



1. Procurement policy

This procedure sets out the basic guidelines to be followed by the university officials in connection with procurement of goods and services.

1.1. Types of Purchases

1. Stores, Spares and Fixed Assets
2. Books, Periodicals, Software and other Publications
3. Services
4. Cash Purchases
5. Emergency Purchases

All purchases will be made within the budgetary provisions approved by the Board of Trustees either in the Annual Budget or in the meeting of the Managing Committee of the Board of Trustees. No action for procurement will be initiated by the officials of the university in the absence of a budgetary provision or specific allocation by the competent authority. Re-appropriation of departmental budget within line item shall be approved by SAPC as and when considered necessary.

1.2. Procurement Procedure

It is the responsibility of the User Department to provide for all items in the annual budget. In case of reduction in the budget allocation at the time of approval, it is the responsibility of the Finance Department to inform the concerned department. The department will adjust the variations according to its needs and will send the revised plan to Finance Department within the budgetary limit approved by the Board of Trustees. The Finance Department will also inform the Purchase Department regarding allocation of purchase budget across various departments of LUMS.

1.2.1. Stores, Spares and Fixed Assets

Responsibility	Action
User Department :	<p>a. Raise purchase indents with budget reference on Material Purchase Form (available with each department) giving full specifications, catalogue number and alternatives acceptable well in advance keeping in mind that the purchase cycle for local procurement will be 1 - 3 weeks and 8 - 12 weeks for imports. It will be the responsibility of the User Department to check availability of materials in the main store.</p> <p>b. Purchase indents will be prepared by the User Department in duplicate. The original duly signed by the head of the department will be sent to the Purchase Department and copy will be retained for its own record.</p>
Purchase Department :	<p>a. On receipt of Purchase indents, Purchase Department will initiate the procurement action as described hereunder:</p> <p>b. Check the Budgetary provision or specific allocation.</p>



	Local Purchases
	Value upto Rs. 100,000/-
	a. If the value of a single Purchase Order is upto Rs.100,000/-, the Purchase Department will call at least two quotations from the whole sellers or from pre-qualified vendors. The purchase will be authorized by the Sr. Purchase Officer on the recommendation of the representatives of User and Accounts Department to the lowest bidder. In case, it is not advisable to place the Purchase Order to the lowest bidder, the matter will be referred with justification to the concerned Dean and HoD for approval.
	b. For single Purchase Order upto Rs. 20,000/-, the Sr. Purchase Officer will be authorized to place the Purchase Order to any of the pre-qualified vendors at lowest price.
	c. After approval, Purchase Order on Form 3-1 will be prepared by the Purchase Department and will be issued to the Vendors with a copy to the User, Finance and main Store. The Purchase Department will endeavor to negotiate discounts / rebates from the lowest bidder at the time of issuing Purchase Order.
	Value Rs. 100,001/- to Rs. 500,000/-
	a. If the estimated value of a single Purchase Order is between Rs.100,001/- to Rs. 500,000/-, at least three sealed quotations will be invited from the pre-qualified vendors or whole sellers / distributors for each procurement. Offers will be opened in the presence of Purchase Committee comprising Manager of User, Accounts and Purchase Department. These representatives will be nominated by Deans / Head of Departments from time to time.
	b. Based on the comparative statement prepared by the Purchase Department and signed by all the members of the Purchase Committee, the Purchase Order will be issued to the lowest bidder by the Purchase Department. In case, it is not advisable to place the Purchase Order to the lowest bidder, the matter will be referred to SAPC with detailed justification through the office of HoD (F & A) for approval. Purchase Department will endeavor to negotiate discounts / rebates at the time of issuing the Purchase Order.
	Value Rs. 500,001/- to Rs. 2,000,000/-
	a. If the estimated value of a single Purchase Order is between Rs.500,001/- to Rs.2,000,000/-, at least three sealed offers will be invited by Purchase Department from the pre-qualified vendors or manufacturers, distributors or direct importers of the item to be procured.
	b. Sealed offers will be opened in the presence of the Purchase Committee. A comparative statement will be prepared by the Purchase Department and signed by the members of the Purchase Committee present in the meeting. Purchase Order will be issued by the Manager Accounts to the lowest bidder. In case, it is not advisable to place the Purchase Order to the lowest bidder, the matter will be referred to SAPC with detailed justification by the Manager Accounts. Purchase Order will be issued by the Manager Accounts. Manager Accounts will endeavor to negotiate discount / rebates at the time of issuing Purchase Order.
	Value Rs. 2,000,000/- and above
a. If the estimated value of a single Purchase Order is above Rs.2,000,000/-, at least three sealed offers will be invited from the pre-qualified vendors, manufactures, distributors or direct importers of items by the Purchase Department. Sealed offers will be opened in the presence of SAPC. A comparative statement will be prepared by the Purchase Department duly signed by all members of SAPC present in the meeting. Purchase Order shall be issued by GM (F & A) to the lowest bidder ranked on the basis of technical and financial evaluation. In case, it is not advisable to place the Purchase Order to the lowest bidder, a detailed technical and financial justification will be jointly prepared by the Divisional Head of User Department and HoD (F & A) for approval of the Managing Committee after endorsement of SAPC. HoD (F & A) will endeavor to negotiate discount / rebates at the time of issuing Purchase Order.	



	Proprietary Items
	a. In case of proprietary items, single quotations will be obtained from the manufacturer / distributor by the Purchase Department. Final price will be negotiated jointly by the Divisional Head of User Department and HoD(F & A). Approval procedure will be same as applicable for other purchases.
	Imports
	a. At least three quotations either from local indentors or from overseas manufacturers will be called.
	b. Approval procedure will be same as applicable for other purchases.
	c. Letter of credit and other import documents will be signed by the designated officials who have the authority to operate the bank accounts.
	d. Bank guarantees will only be signed by the members of the Board of Trustees as this authority has been retained by the Managing Committee.
	Technical Evaluation and Advise
	a. For purchases where technical evaluation is required, it will be decided by the Technical Committee appointed by SAPC. It will be the responsibility of the Technical Committee to prepare technical evaluation criteria before start of the procurement process. Technical evaluation criteria will be intimated to the vendors by the Purchase Department alongwith request for bids.
	b. Purchase Department will be responsible for arranging pre-bid meetings of vendors with the User Department and Technical Committee for high value Purchase Orders of Rs.500,000/- and above if required by the User Department, Technical Committee or vendors.
c. Vendors will be intimated the date, time and place of opening of bids in case they want to participate in the bid opening process.	
d. Purchase Order to the lowest bidder (ranked on the basis of technical and financial evaluation) will be placed to the lowest bidder.	
Stores Department :	a. All items will be received in the main stores. It is the joint responsibility of Purchase Department and stores to arrange inspection of all items delivered by the vendors. Inspection will be carried out by the User Department. After fitness / acceptance certification by the User Department, stores will issue a Goods Received Report on Form P-2-1 to the Purchase Department who will forward all documents to the accounts department for payment to the vendors.

1.2.2. Books, Periodicals, Software and other Publications

The books are purchased for Library and Book Bank whereas software is purchased for teaching and administrative applications. Following procedure will be applicable for these purchases:



Responsibility	Action
User Department :	a. Raise a purchase indent with budget reference on Material Purchase Form (available with each department) giving complete details keeping in mind that purchase cycle for local purchase will be 1 - 3 weeks and for imports 8 - 12 weeks.
	b. Purchase indents of text books will be directly sent by Programme Co-ordination office to the Manager Book Bank after obtaining approval of the head of the department.
	c. Purchase indents of books, periodicals and other publications will be raised by the User Department with budget reference on Material Purchase Form (available with each department) giving complete details and will be sent to the Library. Library after its verification of budgetary provision and non-availability / suitability will send the Purchase indent to the Manager Book Bank.
	d. Purchase indents of software will be raised by the User Department with budget reference on Material Purchase Form (available with each department) giving complete details. The indents will be duly approved by the head of the department and will be sent to Manager CRD who after verification of budgetary provision and non-availability/suitability will send the indent to Manager Book Bank.
Book Bank :	a. It will be the responsibility of the Manager Book Bank to initiate the process of purchase of books, periodicals and software. On receipt of cost estimates, Manager Book Bank will seek approval of the Dean before issue of a formal Purchase Order on Form P-3-2 (School of Humanities, Social Sciences and Law).

1.2.3. Services

Rental, Maintenance and Utility Contracts

Generally these contracts are negotiated annually at which point various vendors are requested to submit their bids. The status of on going contracts will be decided on the basis of performance and revision in prices. Normally, if a contractor has done well and is willing to accept increase upto cost of indexation, the contract will be renewed after incorporating the cost of indexation. These are to be arranged within the budgetary provisions approved by the Board of Trustees.



Responsibility	Action
User Department :	<p>a. Raise a service indent form P-1 giving full details of the services required well in advance keeping in mind that purchase cycle to arrange the requisite services will be around 4 - 8 weeks.</p> <p>b. All service indents must be signed by the head of the User Department.</p> <p>c. Service indents will be prepared in duplicate and original will be sent to Purchase Office for necessary action and copy will be retained for its own record.</p>
Purchase Office :	<p>On receipt of service indent, the Purchase Department will initiate the procurement action in the following manner:</p> <p>a. Check the budgetary provision.</p> <p>b. If the estimated value of the annual or a single contract is above Rs.500,000/-, sealed offers will be invited through advertisement by the Purchase Department and on receipt of offers, these will be opened in the presence of Purchase Committee and those vendors who are present at that time. The committee will evaluate the vendor on the basis of its professional and financial ability. A comparative statement will be prepared for approval of SAPC. The contract will be awarded to the lowest bidder and jointly signed by HoD (A & S) and HoD (F & A). In case, it is not advisable to place the contract to the lowest bidder, matter will be referred with detailed technical and financial justification to the Managing Committee for approval after obtaining authorization from SAPC.</p> <p>c. If the estimated value of the annual or a single contract is above Rs. 100,000/- but less than Rs. 500,000/-, limited number of sealed quotations will be called from the leading contractors. The number of quotations called will be at least three. On receipt of quotations a comparative statement will be prepared by the Purchase Department and submitted to the Manager Accounts who will seek approval of the HoD (A & S). After approval, service order will be issued to the lowest bidding contractor on form P-3-3 by the Purchase Department. In case, it is not advisable to award the contract to the lowest bidder, the matter will be referred to SAPC for approval by Manager Accounts.</p> <p>d. If the value of the annual or a single contract is Rs. 100,000/- or less, Purchase Department will call at least three quotations and will prepare a comparative statement. The contract will be authorized by HoD (A & S) or the concerned HoD to the lowest bidder. In case, it is not advisable to award contract to the lowest bidder, matter will be referred to SAPC by Manager Accounts for approval.</p>

1.2.4. Cash Purchases

Cash purchases will be made as outlined in Chapter A-1 on the subject of Cash Transactions.

1.2.5. Emergency Purchases

When the goods / services cannot be procured on credit or any item is urgently required. Purchases will be made by the Purchase Department on the specific advise of User



Department on Material Purchase Form after the approval of the concerned HoD and will not exceed Rs. 30,000/- for a single purchase. Emergency purchase for a single purchase over Rs. 30,000/- but up to Rs. 50,000/- will be purchased after approval of the Pro-Vice-Chancellor or the Deans/GMs. For such purchases, quotations will be obtained on telephone at least from two suppliers and rates will be noted on the indent before authorization of advance payment.

1.2.6. Economic Buying

In order to promote economic buying and reduce paper work, the Purchase Department will advertise for pre-qualification of manufacturers, distributors and suppliers in the newspapers on an annual basis for items which are of regular use at the university. These manufacturers and suppliers will be evaluated by the Purchase Committee. When such items are required, the Purchase Department after approval will place the Purchase Order directly on such manufacturer / supplier who has already supplied the materials on the basis of competitive bidding and willing to supply the additional materials on the same price thereby avoiding the need to call new quotations. In consultation with the users, the minimum stock levels will be determined at which point new order will be sent by Purchase Department for items which are frequently repeated during the year.

1.2.7. Code of Conduct

The following code of conduct will govern the performance of university officials administering the procurement procedure: -

- a.** No official or his/her immediate relative e.g., father, mother, spouse, brothers, sisters, daughters or sons will be allowed to participate in the award of a contract.
- b.** No official of the university will either solicit or accept gratuities, favours or anything of monetary value from existing or potential suppliers / contractors.
- c.** The partners of an official where he / she has a financial interest will be ineligible for participation of any award or contract.
- d.** If any official of the university is involved in the procurement of goods / services where a conflict of interest is involved, then the official will exclude himself / herself out of the evaluation and selection process of procurement.



OFFICE MEMO

TO Faculty, HODs DATE 10-12-2002
FROM General Manager (F & A) REF. LUMS/2K2/12/Proc-1
SUBJECT Procurement Services

We are all aware of the fact that LUMS is a fast growing organization and we learn as we grow and expand. This learning compels us to be innovative and more productive. Procurement Department is a supporting hand to all departments. Its role is to serve LUMS community in a timely, effective, prudent and economical manner. We seek your help of the following:

“Consolidate your monthly requirements and place the purchase indents once in a month. This does not apply on emergency and non-routine purchases. We will try our level best to reduce the lead time for procurement to one week provided all the formal requirements are given in the purchase indent. Let me suggest that all indents for normal items be sent to purchase department by the last working day of the first week of each month”.

Formal requirements are as follows:

Name, complete description and specifications of items
Quantity
Cost estimate (if known)
Date when required
Budget reference
Name and department of user

We assure you to provide excellent procurement services. In the meantime, please let me know the details of any pending items, which require immediate action.

Thanking you.

M. Ashraf