Standard Operating Procedure (SOP) Vendor Selection and Qualification Process

This SOP details the **vendor selection and qualification process**, covering criteria for evaluating potential suppliers, methods for assessing vendor capabilities, compliance with quality and regulatory standards, documentation requirements, and ongoing performance monitoring. The goal is to ensure the selection of reliable and qualified vendors that meet organizational standards for quality, cost-effectiveness, and timely delivery, thereby supporting efficient procurement and supply chain management.

1. Purpose

To outline a standardized approach for the selection, evaluation, qualification, and periodic review of vendors to ensure compliance with quality, regulatory, and organizational requirements.

2. Scope

This SOP applies to all personnel involved in the procurement and supply chain functions within the organization.

3. Responsibilities

- **Procurement Team:** Initiates, manages, and documents the vendor selection and qualification process.
- **Quality Assurance:** Reviews and approves vendor qualifications and conducts audits as necessary.
- **Relevant Department Managers:** Provide technical/evaluation inputs specific to their area.

4. Definitions

- **Vendor:** An external party supplying goods or services.
- **Qualification:** The process of evaluating and approving vendors to supply goods/services to the organization.

5. Procedure

1. **Vendor Request and Identification**
   - Initiate request for qualified vendor as per organizational needs.
   - Identify potential vendors through market research, recommendations, or prior experience.
2. **Preliminary Screening**
   - Review vendor background, reputation, certifications, and capabilities.
   - Request preliminary documents (company profile, regulatory certifications, references).
3. **Vendor Evaluation Criteria**

Criteria	Examples / Considerations
Quality Management	ISO 9001 certification, quality control processes
Regulatory Compliance	Compliance with local, national, and industry-specific regulations
Technical Capability	Manufacturing capacity, technical resources, expertise
Cost Competitiveness	Pricing structure, payment terms
Delivery Performance	Lead time, logistics capability, on-time delivery record
Business Sustainability	Financial stability, business continuity plans
Ethics & Social Responsibility	Labor practices, environmental responsibility

4. **Vendor Assessment**
   - Distribute and collect vendor questionnaires/evaluation forms.
   - Conduct on-site audit/assessment as required by risk profile.
   - Evaluate submitted samples/proposals if applicable.
   - Document findings and score each criterion.
5. **Approval and Qualification**
   - Compile evaluation report.
   - Obtain approval from Quality and Procurement heads and other relevant authorities.

- Classify each vendor (e.g., Approved, Conditional, Not Approved).
6. **Documentation and Recordkeeping**
   - Maintain an approved vendor list (AVL) with supporting qualification documents.
   - Record all evaluations, audit reports, correspondence, and contracts.
7. **Ongoing Performance Monitoring**
   - Regularly review vendor performance (quality issues, delivery timelines, service levels).
   - Perform periodic audits/requalification per risk assessment or regulatory requirements.
   - Address and document corrective/preventive actions for non-conformances.
8. **Re-evaluation and Disqualification**
   - Repeat qualification procedures for existing vendors following serious issues or at periodic intervals.
   - Remove vendors from AVL if they fail to meet standards or criteria.

6. Documentation Requirements

- Vendor Questionnaire/Evaluation Form
- Audit Reports
- Qualification/Approval Memoranda
- Approved Vendor List (AVL)
- Vendor Performance Reports
- Corrective/Preventive Action Records
- Copies of contracts and relevant correspondence

7. References

- Organizational Procurement Policy
- ISO 9001: Quality Management Systems
- Applicable Industry Regulations

8. Revision History

Version	Date	Description of Change	Approved By
1.0	2024-06-20	Initial Version	_____