

Standard Operating Procedure (SOP)

Vendor Management and Contractor Coordination

This SOP details **vendor management and contractor coordination** processes, including vendor selection and evaluation, contract negotiation, performance monitoring, compliance and regulatory adherence, communication protocols, risk management, payment and invoicing procedures, and dispute resolution. The objective is to establish efficient, transparent, and productive relationships with vendors and contractors to ensure project success and operational continuity.

1. Purpose

To define standardized procedures for the selection, management, and coordination of vendors and contractors, ensuring alignment with company policies, regulatory requirements, and project objectives.

2. Scope

This SOP applies to all employees involved in procurement, contracting, and management of external vendors and contractors.

3. Responsibilities

- **Procurement Team:** Lead vendor selection, initiate contract negotiations, oversee performance evaluation.
- **Project Manager:** Coordinate communications, approve deliverables, monitor compliance.
- **Finance Team:** Process payments, manage invoices, ensure financial compliance.
- **Legal Department:** Review and approve contracts, manage disputes, ensure regulatory adherence.

4. Procedure

4.1 Vendor Selection & Evaluation

1. Identify project requirements and specifications.
2. Prepare and issue Request for Proposal (RFP)/Quotation (RFQ).
3. Evaluate submissions based on pre-defined criteria:
 - Price and value
 - Experience and capabilities
 - Compliance with standards
 - References and reputation
4. Shortlist vendors and perform due diligence checks.
5. Obtain management approval for final selection.

4.2 Contract Negotiation

1. Draft contract specifying scope, deliverables, timelines, and payment terms.
2. Negotiate terms including penalties, warranties, and service levels.
3. Submit contract for legal review and approval.
4. Obtain signatures from authorized representatives.

4.3 Performance Monitoring

1. Establish KPIs and performance metrics.

2. Conduct regular performance reviews (monthly/quarterly).
3. Document non-conformances and initiate corrective actions.
4. Maintain a performance log for each vendor/contractor.

4.4 Compliance and Regulatory Adherence

1. Verify vendor/contractor holds all required certifications and licenses.
2. Monitor ongoing compliance with legal and regulatory standards.
3. Maintain documentation of compliance checks and findings.

4.5 Communication Protocols

1. Assign a single point of contact for all communications.
2. Schedule regular meetings to discuss progress and concerns.
3. Document all official communications via email or project management platforms.

4.6 Risk Management

1. Identify potential risks related to vendor/contractor engagement.
2. Develop mitigation strategies and contingency plans.
3. Periodically review and update risk register.

4.7 Payment and Invoicing Procedures

1. Receive and verify invoices against contracts and deliverables.
2. Process payments as per agreed schedule.
3. Maintain records for audit and reconciliation.

4.8 Dispute Resolution

1. Document all disputes in writing.
2. Initiate internal review and facilitate discussions between parties.
3. Escalate unresolved issues to legal department if necessary.
4. Seek mediation/arbitration per contract terms when required.

5. Documentation and Records

- Maintain all contracts, evaluations, performance reports, compliance documents, communication logs, and payment records as per company policy.

6. Revision and Review

This SOP shall be reviewed annually or as required by changes in regulations, company policies, or best practices.

7. Appendices

Appendix	Description
Appendix A	Vendor Evaluation Template
Appendix B	Contract Checklist
Appendix C	Performance Review Form
Appendix D	Dispute Resolution Flowchart

