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Buying and selling – purchasing and contract review

6.1 Introduction

These subjects refer to clauses 4.3 and 4.6 of the standard and are being taken together because the essential disciplines are common. Whether buying materials, etc. or selling the finished product it is necessary to have:

- a specification for the item or product;
- documentary procedures to handle the transaction;
- validation of the quality of the goods;
- procedures governing management of suppliers and sub-contractors and relationships with customers.

Also, taking buying and selling together will remind ourselves that whatever our role in the company, we are all someone’s supplier as well as someone’s customer. Shades of total quality management – of which more later.

6.2 Purchasing

6.2.1 Policy

The company procedure for purchasing should define a policy that requires purchase of specified items (i.e. a company specification exists) from approved suppliers who can deliver correct quantities of goods to specification in a timely manner.

6.2.2 Placement of orders

The expectation of the assessors will be that all orders are placed with
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approved suppliers and will either be accompanied by, or refer to, the approved specification for the item. Accordingly therefore, they will wish to see:

• the file of raw and packaging material specifications, and other relevant items, properly drawn up, referenced and authorized in accordance with the procedure for document control;
• evidence that the specifications have been accepted by the supplier;
• the current list of approved suppliers (this should differentiate between active and dormant approved suppliers);
• buyers' purchasing authorities, to verify that orders are being authorized at the appropriate level in the company.

6.2.3 Approval of suppliers

A procedure for the approval of suppliers should exist, setting out the criteria a supplier must achieve to become approved. These may include:

• satisfactory technical inspection, maybe to ISO 9001 standards, and certainly with HACCP expectations, to verify the supplier is capable of meeting the specification; a supplier inspection procedure may well exist;
• satisfactory performance over time, technically, logistically and commercially.

Of course it is open to the company to adopt a 100% inspection approach, and in trading activities where every consignment of goods is purchased against sample this is common. Certificates of analysis or conformity may also be of value.

6.2.4 Supplier rating and performance

Companies may wish to operate a formal rating system for their suppliers, which is reviewed quarterly or half-yearly for example, and the rating then determines the extent to which deliveries are sampled and tested.

Assessors will expect to find clear evidence that deliveries are inspected for satisfactory physical condition and verification of quantity on receipt at the incoming goods warehouse, procedures regarding action if there are problems, and procedures by which goods are released for production, generally by the Quality Assurance Department.

The extent to which sampling and testing is carried out by the QA