



Free Sample

VENDOR SELECTION PROCEDURE

The Vendor Selection Procedure is included in the Accounting Policies and Procedures Manual under the "Purchasing Procedures" section.

Policies and Procedures from Bizmanualz



About Bizmanualz

Bizmanualz has been at the forefront of deploying business best practices since 1995 delivering Policies, Procedures and Forms; quality systems implementation; and strategic business process improvement to help business owners achieve the growth and expansion they envision.

Questions?

Contact us at sales@bizmanualz.com or at 1-800-466-9953 (US Toll Free), or 314-863-5079.

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How to Start Writing Policies and Procedures

Any old policy and procedure format saves time by not having to start from scratch, right? Well, not necessarily.

Using a weak starting point can hurt employee usability, introduce confusion and user-error, and may not assist in your compliance and control objectives. The result could set your procedures project back further and cost you even more time to fix it later. But it doesn't have to.

Writing Policies and Procedures

Procedures should be action oriented, grammatically correct, and written in a consistent style and format to encourage maximum usability. This will result in an increase in both effectiveness and efficiency.

Documents from the comprehensive Bizmanualz Policies and Procedures library help you improve your procedures for many departments in your organization.

Drive Performance Improvement

If your policies and procedures are incomplete, outdated or inconsistent, then you are probably not driving the performance improvement you intended. And by improving your business, you can save money and help increase customer satisfaction.

Best Practices Save Time

With more effective and efficient features, you can finish your policies and procedures project sooner. A core set of "best practices" policies, procedures and forms will begin to save you time right away.

Improve Your Results

To be confident you're buying a procedure template that gets the job done quickly and correctly, it's important to examine its basic elements. Take a moment to view the following features that you should be using, and also learn how to benefit with such crucial time-saving features as:

- An ISO 9001 compliant layout for easier readability
- A clear and concise header block to ensure a procedure communicates the purpose and scope
- Clear department responsibilities that identify who does what
- Key term definitions to reduce confusion
- Measures of effectiveness to quantify outcomes
- References to related documents to improve usability
- Listing of applicable laws or regulations to communicate compliance
- Detailed list of revisions to track edit history
- Forms to ensure proper control and record keeping

The **Vendor Selection Procedure** that follows illustrates the use of all of the features mentioned above.

Simple heading for easy reference

SOP #, Revision: ____ Prepared by: _
Effective Date: _____ Approved by: _____

Concise statement of policy objective

Title: PUR101 VENDOR SELECTION

Policy: To ensure the performance capabilities of all vendors and maintain the internal controls of the purchasing functions, appropriate vendor selection and inspection procedures will be followed.

Purpose: To provide the methods for determining, documenting and, when applicable, inspecting vendors for compliance with company policies and contract purchasing requirements.

Purchased products and services should conform to specified requirements. This starts with selection of appropriate suppliers that have the capability and systems to supply products, materials and services to satisfy Company requirements. Suppliers are controlled to the extent necessary based on the effect of the purchased items on the quality of the Company's products and services.

Scope: This procedure applies to all vendors of products, materials, and services that directly affect the quality of the Company's products and services.

Responsibilities:

Purchasing is responsible for initial supplier identification and for collection of business information related to the potential supplier. Purchasing is also responsible for maintaining supplier performance data for ongoing supplier evaluation.

Finance is responsible for evaluation of the potential supplier's financial information.

Quality Assurance is responsible for evaluating the supplier's quality systems as appropriate and for reporting supplier quality performance on a continuous basis.

Describe all departmental responsibilities

Definition: **Blanket Purchase Order.** Blanket purchase orders are typically used to save purchase cycle time with a vendor that will be used multiple times during a one-year time period. Blanket PO's may be limited to a specific dollar amount to cover the time period, or they may be set up "as invoiced." Note: "as invoiced" blanket orders may show a dollar amount on the line item, but this amount is not the limit or final amount of the Blanket PO.

Define all non-standard or "jargon" terms

Procedure:

1.0 VENDOR SELECTION

1.1 New vendors are to be evaluated using the following criteria:

- Pricing: competitive pricing is one component of the evaluation and may be out weighed by other factors. Pricing alone will not be a deciding factor unless all else is equal.
- Parts availability and shipping time frame.
- Performance capability (i.e., financial status, sufficient facilities, capability of equipment and employees).
- Internal Quality Assurance program: Companies certified to ISO 9001 or equivalent are given preference.
- Reference checks.

1.2 Ongoing evaluation of suppliers:

- On-Time Delivery, 100% on time expected (0 days early, 0 days late)
- Quality: (Items (or lots) rejected/Total items (or lots) received) X 100. Ratings less than 95% require corrective action. Exceptions to the 95% Corrective Action requirement may be given where the total quantity of items or lots received is small and at the Quality Manger's discretion.

Specify measures of effectiveness

1.3 Qualified vendors will be maintained on an Approved Vendor List for purchasing

1.4 Complete PUR101 Ex1 NEW VENDOR NOTIFICATION form for approval of all first time purchases from a vendor. Make sure to document any related party transactions or vendors the Company or employees could have a potential conflict of interest with on this form.

Reference other policies or exhibits by number

1.5 Disqualification: Suppliers not responsive to Corrective Action Requests or unable to correct problems with delivery or quality may be disqualified. Disqualification is generally a consensus decision between the Quality Assurance Manager and the Operations Manager.

2.0 VENDOR INSPECTIONS

2.1 For critical components or for inventory purchases that the Company desires to rely on the quality assurance of the vendor to reduce receiving inspection or testing requirements, an on-sight vendor inspection must be performed and approved.

2.2 The Director of Quality Assurance will coordinate with Purchasing to plan, arrange and designate staff for all vendor inspections. Complete PUR101 Ex2 VENDOR SURVEY form and note applicable approval or disapproval of the vendor's performance capability and quality assurance program.

3.0 VENDOR FILES

3.1 A vendor file will be prepared and maintained for all vendors on the Approved Vendor List, which will be used for significant or on-going purchasing. The vendor files will be kept alphabetically and should include the following:

Reference other records, reports or documents

- PUR101 Ex1 NEW VENDOR NOTIFICATION form
- PUR101 Ex2 VENDOR SURVEY form
- Completed REV103 Ex1 CREDIT APPLICATION form
- IRS W-9 Taxpayer Identification Certificate (a PDF download is available at: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>)
- Resale certificates (only required for those that resell their purchases)
- Legal contracts, dealer or marketing agreements, etc.
- Long-term **blanket purchase order** commitments
- Any other relevant correspondence or documentation

Does everyone know what a "Blanket Purchase Order" is?

3.2

Form 1099 must be filed at year-end for the proper reporting of income to certain vendors. To determine whether or not one needs to be filed, **all non-merchandise vendors should complete an IRS W-9 Request for Taxpayer Identification Number Certificate**. A copy can be obtained via the IRS website (www.irs.gov) or by contacting the local IRS office. The vendor indicates on the form the reporting status. Note: Incorporated vendors do not receive 1099s.

List applicable laws, regulations or other sources

This applies to all contractors for service (repair person, accountant, consultant, etc) who are NOT incorporated, and to all lawyers, regardless of incorporation. It is important to make this determination before engaging the contractor so that all payments can be properly tracked for 1099 reporting purposes at the inception.

Include detailed list of revisions

Revision History:

Revision	Date	Description of changes	Requested By
0	10/01/08	Initial Release	

**Appropriate
headers and
footers**

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Include numbered supporting forms

PUR101 Ex1 NEW VENDOR NOTIFICATION

Date: _____

Anticipated Usage:

- One Time Only _____
- Intermittent _____
- Ongoing _____

Prepared by (source): _____

Contact Information:

Vendor Name: _____

Address: _____

Phone :(_____) _____ Fax:(_____) _____

Contact Person: _____

Products to be provided: _____

Payment Terms: _____

Estimated Annual Dollar Volume Expected with this Vendor: _____

Has the Vendor completed an IRS W-9 Request for Taxpayer Identification Number Certificate and is it on file with the company? Yes No

Related Party Transactions:

Is the Vendor a relative or close friend of any employee of the company?
 No Yes

If yes, please describe relationship: _____

Distribution: Purchasing (Vendor File), Accounts Payable

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<p><u>FACILITY</u></p> <p># Buildings On Site _____</p> <p>Type:</p> <p style="padding-left: 20px;"> <input type="checkbox"/> Single <input type="checkbox"/> Multistory <input type="checkbox"/> Wood <input type="checkbox"/> Brick <input type="checkbox"/> Block <input type="checkbox"/> Steel </p> <p>Location In:</p> <p style="padding-left: 20px;"> <input type="checkbox"/> Industrial Park <input type="checkbox"/> Suburban <input type="checkbox"/> Urban <input type="checkbox"/> Rural <input type="checkbox"/> Eq. Owned <input type="checkbox"/> Leased </p> <p>Square Footage In:</p> <p style="padding-left: 20px;"> Manufacturing _____ Administration _____ Storage _____ Engineering/R&D _____ </p> <p>List Process Capabilities And Special Manufacturing Equipment Essential To Materials Being Procured.</p> <p>1) _____</p> <p>2) _____</p> <p>3) _____</p> <p>4) _____</p> <p>5) _____</p> <p>Is There A Document/Process Flow Manual Outlining All Manufacturing Step, Records, And Controls From Raw Materials To Finished Product? (As Required For Some Government Contracts.)</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does The Manufacturer Have Liability Insurance?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="padding-left: 40px;">Insured By _____</p> <p>List Manufacturing Done By Outside Sources (Subassembly, Packaging, Kit Assembly, Etc.)</p> <p>1) _____</p> <p>2) _____</p> <p>3) _____</p> <p>4) _____</p> <p>5) _____</p> <p>Has The Manufacturer Been Inspected By Any State Or Federal Agencies Within The Last Two Years?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="padding-left: 40px;">Name Of Agencies: _____</p> <p>Were Recalls Involved?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="padding-left: 40px;">Comments _____</p> <p style="padding-left: 40px;">_____</p>	<p style="text-align: center;">PART II - RAW MATERIALS</p> <p><u>PURCHASING</u></p> <p>Is Qualification Based On Written Specifications And Approval Of Vendor Sources?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are Reject/Accept Limits Shown?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is Approval Based On:</p> <p style="padding-left: 20px;"> <input type="checkbox"/> Quality History <input type="checkbox"/> Supplier <input type="checkbox"/> On-Site <input type="checkbox"/> Own QC <input type="checkbox"/> Cards <input type="checkbox"/> Survey <input type="checkbox"/> Certificate <input type="checkbox"/> Testing <input type="checkbox"/> Other _____ </p> <p>Are Specification Changes Reviewed And Signed Off By QC Personnel?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><u>TESTING</u></p> <p>Are Written Test Procedures In Use?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are Test Results On File?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is a Sampling Plan Used?</p> <p style="padding-left: 20px;"> <input type="checkbox"/> 100% <input type="checkbox"/> Mil Spec <input type="checkbox"/> AQL <input type="checkbox"/> Random <input type="checkbox"/> Other _____ </p> <p>Do Test Results Indicate</p> <p style="padding-left: 20px;"> <input type="checkbox"/> Quantity Sampled <input type="checkbox"/> Method Of Analysis <input type="checkbox"/> Date/Signature Of Analyst <input type="checkbox"/> Sample Traceability </p> <p>Is There A Retention Sample System For Raw Materials/Components?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><u>IN PLANT CONTROL</u></p> <p>Is Material Assigned Alpha-Numeric Or Identifying Mark For Each Incoming Lot?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is Material Visibly Marked As</p> <p style="padding-left: 20px;"> <input type="checkbox"/> Sampled <input type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> Not Marked </p> <p>Is an Inventory Log Or Record Kept?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is Storage Area Separate?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is Storage Area Segregated?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is a Stock Rotation (FIFO) System Used?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is There Authorized Custodian Control?</p> <p style="padding-left: 20px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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<p>Is General Housekeeping Neat And Orderly? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Rejected Materials Are: Clearly Identified <input type="checkbox"/> Yes <input type="checkbox"/> No Physically Segregated <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><u>PRODUCTION AREA</u> Is The Work Flow Organized? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Distinct Staging Area For Raw Materials Or Components Used In Manufacturing? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Production Or Assembly Lines Segregated? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are General Housekeeping And Environmental Factors Adequate? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are Written Procedures For Plant Sanitation Available? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
PART III - MANUFACTURING	
<u>MASTER PRODUCTION RECORDS</u>	
<p>Is There A Single Controlled File Of Master Records For Each Product? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are These Master Records Signed And Dated? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Double Signature <input type="checkbox"/> Yes <input type="checkbox"/> No Revision Dates <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are The Process, Assembly, Or Manufacturing Steps Fully Described: In The Master Production Record? <input type="checkbox"/> Yes <input type="checkbox"/> No In A Separate Document Or Record? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does The Master Document Indicate: QC Points For In-Process Manufacturing? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Type Of Test Or Inspection To Be Made? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Method Of Measurement? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Who Performs Test Or Inspection? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Level Of Accept/Reject (Limits)? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>For Manufacturing, Processing, Subassembly, Or Packaging Done By Outside Sources, Are There: Master Production Records? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>QC Specifications And Methods Records? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Outside Sources Not Used? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p><u>PRODUCTION EQUIPMENT</u> Are Maintenance Or Service Records Available? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are Calibration Records Kept On Periodic Basis? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Are There Means Of Readily Identifying Type, And Stage Of Processing Being Done, On The Equipment? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><u>PRODUCTION RECORDS</u> Are Production Documents Collected And Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Production Documents Kept _____(Years) <input type="checkbox"/> Complete History <input type="checkbox"/> Labeling Samples Included <input type="checkbox"/> Partial History <input type="checkbox"/> Traceability By Lot Or Serial#</p> <p><u>PACKAGING</u> Are Finished Goods Packaging Operations Segregated? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Finished Goods Under Supervised Control? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Label Records Kept? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Pre-Label: <input type="checkbox"/> Count <input type="checkbox"/> Reconciliation</p> <p>Are Finished Goods Properly Identified, Labeled, And Stored? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Prior To Release <input type="checkbox"/> After Release</p>

REJECTED MATERIALS

Are There Written Procedures For Disposing Of Or Reworking Rejected Items?

- Yes No

Are Rejected Products Held In Quarantine Pending Final Disposal?

- Yes No
- Held In Segregated Area
- With Special Markings

RETENTION SAMPLES

Are Samples Of Finished Goods Retained?

- Yes No
- From Each Production Run
- In A Separate Controlled Area
- In The Same Container/Closure System In Which They Are Sold
- In Containers Different From Unit As Sold
- Kept For A Period Of _____(Years)
- Written Log Or File

STERILE COMPONENTS (If Applicable)

Are There Procedures For Establishing And Maintaining Aseptic Conditions?

- Yes No

Are There Methods For Routine Auditing Of Sterile Areas Used?

- Yes No

Are There Procedures For Working In Sterile Areas?

- Yes No

For Cleaning And Sterilization Of Equipment?

- Yes No

For Bulk And Final Product Sterility Testing?

- Yes No

Is Process Sterility For Each Run Documented In The Production Records?

- Yes No

Are Sterile Processes Used?

- Radiation Steam ETO
- Filtration Chemical

Other: _____

PART IV - QUALITY CONTROL / ASSURANCE

ORGANIZATION AND FUNCTION

Does The Quality Control-Inspection Group Report Directly To The Top, Independent Of Production, Marketing, Or Other Organization Groups Within The Manufacturing Company?

- Yes No

Does The Quality Control-Inspection Group Have Full Authority To Withhold Shipment Or Further Production Of Rejected Items?

- Yes No

Are The Quality Control Procedures:

Revised On A Periodic Basis?

- Yes No

Does The Quality Control/Assurance-Inspection Group Have:

Education, Training Or Experience

- Yes No

Understanding Of Their Function

- Yes No

OPERATIONS

Are Stamps, Tags, Markers, Etc. Used To Verify Inspection Activity?

- Yes No

Are The Markings Used Traceable To An Individual Inspector?

- Yes No

PART V - CUSTOMER COMPLAINTS AND RECALL CAPABILITIES

Is There An Organized Complaint File System?

- Yes No

Does Each Complaint State:

- Nature Of Complaint
- Response To Customer (Repair, Refund, Replace)
- Further Corrective/Preventive Action By Manufacturer

Complaint Files Kept For _____ (Years)

Is There A Periodic Review Of Complaint Files For Trends? Yes No

Is The Review File As A Written Summary?

- Yes No

Is There A Group Or Individual Assigned To Handle Customer Inquiries And Follow Up On Complaints?

- Yes No

Are Product Defects Verified By Manufacturer Through Testing?

- Yes No

Was Review Of Complaint Files For Survey Product Made?

- Yes No

Are Production Samples For QC Testing:

Adequately Identified As To Source

- Yes No

Recorded Somewhere At Time Of Sampling

- Yes No

Entered On Filed Test Report

- Yes No

Written Sampling Plan Based On:

- 100% Mil. Spec AQL Random Other _____

Is The Product Used Tested Prior To Final Release?

- Yes No

Are Outside Sources Used For Production Testing?

- Yes No
 Under Formal Contract
 Used Test Protocols
 Written Procedures
 Copies In The Manufacturing File
 Facility Registered Or Licensed By Any Federal, State Or Professional Agency
 Outside Test Results Filed By Manufacturer

Is There A Formal Quality Assurance Program Involving Performance Testing Of The Product(S) After Release?

- Yes No

RECALL CAPABILITIES

Is There A Company Recall Plan?

- Yes No
 Shows How Decisions Are Made And By Whom
 How Recall Will Be Accomplished
 Instructions For Recovery And Accountability Of Recalled Product

Do Shipping Or Distribution Records On File Show: Customer/Distributor Name And Address?

- Yes No

Date Of Shipments And Quantity Shipped?

- Yes No

Lot Or Serial Number Of Product Shipped

- Yes No

Distribution Records Are Maintained ____ (Years)

Distribution Records Are Stored As:

- Computer Listing
 Microfilm/Microfiche
 Manual Card/Paper Files

PART VI - REGULATORY COMPLIANCE

Is The Plant Registered As A Device Manufacturer?

- Yes No

Are The Survey Product(S) Listed With Bureau Of Medical Devices?

- Yes No

Are All Necessary Approvals For Marketing Products Available?

- Yes No

Is There A File With Past And Current Labeling For Each Survey Product?

- Yes No

Is There A Formal Auditing Program Of The QC Operation. If So, Done By Whom

- Yes No

List Of Attachments And Comments

Series of horizontal lines for listing attachments and comments.

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