

REVISION HISTORY

Rev	Description of Change	Process Owner	Approved Date
0	Draft	COO	
0	Initial Release	Head – General Administration	

REFERENCE DOCUMENTS

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1. Purpose

This guideline describes the policies and outlines the procedures for requesting, approving, purchasing, deliver and payment of capital and operating expenditure.

2. Scope

This procedure is applicable to branches and Head Office departments and covers all expenditure for goods and services. This guideline does not however cover staff and personal expenses, which are under the purview of Human Resource.

3. Definition of Terms

	Term	Definition
3.1	Operating Expenditure	<p>Operating expenditure is the on-going costs for running a business or one that is required to maintain an asset at its current condition. The cost is deducted fully in the year of the expenditure.</p> <p>Items purchased are consumed immediately or where useful life is less than one year and where initial purchase price is under Kyats 1,000,000 per item are considered Operating expenditures. Definition of operating expenditure in this guideline excludes staff personal expenditure. Staff personal expenditure are governed by HR policies.</p>
3.2	Capital Expenditure	<p>An expense is considered to be a capital expenditure when the asset is a newly purchased capital asset or an investment that improves the useful life of an existing capital asset. A capital expenditure, it needs to be capitalized, i.e. to spread the cost of the expenditure over the useful life of the asset.</p> <p>Assets useful life of more than one year and where initial purchase price is over Kyats 1,000,000 per item are considered Capital expenditures.</p> <p>For example, the purchase of a photo-copier is the Capital Expenditure, and the annual paper and toner cost is the Operating Expenditure.</p>
3.3	Standard Items	<p>Standard items are Capital Asset items and constitute fixed types of equipments, computer, furniture and fittings that the bank purchases. Examples are PCs, calculators, chairs and desks. A list of standard items is maintained by the Purchasing Unit, Banking Operations Department and is available for all responsible staff.</p>
3.4	Non-Standard Items	<p>Non-Standard items are also Capital Asset items. They are items required for specialize and specific used. Examples are purchase of new computer servers, request for renovation etc,</p> <p>All requests for non-standard items require the department requesting to raise a proposal i.e. the Request for Approval to support the request.</p>
3.5	Continuing Contracts	<p>Continuing contracts shall mean any maintenance contracts; bulk settlement agreements and any commitment regarding payment for items or services. Examples includes cleaning services, pest control services, computer system maintenance services etc.,</p>
3.6	Request for Approval	<p>Is a formal paper/proposal submitted together with the Capital Expenditure Request Form. Its content usually covers the Purpose of Request, The Rationale and Benefits, Business Requirements, Functional Requirements, Future Considerations, Cost, Vendors and Specific Approval Required.</p>
3.7	Purchase Order (PO)	<p>A Purchasing Order Form (PO) is a document confirming the approval and purchase of the asset. A PO shall be completed for all approved capital expenditure. Only authorized persons are allow to sign the PO. Items under revenue expenditure do need not require a PO. It is a numbered document issued only by the Purchasing Unit, General Administration Department, Head Office which contains the element of the vendor, the items purchased, the quantity of items ordered, the price, where the items are to be delivered, terms and conditions, and the payment. PO are controlled stationery and considered as security items and therefore the standard controlled for security stock shall apply</p>

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4. Features, Policies and Guidelines

4.1 Budget

- i. All purchases are subject to the approved budget for each branch or department. The Board of Directors/Executive Chairman approves the budgeted figures at the beginning of each year.
- ii. Any request for purchase that exceeds the yearly budgeted figure will require a supplementary budget request to be raised and approved by the Executive Chairman.
- iii. Each Head of department and Branch Manager shall be responsible to conduct yearly budgeting and to ensure that purchases are made within the approved budgeted figures
- iv. Head, General Administration shall maintain a register to record all expenditure items and to monitor the orders made by branches and head office departments to ensure that requests commensurate with the usage norms
- v. The Head of Finance shall be overall responsible to monitor that purchases are made within the budgeted figures and submit relevant exceptions reports to the Executive Chairman and Management Committee.

4.2 Operating Expenditure

- i. Branches shall co-ordinate the purchase of operating expenditure for their respective branches
- ii. General Administration shall co-ordinate the purchase of operating expenditures for Head Office departments
- iii. Approval to purchase shall be within the individual Discretionary Powers granted to responsible senior management staff as per the Discretionary Authority issued by the Board of Directors/Executive Chairman from time to time
- iv. Purchase may be made from any supplier as long as the cost does not deviate significantly from the Indicative Pricing as published by the Purchasing Unit, General Administration Department
- v. Twice yearly, the Purchasing Unit is responsible will obtain competitive quotes from suppliers and update the Indicative Pricing List.
- vi. Purchasing under operating expenditure may be done verbally and the principal documents for confirmation of purchase and payment is the Invoice. Receipt of items shall be indicated on the Invoice itself.
- vii. An Operating Expenditure Request Form (OERF) shall be completed for all Operating Expenditure items.
- viii. Submission should only be done on a weekly basis to ensure efficient processing.

4.3 Capital Expenditure

- i. General Administration department shall co-ordinate the approval, purchase and delivery of all capital expenditures for both branches and Head Office departments
- ii. Approval to purchase shall be within the individual Discretionary Powers granted to responsible senior management staff as per the Discretionary Authority issued by the Board of Directors/Executive Chairman from time to time
- iii. All capital expenditures required at minimum of two sources of quotes for comparative purposes
- iv. For purchase of IT equipments and software, the request will additionally require recommendation from the Head, Information Technology department.
- v. Capital Expenditure requires the raising of a Purchasing Order (PO), a document confirming the approval and purchase of the asset.
- vi. The Delivery Order is usually obtained signifying delivery in accordance to terms. It acts as the supporting document for payment in addition to the PO and CERF
- vii. Finance Department, Head Office, shall make all payments under Capital Expenditure. A copy of the approved PO and DO duly acknowledging receipt of goods shall be forwarded to Finance Division and shall be coordinated by Purchasing Unit.
- viii. A Capital Expenditure Request Form (CERF) shall be completed for all requests for Capital Expenditure items.

4.4 Standard and Non-Standard Items

- i. Capital assets are sub-categorized as either Standard or Non-Standard items.
- ii. The list of standard items is maintained by the Purchasing Unit and is made available for viewing by all responsible staff. Items not under the Standard items list are considered Non-Standard items. The list is to guide the requisitioning party on whether a Request for Approval is required.
- iii. All requests for Non-Standard items must be supported with a Request for Approval, a formal paper to describe the request.

4.5 Discretionary Authority to Purchase

The discretionary authorities granted approve expenditures are as per the Discretionary Authority granted by the Board of Directors and Executive Chairman

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Evidence of the above authority shall be signified by appending the signatures on the Request for Approval, CEFT or OEFT, invoice and PO where applicable.

For capital expenditures, subject to prior approval per the discretionary powers, the Managing Director shall have the discretion to sign all PO with the Head, General Administration and either the Director of Banking Operations, Director, Finance & Credit or Chief Operations Officer. The Director of Banking Operations, Director, Finance & Credit or Chief Operations Officer shall be required to sign for Pos raised under their area of responsibilities.

4.6 Continuing Contracts

Continuing contracts, e.g. maintenance contracts and any commitment regarding payment for items or services shall be in accordance with the policies under Capital Expenditure. At least one original copy of the continuing contract shall be kept under the custody of Purchasing Unit, General Administration department while Branch or Head office department shall hold one copy of the contract.

4.7 Vendors Selection

Awarding of purchase or contracts shall be on arm-length dealings and shall take into account amongst other considerations:

- i. Product Quality
- ii. Cost Competitiveness
- iii. Maintenance Cost
- iv. Terms of Purchase– Incoterm, Time to Deliver, Payment, Warranty
- v. Vendor’s Strength and Experience
- vi. Vendor’s Reliability and Service Quality
- vii. Vendor’s Support for Bank
- viii. Vendor’s Previous Dealings

General Administration department will review the suitability of vendors periodically to ensure that the bank continue to obtain the most competitive pricing and terms.

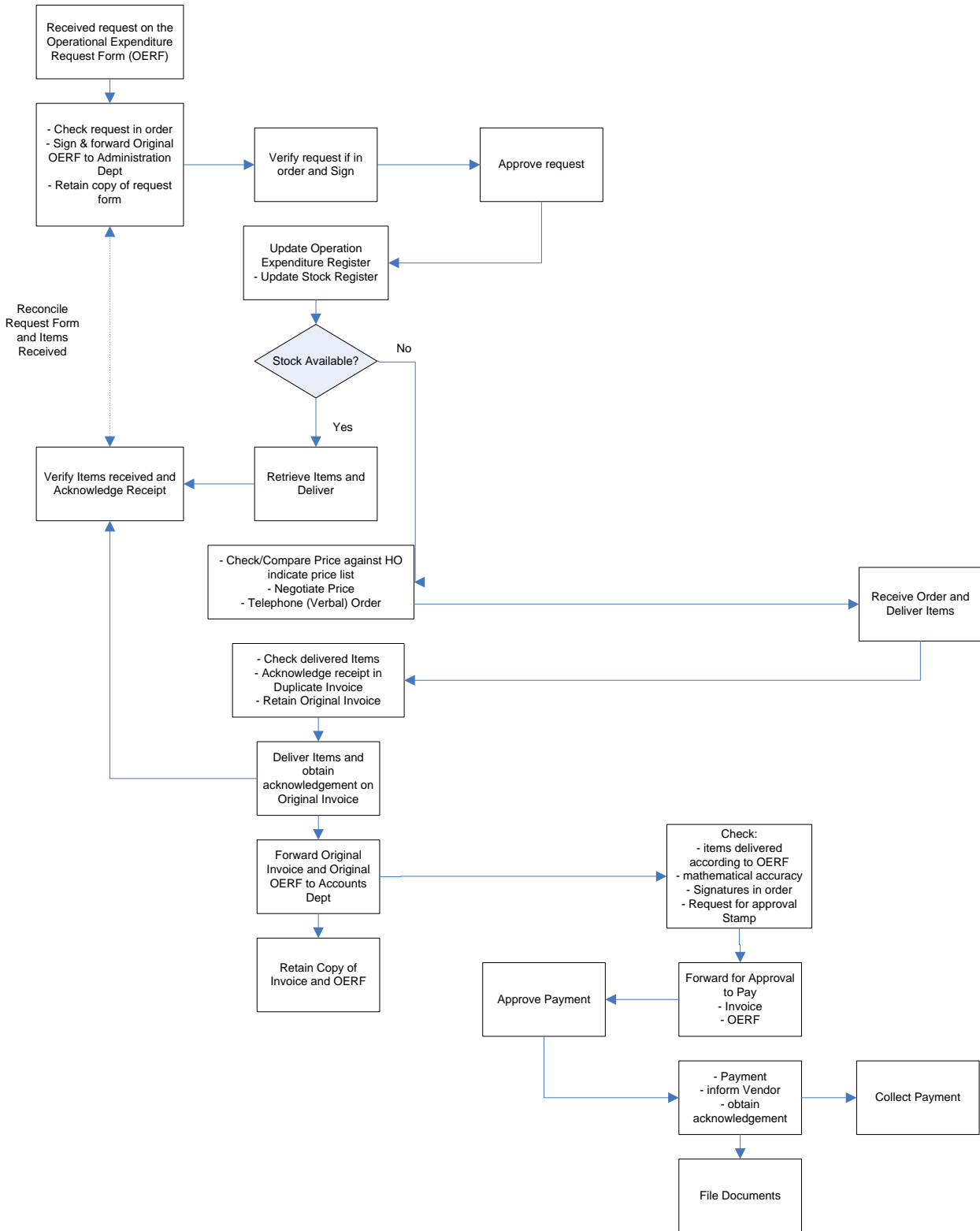
5. Procedures

5.1 Operating Expenditure

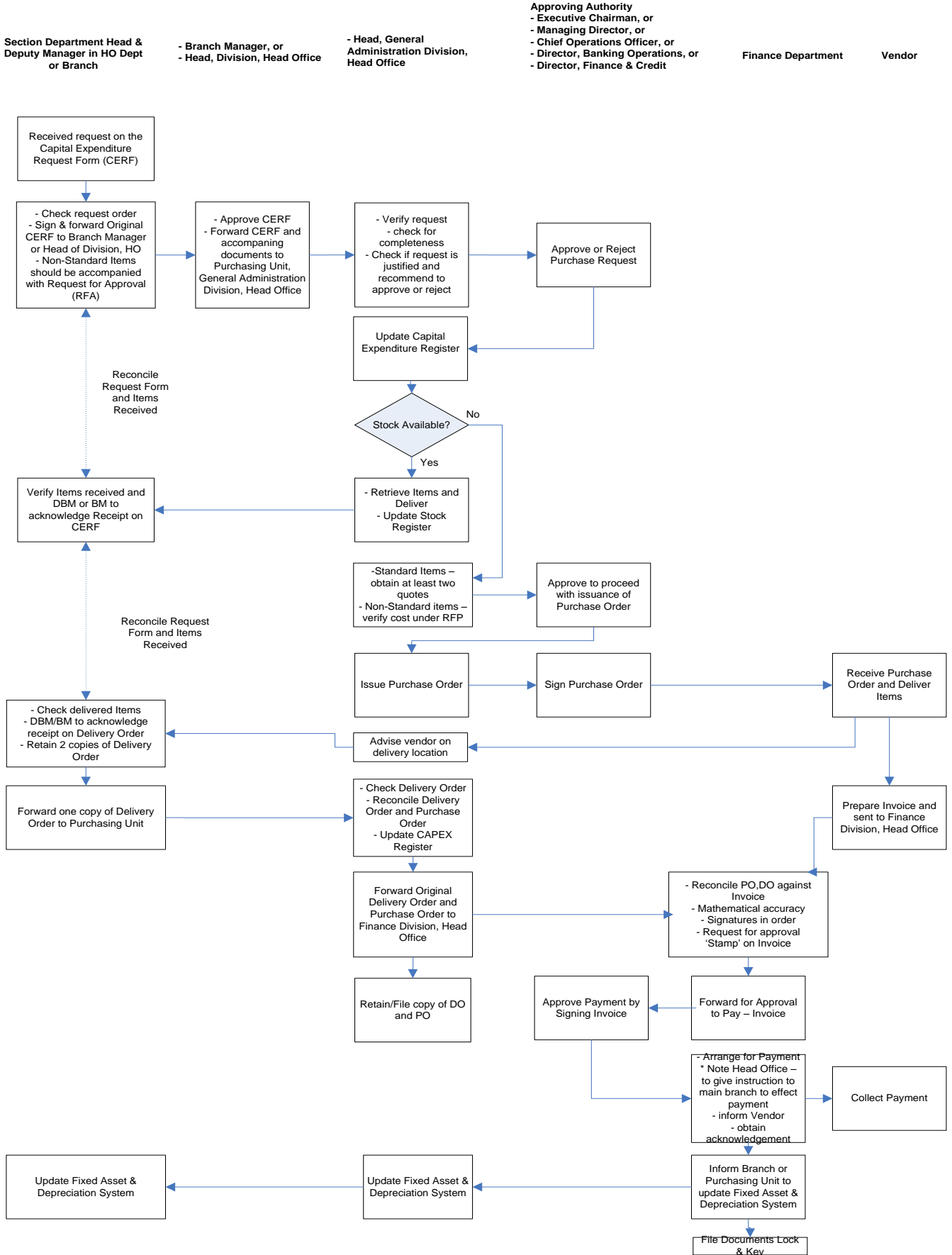
5.2 Capital Expenditure

Purchasing Procedure
Operational Expenditure Items

- Head, Department, Branch or - Head, Department, Head Office
- Head, Administration, Branch or - Head, General Administration, Head Office
- Branch Manager or - Managing Director or - Chief Operations Officer or - Director, Banking Operations or - Director, Finance & Credit
- Accounts Department
- Vendor



Purchasing Procedure
Capital Expenditure Items



6. Responsibilities

	Person	Responsibilities
6.1	Executive Chairman & Management Committee	<ul style="list-style-type: none"> ▪ The Executive Chairman and Management Committee is responsible to approve the budgeted figures at the beginning of each year.
6.2	Purchasing Unit, General Administration Department	<ul style="list-style-type: none"> ▪ evaluate and select suppliers based on their ability to supply product in accordance with the banks requirements. ▪ ensure the adequacy of specified purchase requirements and information prior to their communication to the supplier. ▪ establish and implement the inspection or other verification activities necessary for ensuring that purchased products meets specified purchase requirements. ▪ evaluate requisition for purchase of equipment and other support service requirements. ▪ regulate and review panel of suppliers ▪ ensure stock are properly controlled and keep in safe custody
6.3	Requesting Branch/ Department	<ul style="list-style-type: none"> ▪ Each Head of department and Branch Manager shall be responsible to ensure that purchases are made within the budgeted figures. ▪ ensure that proper form is used and completed for each request. ▪ ensure stock are properly controlled and keep in safe custody
6.4	Accounting/ Finance	<ul style="list-style-type: none"> ▪ The Head of Finance shall be responsible to monitor that purchases are made within the budgeted figures and submit relevant reports to the EC ▪ Make payment strictly in accordance with procedures

7. Standards and Measurements

	Description	Standard and/or Measurements
7.1	Process of request by the Purchasing Unit to submit for management approval	Within one week
7.2	Completing of Purchase Order or place order once request approved	Same day
7.3	Forwarding goods to requesting branch/department	Same day
7.4	Process payment to vendor/supplier	Within one week

8. Quality Records

	Identification	Responsible Custodian	Indexing	Retrieval	Filing - Hard Copy / Electronic - Where - Minimum before storage	Storage - Hard Copy / Electronic - How - Where	Minimum Retention	Disposition
8.1	Operating Expenditure Request Form (OERF)	Purchasing Unit	Date	Request through GA	- Hard Copy - Purchasing Filing Cabinet - 6 months	- Hard Copy - Label and Pack Carton Box - Purchasing Filing Cabinet	3 years	Burn
8.2	Capital Expenditure Request Form (CERF)	Purchasing Unit	Date	Request through GA	- Hard Copy - Purchasing Filing Cabinet - 6 months	- Hard Copy - Label and Pack Carton Box - Purchasing Filing Cabinet	3 years	Burn
8.3	Purchase Order (PO)	Purchasing Unit	Version Number & Date	Request through GA	- Hard Copy - Purchasing Filing Cabinet - 6 months	- Hard Copy - Label and Pack Carton Box - Purchasing Filing Cabinet	3 years	Burn
8.4	Request for Approval	Purchasing Unit	Date	Request through GA	- Hard Copy - Purchasing Filing Cabinet - 6 months	- Hard Copy - Label and Pack Carton Box - Purchasing Filing Cabinet	3 years	Burn

9. Forms, Registers and Reports

	Forms, Registers and Reports	Document No.
9.1	Operating Expenditure Request Form (OERF)	
9.2	Capital Expenditure Request Form (CERF)	
9.3	Purchase Order (PO)	
9.4	Request for Approval	