

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: PS – 003</b>		<b>PAGE: of 1 OF 3</b>
	<b>EFFECTIVE:</b>		<b>UPDATE NO.:</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>	<b>TENDERING PROCESS</b>	

**OBJECTIVE:**

To establish appropriate vendor selection procedures and ensure the performance capabilities of all vendors

**POLICY:**

1. The Purchasing department is responsible for initial supplier identification, collection of business information related to the potential supplier and for maintaining supplier performance data.
2. A list of qualified vendors who satisfy all requests of various departments in term of quality, quantity, price and reliability of delivery and services should be prepared with at least three to four referenced vendors for each item
3. Qualified vendors must be reputable suppliers, capable of supplying requested goods and services on a long term basis.
4. For market list items, at least a 15 days fixed price system should be used whenever possible in preference to a daily market price system.

**PROCEDURE**

**I- Regular goods and services**

1. Purchasing staff should have sufficient knowledge of the regular items needed by the hotel operation and should collect information about vendors that can deliver such goods and services.
2. In selecting three to four vendors for each type of purchasing item, the following factors should be considered:
  - Capability of the vendor of providing the goods of required quality on a long-term basis and the ability to offer services including delivery, which meet the requirements of the hotel
  - The competitive edge of the vendor
  - The past track record of the vendor with other hotels, if any

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: PS – 003</b>		<b>PAGE: of 2 OF 3</b>
	<b>EFFECTIVE:</b>		<b>UPDATE NO.:</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>	<b>TENDERING PROCESS</b>	

- Whether the vendor will accept the Hotel's purchasing terms, such as length and method of payment
  - The vendor's credit reputation as described by banks, other hotels, credit research bureau, or other third parties.
3. Qualified vendors will be maintained on an Approved Vendor list for purchasing stating by Product and Service the name and contact details of qualified vendors with the terms of transactions. Such list should be approved by the Financial Controller. A vendor file will be prepared and maintained for all vendors on the Approved Vendor List, with all vendor files kept alphabetically.
  4. For newly qualified vendors, purchasing staff should inform them that the hotel will begin to use their services and perform the necessary procedures to enable each party to start conducting business with each other.
  5. When vendors no longer qualify due to vendors' problems and the business can not be continued for some reason, such vendors should be deleted from the Qualified Vendor list after obtaining the formal approval of the Financial Controller
  6. In principle, purchases should be in accordance with the payment terms set forth by the hotel. Exceptional payment terms should be avoided unless it is rationalized by volume purchase discounts, legal requirements or other reasons.

## **II- Market list Items**

1. Three to four vendors should be selected for each material category such as for fruits, vegetables, dairy products, meat and fish. These vendors must be able to continually supply quality goods over a long period of time and the competition among vendors is necessary to keep on receiving the best price and quality.
2. In order to always purchase at the most favorable prices, the selected vendors should be periodically invited to participate in the bidding. The effective time period of the bidding prices will depend upon the type of goods, but bids made frequently better reflect the current market price. In order to keep the purchasing price constant for a certain period, a fixed price system is preferred.

<b>STANDARD OPERATING PROCEDURE</b>	<b>CODE: PS – 003</b>		<b>PAGE: of 3 OF 3</b>
	<b>EFFECTIVE:</b>		<b>UPDATE NO.:</b>
	<b>INITIATED BY: PRIMA CONSULTANT CO., LTD.</b>		<b>DEPT./SECTION:</b>
	<b>REVIEWED BY:</b>		
	<b>APPROVED BY:</b>		
	<b>SUBJECT:</b>	<b>TENDERING PROCESS</b>	

3. Before the end of each current period, the purchasing department should request written quotations for all market list products from the selected vendors. Simultaneously, a market survey should be organized by the purchasing department in collaboration with kitchen management to assess the current market prices.
  
4. Once all data is collected, the purchasing department should formally prepare a comparison list, stating for each item:
  - Suppliers' quotation
  - Market price reference as per market survey
  - Current fixed price (15 days or more)
 The Purchasing Manager together with the Executive Chef should then formally select for each item the supplier with the price to be used for the next period.
  
5. The final selection list will be distributed to kitchen, purchasing, cost control and accounting for reference and subsequent checking to suppliers' invoices.

\_\_\_\_\_  
**Chief Accountant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Financial Controller**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Director of Finance**

\_\_\_\_\_  
**Date**