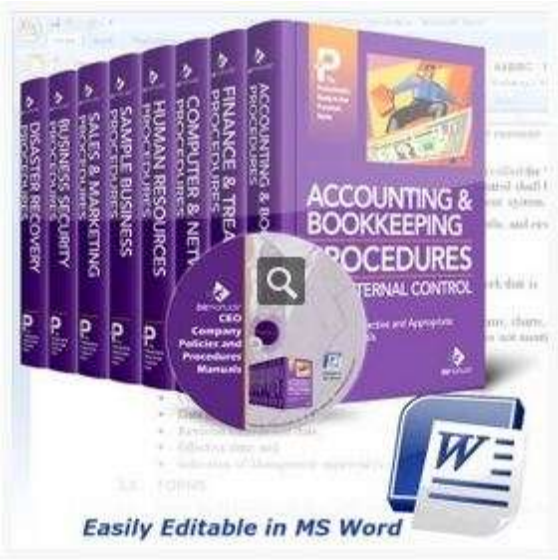
Free Sample

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

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If your policies and procedures are incomplete, outdated or inconsistent, then you are probably not driving the performance improvement you intended.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:_____

Title: **PUR101 VENDOR SELECTION**

Concise statement of policy objective

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:

Describe all departmental 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 suppler 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.

Definition:

Define all non-standard or "jargon" terms

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.

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 outweighed 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	mm/dd/yy	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_____

Prepared by (source):_____ Intermittent_____

Ongoing_____

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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PUR101 Ex2 VENDOR SURVEY FORM

Date:_____

Vendor Name:

_____ Address:

_____

_____

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

NOTICE: I (We) certify that the information contained in the attached survey form is accurate and complete as of the date indicated. Where trade secret or other proprietary information is involved, the person interviewed has initialed those responses not verified by the interviewer. All information obtained will be kept confidential. A corporate officer of the Company surveyed will review all responses made at the time of survey. This survey has been made with the permission of the Company surveyed

Signature Title Location

PART I - GENERAL INFORMATION

Annual Sales:	Years in Business:	Privately Owned:	Subsidiary Division:

Other Plant Locations

_____

_____

Major Customers_____ Type of Contract _____

_____ _____

_____ _____

_____ _____

○ Not Available ☐ Not Available

List Company Management Name Title Interviewed

_____ _____ _____

_____ _____ _____

_____ _____ _____

Product for which survey was performed (**Attach Labeling)**:_____

_____

Total Employees_____Number of Supervisors_____Number of Production____

Work Schedule Hours_____Number Shifts_____Days Per Week___

Are Training Programs for Personnel Utilized ☐ Yes ☐ No

FACILITY

Buildings On Site_____

Type:

○ Single ☐ Multistory ☐ Wood
○ Brick ☐ Block ☐ Steel

Location In:

○ Industrial Park ☐ Suburban
○ Urban ☐ Rural
○ Eq. Owned ☐ Leased

Square Footage In:

Manufacturing_____

Administration_____

Storage_____

Engineering/R&D_____

List Process Capabilities And Special Manufacturing Equipment Essential To Materials Being Procured.

1)_____

2)_____

3)_____

4)_____

5)_____

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.)

○ Yes ☐ No

Does The Manufacturer Have Liability Insurance?

○ Yes ☐ No

Insured By_____

List Manufacturing Done By Outside Sources (Subassembly, Packaging, Kit Assembly, Etc.)

1)_____

2)_____

3)_____

4)_____

5)_____

Has The Manufacturer Been Inspected By Any State Or Federal Agencies Within The Last Two Years?

○ Yes ☐ No

Name Of Agencies:_____

Were Recalls Involved?

○ Yes ☐ No

Comments_____

_____

PART II - RAW MATERIALS

PURCHASING

Is Qualification Based On Written Specifications And Approval Of Vendor Sources?

○ Yes ☐ No

Are Reject/Accept Limits Shown?

○ Yes ☐ No

Is Approval Based On:

○ Quality History ☐ Supplier ☐ On-Site
○ Own QC ☐ Cards ☐ Survey
○ Certificate ☐ Testing
○ Other_____

Are Specification Changes Reviewed And Signed Off By QC Personnel?

○ Yes ☐ No

TESTING

Are Written Test Procedures In Use?

○ Yes ☐ No

Are Test Results On File?

○ Yes ☐ No

Is a Sampling Plan Used?

○ 100% ☐ Mil Spec ☐ AQL ☐ Random
○ Other_____

Do Test Results Indicate

○ Quantity Sampled
○ Method Of Analysis
○ Date/Signature Of Analyst
○ Sample Traceability

Is There A Retention Sample System For Raw Materials/Components?

○ Yes ☐ No

IN PLANT CONTROL

Is Material Assigned Alpha-Numeric Or Identifying Mark For Each Incoming Lot?

○ Yes ☐ No

Is Material Visibly Marked As

○ Sampled ☐ Approved
○ Rejected ☐ Not Marked

Is an Inventory Log Or Record Kept?

○ Yes ☐ No

Is Storage Area Separate?

○ Yes ☐ No

Is Storage Area Segregated?

○ Yes ☐ No

Is a Stock Rotation (FIFO) System Used?

○ Yes ☐ No

Is There Authorized Custodian Control?

○ Yes ☐ No

Is General Housekeeping Neat And Orderly?

○ Yes ☐ No

Rejected Materials Are:

Clearly Identified ☐ Yes ☐ No

Physically Segregated ☐ Yes ☐ No

PART III - MANUFACTURING

MASTER PRODUCTION RECORDS

Is There A Single Controlled File Of Master Records For Each Product?

○ Yes ☐ No

Are These Master Records Signed And Dated?

○ Yes ☐ No

Double Signature ☐ Yes ☐ No

Revision Dates ☐ Yes ☐ No

Are The Process, Assembly, Or Manufacturing Steps Fully Described:

In The Master Production Record?

○ Yes ☐ No

In A Separate Document Or Record?

○ Yes ☐ No

Does The Master Document Indicate:

QC Points For In-Process Manufacturing?

○ Yes ☐ No

Type Of Test Or Inspection To Be Made?

○ Yes ☐ No

Method Of Measurement?

○ Yes ☐ No

Who Performs Test Or Inspection?

○ Yes ☐ No

Level Of Accept/Reject (Limits)?

○ Yes ☐ No

For Manufacturing, Processing, Subassembly, Or Packaging Done By Outside Sources, Are There:

Master Production Records?

○ Yes ☐ No

QC Specifications And Methods Records?

○ Yes ☐ No

Outside Sources Not Used?

○ Yes ☐ No

PRODUCTION AREA

Is The Work Flow Organized?

○ Yes ☐ No

Distinct Staging Area For Raw Materials Or Components Used In Manufacturing?

○ Yes ☐ No

Production Or Assembly Lines Segregated?

○ Yes ☐ No

Are General Housekeeping And Environmental Factors Adequate?

○ Yes ☐ No

Are Written Procedures For Plant Sanitation Available?

○ Yes ☐ No

PRODUCTION EQUIPMENT

Are Maintenance Or Service Records Available?

○ Yes ☐ No

Are Calibration Records Kept On Periodic Basis?

○ Yes ☐ No

Are There Means Of Readily Identifying Type, And Stage Of Processing Being Done, On The Equipment?

○ Yes ☐ No

PRODUCTION RECORDS

Are Production Documents Collected And Filed?

○ Yes ☐ No

Production Documents Kept_____(Years)

○ Complete History

○ Labeling Samples Included

○ Partial History

○ Traceability By Lot Or Serial#

PACKAGING

Are Finished Goods Packaging Operations Segregated?

○ Yes ☐ No

Finished Goods Under Supervised Control?

○ Yes ☐ No

Label Records Kept?

○ Yes ☐ No

Pre-Label:

☐Count ☐ Reconciliation

Are Finished Goods Properly Identified, Labeled, And Stored?

○ Yes ☐ No

○ Prior To Release ☐ After Release

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

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