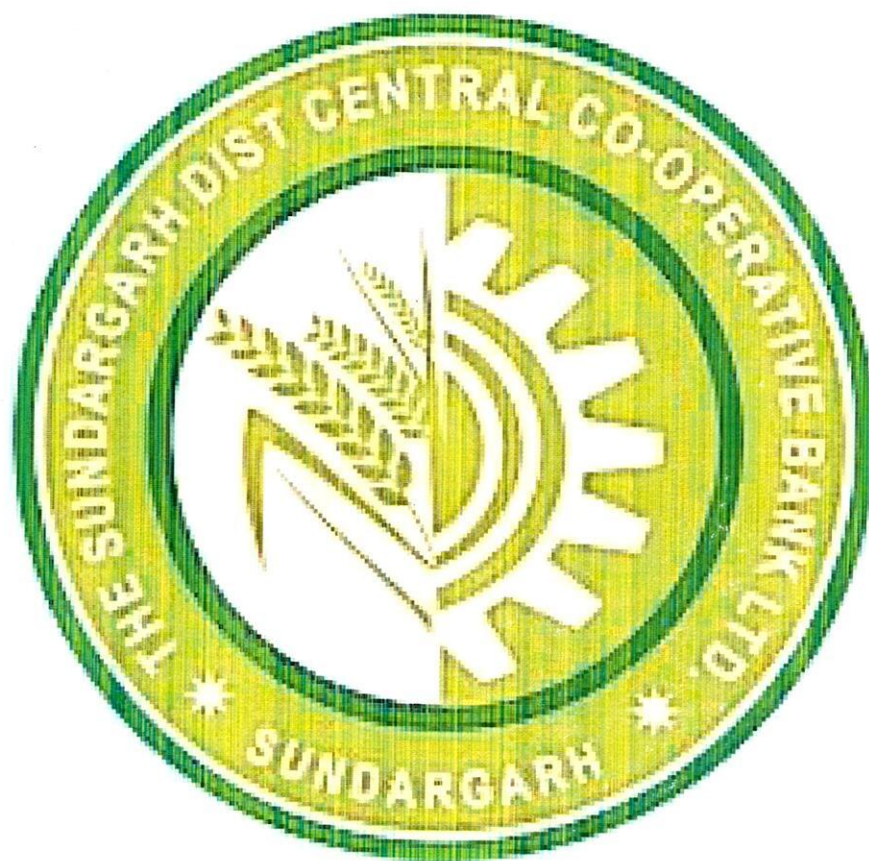


# **OUTSOURCING, VENDOR MANAGEMENT & PROCUREMENT POLICY**

**Prepared on: 29<sup>th</sup> January, 2025**



**The Sundargarh District Central Co-operative Bank Ltd.,  
AT – REGENT MARKET, PO/DIST. – SUNDARGARH  
PIN – 770001, ODISHA**





## **OUTSOURCING, VENDOR MANAGEMENT & PROCUREMENT POLICY**

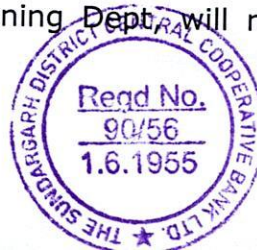
### **Objectives:**

The objective of the policy is to lay down the rules for procurement of different articles/ equipment by the Bank in an objective manner and make the procurement procedures completely transparent in the Interest of the Bank as well as the vendors.

### **1. Procedure for procurement:**

- 1) The Branch / Head Office shall prepare the annual budget relating to consumption of various articles and procurement would be made centrally by the Head Office. While preparing the budget, the Branch Manager/ Departmental Head should be guided by the actual consumption of the preceding year.
- 2) After assessing the requirement for any purchase, the Bank would call for sealed tender for the annual requirement by giving wide publicity in daily newspapers / website & notice board of the Bank/Branches. The sealed tender shall be opened on the notified date and the concerned authority should initial all pages and corrections, if any, on the tender so as to avoid manipulation. The number of page of the tender shall be indicated at the bottom of the last page of the tender in red ink at the time of opening of the tender in presence of the tenderers. In all cases, a comparative statement of rates shall be prepared and placed before the Purchase Committee to decide purchase of materials. The purchase would normally be made from the lowest tenderer unless, for reason to be recorded in writing, the contrary needs to be done.
- 3) There shall be a Purchase Committee consisting of following four officers
  - a) Chief Executive Officer
  - b) Manager (Administration)
  - c) Manager (Development)
  - d) Head of the Requisitioning Department & Associates.

In case any of the above members is designated as Chief Vigilance Officer, the said member will be delinked from the Committee. In that case, Secretary of the Bank will designate another officer not below the rank of Officer Grade-III to be in the Committee in place of the member who is the C.V.O. If CVO is the Manager/ in-charge of the requisitioning Department, the next below officer or in his absence, the next below officer of the requisitioning Dept. will represent the Department as member.





The purchase committee will place its recommendations to the competent authority (Managing Committee / CEO, as the case may be) and only after the approval the purchase orders shall be placed.

However, in order to meet the normal requirement, besides the unforeseen or urgent requirement of articles, with a financial limit of Rs. 50,000/- the Bank may go for purchase of such articles by obtaining quotations locally from at least three parties. The Chief Executive Officer is authorised to make such purchases from the local market within the limit of Rs. 50,000.00 only.

For execution of any work/procurement of any material above Rs.50,000/-, tender/quotation/short quotation call notice will be published in the notice board of Head Officer of the Bank and the branches. Beyond Rs. 1.0 Lakh value, tender/quotation notices will have to be Published in newspaper as well as website of the Bank.

4. In case, there is no valid tender for a particular requirement even after due publicity, the Bank may procure the same from a cooperative or a charitable organisation (OCCF/ NCCF, Wildlife Fund, Child Relief and You, UNICEF etc.) after negotiation by the Purchase Committee. In case the Cooperative/ Charitable Organization is not dealing with the article sought to be procured, the Purchase Committee shall apply due diligence and undertake the procurement after negotiation with the available supplier(s).

## **2. Terms of supply and payment:**

1. All items proposed for purchases shall be subject to inspection before acceptance and articles for which specification and/ or tests have been prescribed by the competent authority, the same shall be required to conform to such specification and/ or to specify the prescribed tests which may be carried out before despatch by the supplier.
2. Each firm shall furnish the security deposit equal to 2% of the expected procured value in shape of draft in favour of Bank at the time of submission of tender. The empanelled firms would enter into an agreement for a minimum period of one year for supply of indented articles with suitable liability clause to pay the penalty @ 1% of the bill amount per seven days of delay. In case of a delay of more than 15 days, the Bank shall have the option to cancel the order and blacklist the concerned vendor from receiving any orders in future. The quotations submitted by the firm will remain in force for a minimum period of one year. No escalation in cost would be allowed.
3. The purchase order will explicitly mention the requirements to be fulfilled and documents to be submitted by the party before the payment is released. Further, two copies of the purchase order may be given to the concerned vendor with advice to affix his signature on one copy in token





of acceptance of the terms and conditions and return to the Bank for record. The payment by the Bank to the supplier shall be released within 15 days of the completion of supply, submission of bills and completion of other formalities specified in the purchase order. The payment will be through Account Payee and Pay Order / Cheques / DD in name of the supplier / firm and the proceeds will be remitted by Regd. Post directly to the supplier/ firm. In case of delay in payment of the bill, the Bank would also pay interest @ 12% per annum for the period of such delay, which shall, however, be recovered later from the concerned officers responsible for the delay.

### **3. Indenting by Branches and supply:**

1. The official in the charge of stores in the offices and Branches shall ensure safe, keeping of the articles and the physical stock is in conformity with the ledger balance maintained.
2. While supplying the article to the Branches / Department, requisition in writing should be obtained duly signed by section head or branch head.
3. The Annual Stock Verifying Officer should report on proper maintenance of records and certify the physical position in each item of the Stock Register.

### **4. Checking of Store and Maintenance of Accounts:**

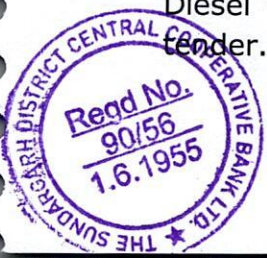
1. The dealing officer shall maintain the stock register and assess the stock requirement and place the position to the authority for purchase of fresh stocks. The stock purchased should be entered in the Stock Register.
2. Certificates of quality and quantity received are to be furnished by the receiving officers while recommending for payment of bills.
3. Huge quantity of stocking represents locking up of capital, which is not justifiable unless essential. In order to effect economy in this direction the dealing officer will see that the stock holding does not exceed the requirement as decided by the competent authority and is not in excess of requirement for a period of 3 month unless ordered by the competent authority for reasons to be recorded in writing.

### **5. Restrictive Procedure/ Measures:**

1. No Branch or subordinate office would purchase stationary directly except urgency, the value of which shall not exceed Rs. 500 per month.
2. No stationary would be supplied without proper indent.
3. The Branches should not be allowed to lift fresh stocks from the Head Office in case the existing stock in hand is sufficient for its 3 month requirement.

### **6. Exceptions:**

In view of the past satisfactory performance and limited choice of substitute, sec equipment, furniture etc. of M/s Jakson / Cummins Make, M/s. Godrej make and Diesel Generator Set of Kirloskar make shall be purchased without going for tender. This shall however be reviewed an annual basis and in case of





unsatisfactory performance or better options dispensation can be changed by the Managing Committee of the Bank.

## **7. Outsourcing/Third Party**

### **7.1. Purpose**

There are a number of IT based / Non-IT based activities that the bank has outsourced. These include AMC for hardware and software, maintaining ATM etc. The bank is aware of the risk of improper access to information and information assets from users of third party or outsourcing agencies which could prove detrimental to banks interests. A risk assessment exercise should be carried out to determine the specific security requirements in such cases. Contract with third parties or outsourcing agencies should be established with necessary security conditions and service levels in mind.

### **7.2. Policy Statement**

Banks shall ensure that access to the data processing facilities and intellectual property rights of the bank are well protected from third party service provider's entities and controls by taking adequate measures.

### **7.3. Scope**

Risk of improper access from users of third party or outsourcing agencies may be exposed to banks. A risk assessment should be carried out to determine the specific security requirements in such cases. Contract with third parties or outsourcing agencies should be established for necessary security conditions & service levels. Contractual requires in a risk management strategy.

A detailed feasibility study shall be conducted by Head Office IT department prior to outsourcing to determine the need, benefit and risks of outsourcing.

7.3.4. The feasibility study shall evaluate the outsourcing requirement along the following parameters:

- Cost benefit

- In-house capabilities

- Strategic advantage

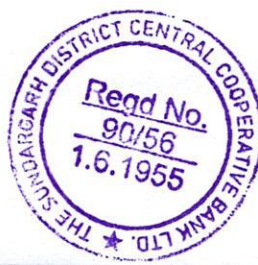
- Risks in terms of vendor meeting performance requirements, security standards and regulatory compliance.

### **7.4. Outsourcing Plan**

Head Office IT will create an outsourcing plan after the feasibility of outsourcing is established. The outsourcing plan will include the following details:

- Key objectives and requirements in terms of quality of service, cost and deliverables Time frame for outsourcing

- Transition plans





## Key risks to be addressed and mitigated in outsourcing activities

### 7.5. Vendor Selection

7.5.1. Vendor evaluation and selection will be as per the procurement policy of the bank.

Vendor's reliability in delivery of service, stability of operation and flexibility to meet bank's needs are important consideration in outsourcing apart from expertise and experience of the vendor.

7.5.2. Bank can conduct an audit of operational & security controls of the vendor prior to final selection to ascertain that all risks identified in outsourcing plan can be mitigated by the vendor.

### 7.6. Transition Risks.

7.6.1. Transition of services from outsourced vendor to bank or vice-versa will be as per a transition plan and clear responsibility will be assigned within bank for transitioning.

7.6.2. The following needs to be considered when operations are being transitioned from the outsourced vendor to bank or vice-versa:

Knowledge transfer, including skills, process methodologies & documentation Transfer of bank data and documents, transfer of any ownership of assets from vendor to bank

Assigning and revoking access rights, logical and physical, over the IT assets of bank Support requirements post transition

### 7.7 Security

7.7.1. ISC will be advised of the decision to outsource and details of the solution and the vendor. ISC will communicate to the vendor the requirements under the IS policies of the bank, relevant to the activity being outsourced and ensure its compliance by the vendor.

7.7.2. Bank shall retain the right to audit the vendor for its compliance to security requirements of bank.

7.7.3. Bank shall ensure that vendor meets all legal requirements, including pertaining to the functions undertaken on behalf of bank.

7.7.4. Bank shall ensure that the outsourced vendor has adequate contingency plans including backup & recovery, redundancies, disaster recovery and insurance coverage to meet the service levels.

7.7.5. In the case of software development outsourcing adequate measures including software escrow and software code ownership shall be considered to ensure that source code is available in the event of vendor failure.

7.7.6. For software development outsourcing, the application shall meet the security requirements defined in application security policy.



7.7.7. Bank shall make fallback arrangements commensurate to the criticality of outsourced activity and risk of its failure.

7.7.8. Data ownership shall be retained by bank when business processes are outsourced.

7.8. Performance.

7.8.1. The contract with vendor will include the Service Level Agreements (SLAs) as defined in the Procurement Policies.

7.8.2. The SLAs shall be monitored and managed by the IT department.

7.8.3. For software development outsourcing, delivery checks for functionality, security performance and documentation shall be carried out before software acceptance.

7.9. Contractual Terms.

7.9.1. The contract for outsourcing between the bank and the outsourced vendor shall cover the following.

7.9.2. Service levels, roles & responsibilities of vendor, obligations of bank, timeframe, cost of service and penalties / reward for performance.

7.9.3. Requirements for complying with security policies, intellectual property rights and right of bank to audit the vendor.

7.9.4. Requirements during transition to be adhered by the outsourced vendor.

7.9.5. Disaster recovery provisions, data ownership and software escrow provisions.

7.9.6. Problem resolutions, change control, contract re-evaluation and termination

7.10. **THE OUTSOURCING POLICY SHALL BE IN CONFORMITY WITH THE GUIDELINES ISSUED BY RBI/NABARD/RCS (O) FOR OUTSOURCING BY BANKS.**

  
**Chief Executive Officer**



