

IT DIVISION

PROCUREMENT POLICY (Ver. 1.0)

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Preface:

IT Division has initiated the rollout of BOK hardware and software procurement policy which provides guidelines for the cost efficiency and transparent purchase of IT related goods and services. This policy provides a standard framework for governance in order to mitigate risk to the bank.

Mission Statement:

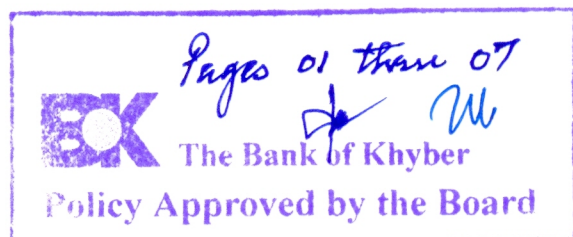
To purchase standard and quality hardware and software in the most transparent way by adhering to business ethics, rules and regulations of the Bank.

Objectives:

The procurement optimization initiative, launched in the IT Division of the Bank of Khyber, is aimed at establishing a standard procurement governance structure. This initiative, together with our policies and procedures, ensures IT Division's procurement functions comply with the Bank of Khyber policy in terms of transactional authority, supplier management, administrative protocol, social responsibility and data security.

Among others, the objectives of the procurement policy are to:

- Ensure that the procurement of products and services is efficient, cost effective and uniform.



- Achieve reduction in the total costs associated with the acquisition, operation, maintenance and disposal of procured goods, by taking into consideration the quality and competitiveness of suppliers.
- Promote centralized procurement.
- Award the bank's business to approved suppliers in accordance with the bank's accreditation and supplier performance management processes.
- Mitigate legal and financial risk through centralized creation, retention, management and administration of procurement contracts.
- Ensure Transparency

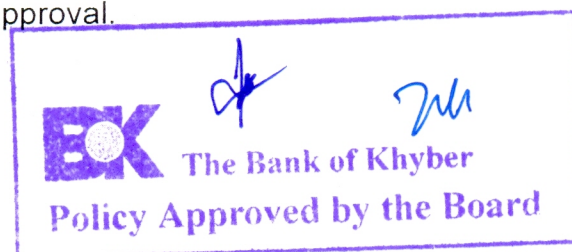
Procurement Procedures:

1. Establishment of IT Assessment and Procurement Committee (APC):

An IT Assessment and Procurement Committee (APC) has been formed that includes Head IT Division, Incharge Operations and Incharge Hardware Wing. The APC shall carry out assessment and evaluation of hardware and software purchases. The APC may also study terms and conditions of maintenance contracts.

2. Justification and Need Assessment for Procurement:

Before acquiring any hardware and software, a detailed exercise of its justification and need assessment should be carried out by the APC. A report justifying procurement must be prepared by APC for presentation before IT Steering Committee for perusal and approval.



3. Advertisement for Procurement of Hardware and Software:

After obtaining approval of IT Steering Committee, the items with minimum specification may be advertised in reputable newspapers and placed on the web inviting EOI on a particular date from qualified vendors. The vendors would be encouraged to submit multiple options to choose from. The terms and conditions of EOI must also be placed on the web.

4. Pre-qualification of Suppliers:

Reputable vendors with well established companies will be pre-qualified during first quarter of each year. The suppliers must conform to the terms and conditions of pre-qualification. The suppliers must submit certain information on a prescribed form which is attached as **Annex – A** to enlist in the category of “**Approved Suppliers**”. Based on professionalism, trust and relationship with the Bank, a vendor may be enlisted on the approved panel of buyers to be contacted directly for EOI.

5. Submission of Bids:

Sealed bids shall be submitted to APC by the representatives of the suppliers on the particular date. The bids shall be opened and signed by APC. Internal Audit Division would be requested to ensure presence of one of its staff members, who shall act as an observer / witness. The process would cater to following elements:

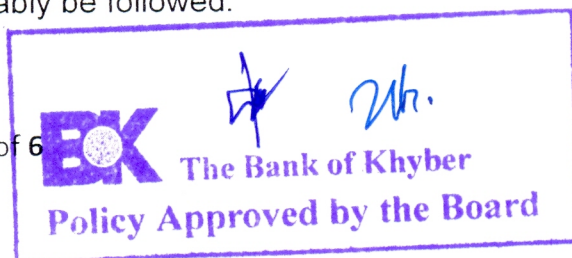
- fairness and impartiality;
- a competitive process;
- consistency and transparency;
- secure and confidentiality;
- identification and resolution of conflicts of interest;
- compliance with Bank's and IT Policies.



6. **Compilation, Tabulation and Evaluation of Quotes:**

All the quotes shall be entered in a worksheet for comparative analysis. If there are multiple options for a particular item, APC shall identify the best choice based on cost and technology. The final comparative chart shall be placed on the web page of the Bank.

- 6.1.** After analysis and evaluation of the quotes, three vendors shall be asked to submit final revised sealed quotes for the identical selected items to be opened in the presence of IT Steering Committee of the Bank.
- 6.2.** If the number of bidders is less than three, then IT Division shall contact approved vendors or vendors having good will in the market and will ask them to submit their bids for a particular item to be opened in the presence of IT Steering Committee of the Bank along-with other bids of shortlisted vendors mentioned in 6.1 above.
- 6.3.** Based on the decision of the IT Steering Committee, APC shall finalize its recommendatory report for onward submission and approval of the BOK Purchase Committee.
- 6.4.** Purchase Orders may be issued to successful bidders after approval of the BOK Purchase Committee.
- 6.5.** If the specifications of required hardware or software are identical to the items already purchased, then such items may be purchased from the same approved vendors who previously supplied it to the IT Division. The slight variation in price may be negotiated with the vendors. Prior approval of the IT Steering Committee of the Bank for such purchases shall be sought. Step # 6.4 shall invariably be followed.



7. Use of Approved Suppliers:

The use of Approved Suppliers enables the Bank to confidently exercise its purchasing requirements for commonly used goods or services and benefit from economies of scale.

Once Approved Suppliers have been evaluated and established for a particular category of goods and services they should be the first call for all the IT purchases before any other supplier. Only one written quote would be required from each Approved Supplier. However, the market should still be tested to ensure best value for money, services and quality.

8. Receipt of Hardware and Software:

8.1. The approved items must be delivered by suppliers at such location(s) as directed by APC.

8.2. The APC shall after inspection direct IT Division to take physical possession of the items and must maintain proper inventory. IT Division must also maintain record of warranty and guarantee where applicable.

9. Direct Purchases


The IT Division may purchase hardware / software directly upto Rs. 0.2 million by asking quotes from the Approved Suppliers. However, prior approval of the Purchase Committee must be sought. No advertisement in the newspapers or placement on the web for direct purchases shall be required.

10. Delivery of Hardware and installation of Software:

The items may be installed in the Head Office and the Branches and receipts must be obtained from the end-users. The receipts must be retained by the IT Division for record and its reference must also be entered properly. The inventory must be updated after an item has been delivered to the end-user.

Conclusion:

The Procurement Policy shall work at its best when all the Committee Members are taken into confidence and an opportunity is provided to them to participate in all the steps. There must be genuine need to purchase any hardware and software, keeping in view product's life cycle and long term objectives of the Bank.

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Vice President**Date:**21st December, 2009**Version**

1.0

Vetted by:
Feisal Khan
Head IT Division

The Bank of Khyber**Policy Approved by the Board**

**THE BANK OF KHYBER
IT DIVISION**

APPROVED SUPPLIERS ENLISTMENT FORM

0000007

THE RATING OF APPROVED SUPPLIERS SHALL BE PLACED ON WEB. IF THE FIRM / COMPANY DOES NOT WISH THAT ITS RATING BE PLACED ON WEB, IT SHOULD NOT FILL AND RETURN THE FORM.

NAME OF FIRM/COMPANY:

ADDRESS:

S.NO	DETAIL OF REQUIRED INFORMATION	FORMULA	ALLOCATED POINTS	BANK'S RATING
1	Level of Partnership with Principal (Points of only one level shall be applied)	Platinum	30	
		Gold	25	
		Silver	20	
		Preferred Partner	15	
		Distributor	10	
		Reseller	5	
2	Hardware Category	PCs, Notebooks, Servers, Printers, ATMs, UPS, Networking Equipment and Other Devices		
3	Software Category	Microsoft O/S, Development Tools Etc.		
4	Brand of Products	Local / Foreign		
5	Office in Peshawar (Compulsory)		25	
6	Number of Offices in Other Major Cities		10 for each city	
7	Number of Support Offices in Other Cities		5 for each city	
8	Organization's Exposure at			
	a) Local Level	Must be supported by documentary evidence	10	
	b) National Level		20	
	c) Multinational Level		30	
	d) Government / Military		30	
9	Total Number of Employees	< 100	5	
		Above 100	10	
10	Support Team			
	a) Manager Support (Experience)	1 - 5 Years	5	
		6 - 10 Years	10	
		> 10 Years	15	
	b) Support Team Experience (Cumulative)	1 - 25 Years	5	
		26 - 50 Years	10	
		51 - 75 Years	15	
		75 - 100 Years	20	
		100- 200 Years	25 Max	
		c) Support Team Strength in Peshawar	1 - 5 Employees	5
Above 5	10			
11	Team Certification	10 Points for each certification	0 - 100	
12	Industry Certification	10 Points for each certification	0 - 100	
13	Relationship with BOK	-10 to +10		
14	Black Listed	Black listed during Audit by GovT. Deptt		
TOTAL MARKS				

Note: Black listed Firm/Company shall stand black listed by the Bank of Khyber

I the undersigned agree to provide fresh detail every year to update the category of our firm/company.

Signed by authorized employee of the Firm / Company

Date:



**The Bank of Khyber
Policy Approved by the Board**