Standard Operating Procedure (SOP)

Vendor Onboarding and Qualification Process

This SOP details the **vendor onboarding and qualification process**, covering initial vendor evaluation, documentation requirements, compliance verification, risk assessment, approval procedures, and ongoing performance monitoring. The goal is to ensure that all vendors meet company standards for quality, reliability, and regulatory compliance before engaging in business activities.

1. Purpose

To establish a standardized process for evaluating, onboarding, qualifying, and monitoring vendors to ensure compliance with company policies and regulatory requirements.

2. Scope

This SOP applies to all new and existing vendors providing goods or services to the organization.

3. Definitions

- **Vendor:** Any external entity providing goods or services.
- **Onboarding:** The process of collecting information and documents from vendors prior to commencing business.
- **Qualification:** Assessment of a vendor's capability and reliability to meet company standards.

4. Responsibilities

Role	Responsibility
Procurement Team	Initiates onboarding, coordinates documentation, and performs initial evaluations.
Compliance Officer	Verifies documentation and regulatory compliance.
Quality Assurance	Conducts quality assessments and site audits if required.
Management	Grants final approval and oversees ongoing performance monitoring.

5. Procedure

1. **Vendor Identification and Initial Evaluation**
   - Identify potential vendors based on business needs.
   - Collect preliminary information (company profile, references, product/service offerings).
   - Conduct an initial assessment regarding experience, reputation, and financial stability.
2. **Documentation Collection**
   - Request essential documents such as business registration, tax certificates, insurance, certifications, and policies (e.g., quality, environmental, data protection).
3. **Compliance Verification**
   - Review all documentation for validity and conformity with regulatory and company requirements.
   - Verify certifications and licenses as needed.
4. **Risk Assessment**
   - Assess risks related to supply reliability, financial health, legal compliance, and ethical practices.
   - Document findings and mitigation plans if necessary.
5. **Vendor Qualification & Site Audit (if applicable)**
   - Evaluate products/services through samples or site audits.
   - Assess capacity, quality control processes, and compliance to standards.
6. **Approval & Onboarding**
   - Submit evaluation reports and recommendations for management review.
   - Upon approval, add vendor to the approved vendor list and communicate terms and expectations.
7. **Ongoing Performance Monitoring**
   - Conduct regular reviews of vendor performance using KPIs (quality, delivery, compliance, etc.).
   - Address non-conformance and conduct periodic re-qualification as required.

6. Records & Documentation

- Maintain all onboarding, qualification, and performance documents for a defined retention period.
- Records to include evaluation forms, audit reports, compliance checklists, and approved vendor lists.

7. Revision & Review

This SOP is to be reviewed annually or when significant process or regulatory changes occur.