Procedure: Purchasing

1. **SUMMARY**
	1. This procedure defines the requirements for evaluation and selection of critical suppliers, purchasing critical materials and services, and monitoring supplier performance.
	2. The receipt and receiving inspection of incoming purchased items is defined in the procedure ***Receiving.***
	3. “Critical materials or services” are those materials or services which are incorporated into final product, or which have a direct impact on the company’s product or quality system, or which are otherwise deemed as critical by management.
	4. Office supplies, administrative consumables, furniture, etc. are not critical materials, and therefore not subject to this procedure.
	5. Retirement Capital understands it is responsible for the conformity of all products purchased from suppliers, including product from sources defined by the customer.
	6. The Operations Manager is responsible for implementation and management of this procedure.
2. **REVISION AND APPROVAL**

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| **Rev.** | **Date** | **Nature of Changes** | **Approved By** |
| 0 | 14/11/2020 | Original issue. | Director |
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1. **SUPPLIER EVALUATION, SELECTION AND CONTROL**
	1. The Operations Manager evaluates new suppliers. This person/these individual has/have both the responsibility and authority to approve and disapprove suppliers.
	2. New suppliers are evaluated in accordance with the following criteria:
* Modify this list as needed
* Pricing
* Availability
* Reputation / references
* Location
* Shipping terms and capabilities
* Quality system certification status (ISO 9001 certification preferred)
* Quality of samples received (incl. testing results)
* On-site audit results
* Telephone interview results
* Written survey results
* Customer mandate
* Sole source / OEM status
	1. Where a customer mandates a special process source, both Retirement Capital and any suppliers must use the required supplier; this usage may override Retirement Capital’s approval status rules.
	2. In some cases a formal risk assessment may be conducted as part of the evaluation and selection of a potential supplier, or in order to determine if a problematic supplier should be retained; see ***Risk and Opportunity Management.***
	3. The Operations Manager will maintain an Approved Supplier List (modify name if needed) which lists all evaluated and approved suppliers, and their approval status.
	4. Suppliers who meet any of the evaluation criteria, in the judgment of the person conducting the evaluation, may then be entered into the purchasing system and items may be purchased. However, the supplier is entered into the Approved Supplier List (ASL) on a CONDITIONAL basis, pending inspection or review of products or services rendered.
	5. Upon successful receipt or review of products or services, the manager may then advance the supplier’s status to APPROVED.
	6. If the results of review of product or service received are insufficient or otherwise lacking, the buyer may then elect to change the supplier’s status to DISAPPROVED, or to leave it at CONDITIONAL until further orders are received and reviewed.
	7. A supplier may also be listed as RESTRICTED, where certain purchasing restrictions are placed on the supplier. This may be useful to limit what products may be purchased from a supplier, or to place other conditions.
	8. The Approved Supplier List indicates the supplier, location, approval status (Approved, Conditional, Disapproved, Restricted), and the scope of approval (typically commodity type or product family). Re-approval of suppliers is continual and ongoing based on the suppliers ability to meet the criteria of paragraph 3.2. For Restricted status, a note of the restriction must also be included.
	9. Suppliers used for at least six months prior to 14/11/2020, have been grandfathered into the system as Approved, provided they have no outstanding quality issues on record, and only upon the decision by the Operations Manager to do so.
1. **PURCHASING**
	1. *(If a Requisition Form is not used, edit this accordingly.)* In order to purchase critical materials or items, an employee will submit a Requisition Form to Purchasing. This form must be approved by an appropriate manager, in accordance with the following approval authorities, based on dollar value of the purchase:

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| **Position** | **Authorization Value (£)** |
| Operations Manager | All Values |
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* 1. If the requestor has indicated a preferred supplier, Purchasing will ensure the supplier has been approved in accordance with the section above; if the proposed supplier is not approved, purchasing will either use an approved supplier, or contact the requestor and resolve the issue.
	2. Purchasing may purchase items directly, without a Requisition Form.
	3. For some purchases, Purchasing may elect to submit competitive requests for quotes from potential suppliers before making a purchase.
	4. Purchases may only be made using APPROVED suppliers. Purchases from RESTRICTED suppliers must be made in accordance with the restrictions noted in the ASL/ERP.
	5. If a new supplier is to be used, a CONDITIONAL supplier may be used, in accordance with the conditions noted in the ASL.
	6. Purchasing shall then generate a Purchase Order (PO) to the supplier.
	7. Each PO must contain the following information at a minimum:
* Items to be ordered, identified clearly (typically to include catalog number, part number, etc.)
* Date of delivery desired
* Quantity
* Pricing
	1. In addition, the following information shall be included on the PO if applicable:
* requirements for approval of product, procedures, processes and equipment
* requirements for qualification of personnel
* quality management system requirements
* the identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data
* requirements for design, test, inspection, verification (including production process verification), use of statistical techniques for product acceptance, and related instructions for acceptance by the organization, and as applicable critical items including key characteristics
* requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection/verification, investigation or auditing
* requirements regarding the need for the supplier to:
* notify the organization of nonconforming product
* obtain organization approval for nonconforming product disposition
* notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval
* flow down to the supply chain the applicable requirements including customer requirements
* records retention requirements
* right of access by the organization, their customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records
	1. The PO shall be reviewed and approved before release to the supplier by Operations Manager.
	2. A copy of the PO shall then be sent to Receiving to await receipt of the items.
1. **PROCEDURE: SUPPLIER CORRECTIVE ACTION REQUESTS**
	1. The Operations Manager maintains a system of Supplier Corrective Action Requests, or SCARs. This allows for the flow down of corrective action requirements to a supplier when a supplier is found to be responsible for a particular nonconformity.
	2. Any purchasing agent or manager may submit a SCAR Form to a supplier that has shown quality problems or the potential for nonconformity.
	3. SCARs are routed to the supplier’s representative for root cause analysis and action planning.
	4. Failure of a supplier to respond to a SCAR, or to respond with an insufficient action plan, may mean adjustment in that supplier’s evaluation standing.