

SOP: Guidelines for Supplier Selection and Purchase Ordering

This SOP defines the **guidelines for supplier selection and purchase ordering**, covering criteria for evaluating potential suppliers, vendor qualification processes, procurement planning, purchase order creation and approval workflows, supplier performance monitoring, and documentation standards. The objective is to ensure a consistent, transparent, and efficient procurement process that secures high-quality goods and services at competitive prices while maintaining compliance with organizational policies.

1. Scope

This SOP applies to all procurement activities involving the selection of suppliers and the issuance of purchase orders by [Organization Name].

2. Responsibilities

- **Procurement Team:** Manage supplier selection, evaluation, and purchase order processing.
- **Department Heads:** Approve purchase needs and selected suppliers.
- **Finance Department:** Verify budget availability and process payments.
- **Quality Assurance:** Support supplier evaluation and performance review.

3. Supplier Evaluation and Selection Criteria

1. **Initial Screening:** Assess suppliers based on their business licenses, certifications, and compliance with legal and ethical standards.
2. **Evaluation Criteria:**
 - Price competitiveness
 - Quality of goods/services
 - Delivery capability and timeliness
 - After-sales service
 - Financial stability
 - Reputation and references
3. **Supplier Qualification:** Complete supplier self-assessment or audit as necessary.
4. **Approved List:** Maintain an Approved Supplier List (ASL) for reference in future procurement.

4. Procurement Planning

1. Identify procurement needs based on inventory levels or project requirements.
2. Align requirements with budgetary allocations and obtain necessary internal approvals.
3. Request quotations from shortlisted suppliers.
4. Compare bids using the defined evaluation criteria.

5. Purchase Order (PO) Creation & Approval Workflow

1. Prepare purchase requisition with all relevant details.
2. Obtain internal approval from relevant department heads.
3. Issue purchase order to selected supplier with clear terms and conditions.
4. Track order fulfillment and delivery status.

6. Supplier Performance Monitoring

- 1. Conduct periodic reviews of supplier performance (quality, delivery, service).
- 2. Document supplier non-conformities and corrective actions.
- 3. Update approved supplier status based on performance data.

7. Documentation and Recordkeeping

- 1. Maintain records for all supplier evaluations, quotations, and communications.
- 2. File executed contracts and purchase orders in a centralized system.
- 3. Retain documentation as per legal and internal policy requirements.

8. Appendix: Supplier Evaluation Checklist (Sample)

Criteria	Rating (1-5)	Comments
Price Competitiveness		
Quality of Products/Services		
Delivery Timeliness		
Reputation & References		
After-sales Service		

9. Revision History

Version	Date	Description	Author
1.0	[YYYY-MM-DD]	Initial Issue	[Name/Position]