

NPA Circular No: (11)

My No: NPA/CEO/18

National Procurement Agency
Level 22, West Tower
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Colombo 01.

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**To: All Secretaries of Ministries
Chief Secretaries of Provincial Councils**

Registration of Suppliers

NPA has observed that in many instances, Procurement Entities (PE) have been calling for quotations from a list of suppliers registered by the PE without following proper assessment procedures to ensure whether these suppliers are capable to perform satisfactorily. As a result of this situation, many of suppliers in the list do not respond to the invitation and perform unsatisfactorily.

Therefore, NPA decided to issue guidance which is attached herewith, regarding the procedure applicable in the process of registering the suppliers

You are kindly requested to update the Procurement Manual-2006 by including the attached supplement and disseminate the guidance to all the organizations under your preview.

This supplement has been posted in the NPA Web site (www.npa.gov.lk) and you may download additional copies if required.

Your comments in this regard will be welcomed.

**Daya Liyanage
Chairman/CEO
National Procurement Agency.**

Cc. NPA Liaison officer of the
Ministry/Provincial Council

-In order to circulate the copies of supplements among all institutions under the preview of the Ministry/Provincial Council.

Registration of Suppliers

Registration of suppliers should be applied for Procurement of goods of small value or for procuring of goods used frequently such as stationary, electrical items, motor vehicle repairs, periodicals and publications etc, and procuring of services such as janitorial service, catering services, for which advertising may be uneconomical. This procedure should be used with a sound assessment system whereby suppliers of particular good or services are assessed against pre-determined criteria. The PE must confine shopping procedure to names appearing on list of registered suppliers. Therefore, registration of suppliers should provide PE with added confidence that suppliers being invited to offer already have the capability to supply the goods and services.

The process of registration of suppliers

Step 1: Identify and justify the need for the goods/services

The PE needs to identify that there is a genuine need for the good/services. This should be determined according to the Procurement plan of the entity.

Step2: Develop the assessment framework including criteria and procedure

A set of assessment criteria needs to be developed which represent the PE's requirements of the supplier to successfully complete contracts or supply goods/services.

The criteria need to facilitate reliable, valid and objective assessments of a supplier's capability. Depending on the market in which the goods/services are being purchased, the criteria may vary. The importance of each criterion can also vary, depending on the nature of the work or service required and the industry involved.

Some typical considerations for criteria are provided below.

i. Technical capability and experience

This can be assessed by examining a supplier's past and current performance in similar types of contracts. (that is, similar value, risk, and nature of the procurement)

Business registration of the supplier and address of the registered office should be examined.

ii. Financial capability (When required)

With regard to this requirement, PE should examine a supplier's assets and liabilities, profitability, availability of funds, etc.

iii. Human resources capability (When required)

Following information can be assessed with regard to the criteria relating to the supplier's human resource capability.

- the number of employees and managers;
- the ratio of temporary to permanent employees; and
- the organizational structure and position descriptions

Step 3: Prepare the registration application for suppliers to respond

When preparing the application, specific questions that aim to determine the applicant's capability according to the above mentioned criteria need to be considered.

Step 4: Advertising for Registration of Suppliers

PE should ensure that maximum publicity is given for the advertisement for registration of suppliers. The following methods may be adopted for this purpose.

- Advertisement should be published in at least one newspaper of national circulation.
- In the official gazette
- PE's Web site
- NPA web Site (Soft copy of the advertisement should be submitted to the NPA by respective PE)
- Direct notification

The advertisement should be well organized and informative. Following information but not limited to be included in the advertisement.

- Name of the PE
- Objective of the Invitation
- Description of goods/service
- Addressed at which application could be obtained
- Price of the document and mode of payment
- Date, time, place for receipt of application
- Eligibility criteria, if any

Step 5: Appointment of Assessment Committee

Head of the PE shall appoint an assessment committee to evaluate application received for registration.

The composition of the assessment committee is given below.

- a) The number of members in assessment committee shall be three
- b) A senior staff officer shall be appointed as the chairperson of the Committee.
- c) Other two members shall be staff officers.

After evaluating the applications & verification if necessary, considering the assessment criteria, Assessment Committee should prepare a list comprising names of suppliers who are able to supply particular categories of goods and services. This list of registered suppliers should be approved by the Head of the PE.

A copy of the registered suppliers' list approved by the Head of the PE should be submitted to the NPA with soft copy in order to post in the NPA web site.

Step 6: How to use the registered suppliers

The List of registered suppliers should be maintained under the various categories of goods & services such stationary, electrical items, vehicles, tire & tube etc. The suppliers whose names are included in the registered list should be given equal opportunity to bid even on rotational basis if a large number of suppliers are registered.

When PE requires to procure goods or services for which suppliers are not available in their registered list, PE may refer registered suppliers' lists posted in the NPA web site or refer an approved list of registered suppliers of other PE.

At the end of every year, a list of goods and services procured from the suppliers who are in the registered list should be submitted to the NPA including following information.

- Names and addresses of the Suppliers
- Names of the items (including brand names)
- Unit Price/prices

Step 7: Updating the list of registered suppliers

The registered list of suppliers should be updated periodically, at least once a year (before end of each year).

Name of any supplier who has not responded twice for an invitation to submit a quotation or performed unsatisfactory under any contract previously awarded should be removed from the list of registered suppliers.