[Organization logo]

[Organization name]

Comment [9A1]: All fields in this document marked by square brackets [ ] must be filled in.

PROCEDURE FOR PURCHASING AND EVALUATION OF SUPPLIERS

Code:	
Version:	0.1
Created by:	
Approved by:	
Date of version:	
Signature:	

Comment [9A2]: Adapt to the existing practice in organization.

Distribution list

Comment [9A3]: This is only necessary if document is in paper form; otherwise, this table should be deleted.

Copy No.	Distributed to	Date	Signature	Returned	
				Date	Signature

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Change history

Date	Version	Created by	Description of change
	0.1	9001Academy	Basic document outline

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1. Purpose, scope and users

The purpose of this procedure is to describe the process of evaluation and selection of suppliers and the purchasing process in order to conform to specified purchase requirements.

This procedure is applied to all processes and/or areas (parts of organization) within the QMS.

This purchasing process includes, but is not limited to: consumables such as office supplies, hardware needed for product, research equipment, and information and communication technology.

Comment [9A4]: Adapt to needs of organization.

This procedure excludes:

Comment [9A5]: Write in other exclusions that organization finds appropriate.

- Utilities (electricity, gas, water, etc.)
- Insurance, legal and audit fees
- Investment services
- Personnel services (benefits, wage and salary administration including employment contracts)
- Other purchases, as approved by the [CFO]; and
- Purchases less than [$]

Comment [9A6]: Adapt to organization's practice.

Comment [9A7]: Write in the amount.

Users of this document are [heads of departments and Purchasing Manager] of [organization name], as well as internal auditors.

Comment [9A8]: Adapt to organization's practice.

2. Reference documents

- ISO 9001 standard, clause 7.4
- Quality Manual

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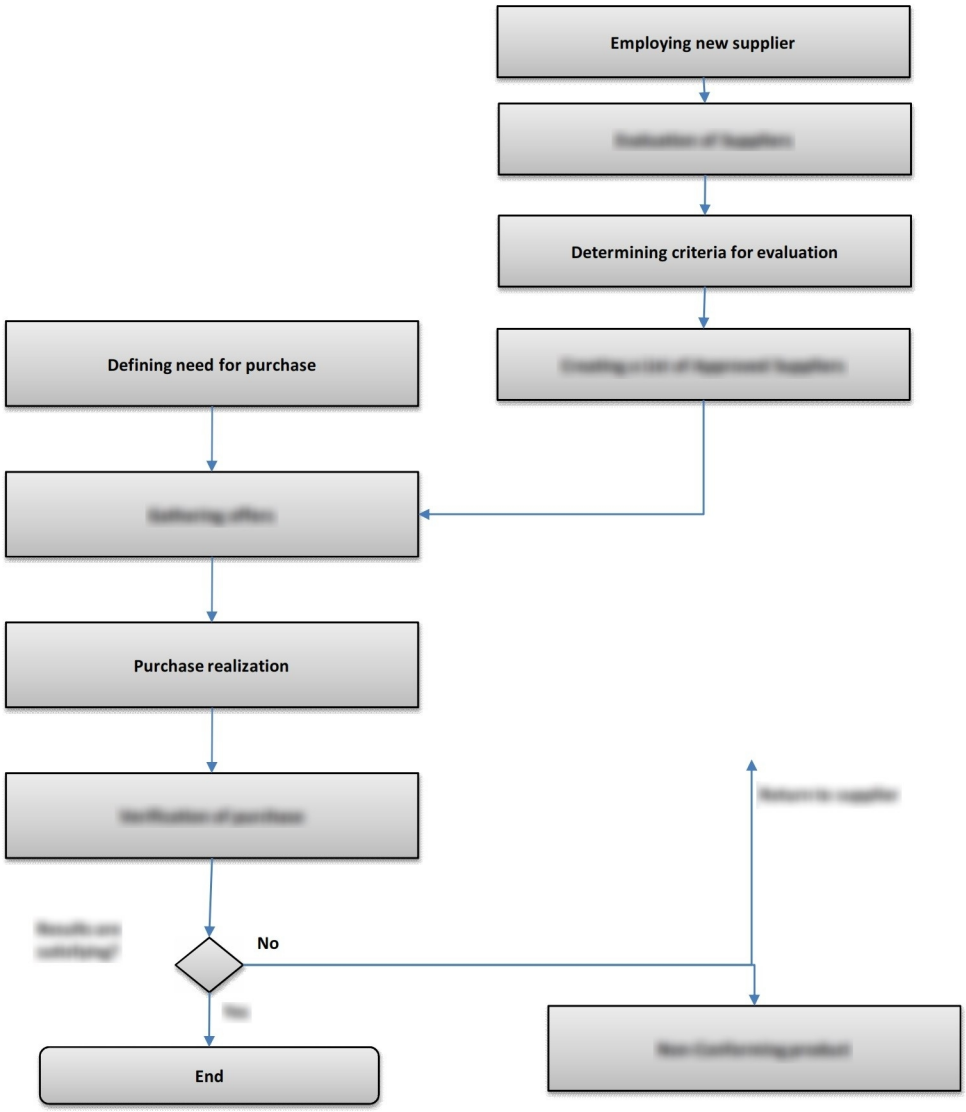
3. Evaluation and Selection of Suppliers

3.1. Process flow



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3.2. Employing New Suppliers

In the case of hiring a new supplier, [job title] gathers samples of products or supplier's references. According to gathered data, [job title] conducts an evaluation of the supplier using criteria described below. If the supplier satisfies these criteria, the test order is taken and then the new evaluation is conducted by [job title]. After satisfying the final evaluation, [job title] records the supplier in the List of Approved Suppliers.

Comment [9A9]: E.g. Purchasing Manager

Comment [9A10]: E.g. Purchasing Manager

Comment [9A11]: E.g. Purchasing Manager

3.3. Evaluating Suppliers

[Job title] conducts evaluations of suppliers by analyzing:

- previous purchasing of goods and services
- technical documentation, catalogs, demo versions, prospectus and other relevant documents about goods and services
- evidences of quality of goods and services

Comment [9A12]: Adapt to organization's practice, other criteria can be, for example, skill of supplier's personnel, their certificates, etc.

3.4. Criteria for Selecting Suppliers

Comment [9A13]: Adapt the method to the needs of organization.

[Job title] conducts the evaluation of suppliers according to the following criteria:

Symbol	Criteria	Range of Points
SQ	Shipment Quality	from 0 to 30
P	Price	from 0 to 25
SR	Supplier Reliability	from 0 to 20
TP	Terms of Payment	from 0 to 15
QMS	Quality Management System	from 0 to 10

Comment [9A14]: These are suggested criteria and range of points; adapt to needs of organization.

[Job title] chooses one point number for each criterion and sums them. Suppliers with more than 70 points are entered into the List of Approved Suppliers.

3.4.1. Shipment Quality

Evaluation of shipment quality considers the following parameters: correctness of delivery documents, delivered quantity of product meets requested quantity, damages to product during transport, respecting products demanded conditions of transport and delivery time.

Comment [9A15]: Modify this criteria to meet organization's needs.

Points	Description
30	No complaints on shipment quality
25	The complaints don't affect shipment quality

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15	Lot of complaints with small effect on shipment quality
5	[illegible]
0	Shipment is returned due to unacceptable shipment quality

Comment [9A16]: Adapt to needs of organization.

3.4.2. Price

Points	Description
25	Price is under average market price
15	[illegible]
10	Price is slightly above market price
0	[illegible]

Comment [9A17]: Adapt to needs of organization.

3.4.3. Supplier's Reliability

Points	Description
20	[illegible]
10	[illegible]
0	Major complains regarding cooperation

Comment [9A18]: Adapt to needs of organization.

3.4.4. Terms of Payment

Points	Description
15	Deferred payment 30 days
10	[illegible]
5	[illegible]
0	100% advance payment

Comment [9A19]: Adapt to needs of organization.

3.4.5. Quality Management System

Points	Description
10	Organization has certified QMS
5	[illegible]

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0	Organization doesn't have certified QMS and doesn't act according to ISO 9001

3.5. Ranking of Suppliers

Suppliers are ranked according to the previously defined method.

Rank	Description	Points
A	Exceptional	>85
B	[illegible]	[illegible]
C	[illegible]	[illegible]
D	Unacceptable	Less than 59

[job title] updates this data about suppliers in a Checklist for Evaluation of Suppliers once a year. This [illegible] customer; such suppliers are entered into the List of Approved Suppliers without evaluation.

Comment [9A20]: Adapt to organization's practice.

Comment [9A21]: Delete if organization doesn't have such suppliers.

4. Purchasing

4.1. Defining need for purchase

According to [inventory status, customer's requests, trends on market and results of design process], [illegible] supplier from the List of Approved Suppliers.

Comment [9A22]: Write in the reasons for purchasing appropriate to organization's needs.

Comment [9A23]: Adapt to organization's practice.

Comment [9A24]: E.g. Supply Manager

Comment [9A25]: E.g. Purchasing Manager

If the supplier can't deliver goods or service that meet the requirements of the organization, [job title] reports to [job title], [illegible] supplier or to hire another supplier.

Comment [9A26]: E.g. Supply Manager

Comment [9A27]: Usually this is CEO

4.2. Gathering Offers, Selection and Approval of Offers

[Job title] gathers offers from approved suppliers by sending them a Request and Order for Purchasing. [illegible] sends requests for offer to other suppliers.

Comment [9A28]: E.g. Supply Manager

Ifthe ordered product or service significantly influences the organization's business and quality of product or service, [job title] defines:

- Requirements for approval of product, processes and equipment
- [illegible]
- [illegible]

Comment [9A29]: If supplier is a big [illegible] supplier.

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For long-term purchases or purchases of great value, [job title]signs a contract with the supplier.

Comment [9A30]: Usually this is CEO.

[Job title] orders goods and services after receiving an offer with precisely defined products and quantities according to the contract or approved offer.

Comment [9A31]: E.g. Supply Manager

4.3. Realization of Purchase

[Job title] monitors the purchasing process and notifies [job title] if problems occur during the purchasing process (shipment delays, non-conforming product, etc.).

Comment [9A32]: E.g. Supply Manager

Comment [9A33]: Usually this is CEO.

4.4. Verification of Purchased Product

4.4.1. Verification of products

[Job title] confirms receiving agreed quantity of goods by signing the supplier's delivery documents that include attests and other evidences of product or service quality. In cases when it's necessary to wait for results of laboratory testing, [job title] must put purchased product in an appropriate place and label such product with PRODUCT ON TESTING -FORBIDDEN USE. When test results are satisfactory, the product is placed according to warehouse layout and [job title] removes the label. In other cases, [job title] decides whether to return the product to the supplier or to act according to the Procedure for Non-conforming Product and enters a complaint in the Registry of Complaints AboutSuppliers.Suppliers are to be notified if a complaint is registered that the company will disposition for use rather than returning the product to the supplier.

Comment [9A34]: E.g. Warehouse Manager

4.4.2. Verification of services

[Job title] conducts service verification by acquiring evidences from the supplier (references, recommendation letters, certificates, etc.) of his capability to provide the service needed.

5. Managing records kept on the basis of this document

Record name	Code	Storage		Responsibility
		Retention time	Location	
Checklist for evaluation of suppliers	PR.07.1	2 years	[office of Management Representative]	[job title]
List of approved suppliers	PR.07.2	2 years	[office of Management Representative]	[job title]
Registry of Complaints About Suppliers	PR.07.3	2 years	[office of Management	[job title]

Comment [9A35]: If the record is in electronic form, write the name of the folder on Management Representative's computer.

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			Representative]	
Request and Order for Purchasing	PR.07.4	1 year	[office of Management Representative]	[job title]

6. Appendices

- Appendix 1 – Checklist for Evaluation of Suppliers
- Appendix 2 – List of Approved Suppliers
- Appendix 3 – Registry of Complaints About Suppliers
- Appendix 4 – Request and Order for Purchasing

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