

Department : SLOCPI Administrative Services
Section : Procurement
Subject : Procurement
Sub-Topic : **Policy on Supplier Accreditation and Performance Evaluation**

Objective

To provide guidelines on supplier selection and requirements for vendor accreditation

Scope

All personnel with procurement function.

Policy

I. Supplier Accreditation

1. The administrative Services Department (ASD) shall continuously search for vendors with the intention of establishing strategic and long-term business relationships.
2. The selection of suppliers is the responsibility of Procurement personnel. In making the selection, Procurement will coordinate closely with the requisitioning department/subsidiaries to obtain adequate and reasonable specifications. Procurement should endeavor to place orders with regard to the dependability and service record of the supplier, the nature of the guaranty and warranty, its price and the quality. Preference should be given to the following types of suppliers, providing this involves no sacrifice in quality, service or price:
 - 2.1 Suppliers who are developing new and improved products and equipment, or designing and developing a special product for the company's exclusive use, and
 - 2.2 Supplier with adequate financial strength who also have a reputation for adhering to specifications and delivery schedules.
3. Vendors are subject to accreditation based on the following standards: quality of product or service, technical competence, competitive pricing, delivery timeframe and customer service.
4. There will be two types of accreditation, specific to vendor class:
 - 4.1 Non-primary – supplier may either be New (with minimal transaction and no established performance history) or Accredited (with frequent transactions but on a short-term basis). Accreditation will focus on establishing legality of business and supplier's capability to supply/deliver.
 - 4.2 Primary – Supplier who has demonstrated an excellent performance history and transactions are on a long-term basis. Evaluation will focus on establishing supplier's capability to sustain excellent performance and support long-term relationship with the company.
5. The following documents must be submitted for accreditation
 - 5.1 Non-primary
 - 5.1.1 Standard Documentation - Supplier Information Sheet, Company Profile, List of Goods and Services, Incorporation Papers (if applicable), Certificate of Registration, Business Permit, List of machinery/Equipment (for printers/Fabricators), Certificate of Authority to Sell (for resellers/dealers, Exclusive distributors)
 - 5.2 Primary
 - 5.2.1 Standard Documentation - Supplier Information Sheet, Company Profile, List of Goods and Services, Incorporation Papers (if applicable), Certificate of Registration, Business Permit, List of machinery/Equipment (for printers/Fabricators), Certificate of Authority to Sell (for resellers/dealers, Exclusive distributors)
 - 5.2.2 Additional document requirement, whichever is applicable –Latest 2 years Audited Financial Statement, Certificate of Technical competence,

Endorsement/Support Letter from Principal/ Manufacturer, Quality Certification (e.g. ISO).

- 5.2.3 Company Analysis - includes Performance Evaluation, Plant Facility Inspection and Trade references investigation (suppliers and/or customers). This requirement is to be performed by ASD Procurement

6. Exceptions to vendor accreditation are limited to the following:
- 6.1 Emergency Purchase – acquisition requiring immediate delivery in which the time frame is shorter than the prescribed lead-time.
 - 6.2 If the materials and services requested are not available in any of the suppliers on the list of accredited vendors.
 - 6.3 If a vendor has exclusive dealership of the item/service being acquired.
- All exceptions to vendor accreditation require the approval of the Head of Administrative Services.
7. All Supplier Accreditation and the exceptions to the process require the approval of the Head of Administrative Services Department.

II. Performance Evaluation

1. Suppliers will be subjected to periodic Performance Evaluation to update supplier classification, to monitor and assess supplier's performance and compliance to the company's standards, and to improve key processes of supplier that may be related to the company's operations.
2. Evaluation will be performed depending on the supplier class:
 - 2.1 Non-primary - on a per transaction basis, recorded in the Receiving Report (R.R.), relative to timeliness of delivery and quality of product.
 - 2.2 Primary – annually, to assess performance and to monitor compliance to company's standards.
3. Supplier's performance will be evaluated based on the following criteria:
 - 3.1 Price – competitiveness, fair pricing/ low profit margin, provides cost reduction options
 - 3.2 Quality – provides products that meet the company's quality requirements, low percentage of defective/rejected products.
 - 3.3 Delivery – delivers the correct quantity at the right time, flexibility in changes of schedules, provides updates on progress or problems.
 - 3.4 Service – Value-added services, timely response and resolution, Willingness to share information.
4. Supplier over-all rating of 5 is the highest, with over-all rating of 3 as the passing rate. Any supplier achieving lower than the passing rate for two (2) consecutive years will be demoted/removed from the list.
5. Exceptions to performance evaluations are limited to the following:
 - 5.1 Vendor with minimal (1-2) transaction in a calendar year;
 - 5.2 Vendor with no transaction for two (2) consecutive years
6. Supplier's Performance Evaluations require the approval of the Head of Administrative Services Department.
7. The results of Performance Evaluation/Supplier classification covering a 6-month period (at the minimum) shall be reported to the ASD Head and Chief Administration Officer at the end of the calendar year. The report will cover results of supplier accreditation, performance evaluation and changes in supplier classification.