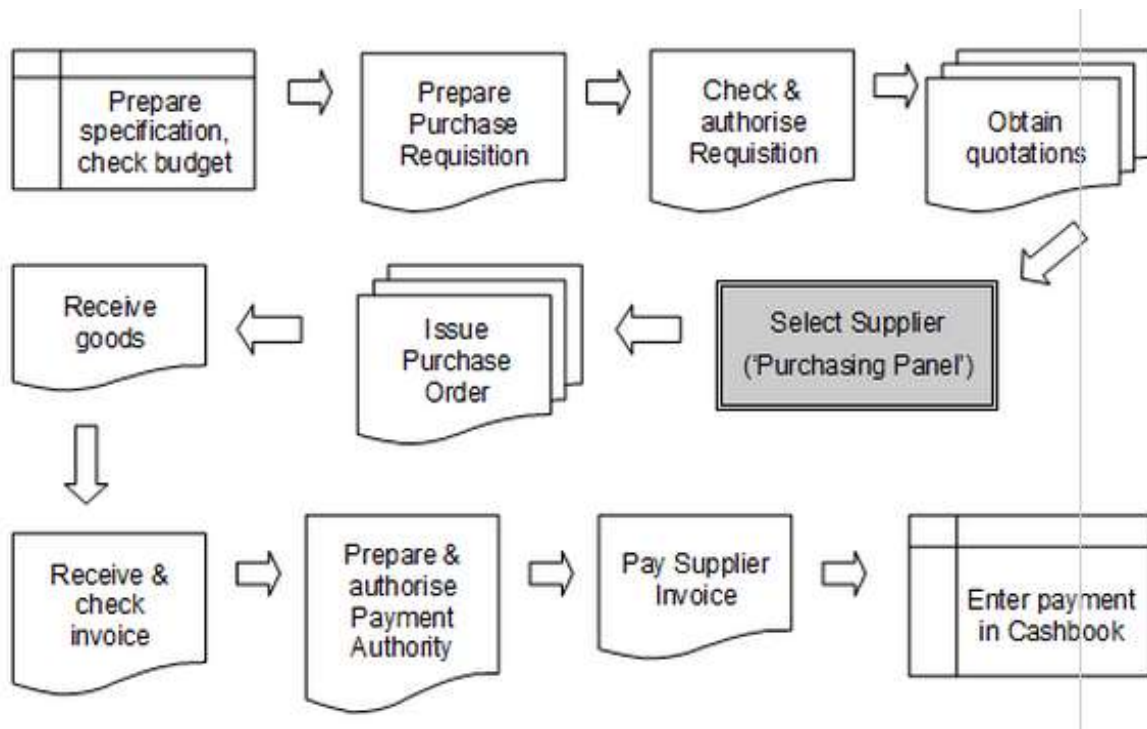
\$ 5,000 up to \$ 25,000 (>3,00,000 up to 15 Lakh Rs)	Invitational Competitive Procurement*	Raised by HQ with approval from Purchase committee
More than \$25,000 (>15 lakh Rs)	Open competitive process**	Raised by HQ with approval from purchase committee
Consulting Services ***		
The Hospital must competitively procure consulting services irrespective of value		
Procurement Value	Procurement Method	Approval Authority
\$0 up to \$ 1000	Invitational	(Any one among) Project head / Program manager / Finance Manager
\$ 0 up to \$ 10000	Invitational Competitive	(Any two among Purchase committee members) Vice President Treasurer Secretary Jt. Secretary
More than \$10,000	Open Competitive	President + (Any 3 among Purchase committee) Vice-President Treasurer Secretary Jt. Secretary

**Invitational Competitive Procurement means any form of requesting a minimum of three (3) qualified Suppliers to submit a written proposal in response to the defined requirements outlined.*

***Competitive Procurement means a set of procedures for developing a procurement contract through a bidding or proposal process. The intent is to solicit fair, impartial, competitive bids. The calls for open competitive procurements must be made through an electronic tendering system that is readily accessible by all.*

****Consulting services means the provision of expertise or strategic advice that is presented for consideration and decision-making. Licensed professionals are exempt from this definition.*

Typical purchase process of high volume items



6. Specific Responsibilities:

Obtaining comparative prices

Selecting responsible vendors

Awarding non-contract and contract purchase orders.

Following up back orders on request of the ordering departments

Adjusting and investigating internal and external complaints.

Developing firm vendor relations with all departments of this Organisation

Maintaining a formal expediting function of all orders on a routine basis

Maintaining effective record system of purchases, ensuring they are current, complete and available for audit (ie. Purchase order files, vendor lists, departmental requisition, numerical file, etc.).

Confirming purchases by telephone and recording current prices and expected delivery date(s) on every order.

***Revised by Doctors For You Managing committee w.e.f 1st April 2014**

Approved by

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