

1.1 Introduction

The special feature of the internal control procurement process is that the acquisition of goods and/or service at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals generally via, a contract.

For each CAPEX procurement purchase requisition (PR) needs to be issued. It may be formal purchase requisition

1.2 Origin of the report:

This proposal is to prepare an internship report prepared as a requirement for the completion of the BBA program of the Stamford University Bangladesh. The primary goal of internship is to provide a job exposure to the student and an opportunity for translation of theoretical conceptions in real life situation. Students are placed in enterprises, organization, financial institutions, research institutions as well as development projects. The program covers a period of 10 weeks of organizational attachment.

The purpose of the project is to develop an understanding about the organization and producing or providing goods or services and are not held or sale in the normal course of business. I will try to provide the whole conditions of “Internal control-Authorization Matrix and purchase procedure Manual”. Its functional activities and probable solutions.

1.1 Rational of the study:

The primary purpose of the project is to develop an understanding about the organizational and operational aspect of the internal control-Procurement process and its limitations of commercial departments.

1.2 Objectives of the report:

- a) Broad objective: The broad objective of the study is to determine the probable system and its problem of Internal control-“procurement process” and the limitations and the solving policy of Rahimafrooz Distribution Limited.
- b) Specific objective: To find the result from comparative analysis of identify expenses, its approval limits of different heads, requisitions, identify the items, the vendors, quantity determination, payment terms and the problems and how to solve those problems. This guideline is aimed to encompass all aspects of fixed assets that relate to

Time and cost of acquisition, transfer, sale, disposal and write-off.

Procurement.

Classification.

- # Valuation and Deprecation.
- # Periodic inventory.
- # Approval structure.

1.3 Methodology of the study :

The primary data was mainly used for this project. The figures are collected from individual meeting with the executive of different commercial departments.

For carrying out this project paper I had to study the actual operations of Rahimafrooz Distribution Limited.

In order to carry out this study, two sources of data and information have been used: To prepare this the data are collected from secondary sources. Sometimes I have taken help of other the RDL manager and expert of finance.

Secondary data

- Financial Reports of Rahimafrooz Bangladesh Ltd.
- Desk report of the related department.
- Training sheets which are provided by Rahimafrooz Training and Research Academy.
- Online data form Rahimafrooz website.

Annual report of Rahimafrooz Distribution Limited

1.4 Scope of the report

The scope of the report was confined to Rahimafrooz, manger of the branch and the expert of Rahimafrooz Distribution Limited. I have collected information from the web address; Financial reports 2009 of Rahimafrooz Bangladesh, consulting with the employees friends and with other expert, and various book articles regarding Accounts Departments also, textbooks including Financial Institution Management.

1.5 Limitations of the study

There are some limitations in my study. I faced some problems during the study, which I am mentioning them as below-

I) Lack of time:

The time period of this study is very short. I had only 9 weeks in my hand to complete this report, which was not enough. So I could not go in depth of the study. Most of the times the officials were busy and unable to give us much time.

ii) **Insufficient data:**

Some desired information could not be collected due to confidentiality of business.

iii) **Other limitations:**

As I am newcomer, there is a lack of previous experience in this concern. And many practical matters have been written from my own observation that may vary from person to person.

1.6 Conceptual framework:

The activities of a private service organization are very much competitive in the present scenario in Bangladesh. It is a challenging job for me.

Literature review-

1.6.1 Purchase-

Acquisition that is bought, as contrasted with an Exchange, Gift, or Inheritance. Generally the purchase price serves as the original cost basis

(To obtain in exchange for money or its equivalent); buy.

1. To acquire by effort; earn.
2. To move or hold with a mechanical device, such as a lever or wrench.
 - a. The act or an instance of buying.
 - b. Something bought.
 - c. Acquisition through the payment of money or its equivalent.
3. A grip applied manually or mechanically to move something or prevent it from slipping.
4. A device, such as a tackle or lever, used to obtain mechanical advantage.
5. A position, as of a lever or one's feet, affording means to move or secure a weight.
6.
 - A. A means of increasing power or influence.
 - B. An advantage that is used in exerting one's power.

1.6.2 Purchasing:

Purchasing is the act of buying the goods and services that a company needs to operate and/or manufacture products. Given that the purchasing department of an average company spends an estimated 50 to 70 percent the of every revenue dollar on items ranging from raw materials to services, there has been greater focus on purchasing in recent years as firms look at ways to lower their operating costs. Purchasing is now seen as more of a strategic function than can be used to control bottom-line costs. Companies are also seeking to improve purchasing processes as a means of improving customer satisfaction.

The Traditional Purchasing Process:

The traditional purchasing process involved several steps- requisition, soliciting bids, purchase order, shipping advice, invoice, and payment-that have come to be increasingly regarded as unacceptably slow, expensive, and labor intensive. Each transaction generated its own paper trail, and the same process had to be followed whether the item being purchased was a box paper clips or a new bulldozer. In this traditional model, purchasing was seen as essentially a clerical function. It was focused on getting the right quantity and quality of goods to the right place at the right time at a decent cost. The typical buyer was a shrewd negotiator whose primary responsibility was to obtain the best possible price from suppliers and ensure that minimum quality standards were met. Instead of using one supplier, the purchase would usually take a divide-and-conquer approach to purchasing-buying small amounts from many suppliers and playing one against the other to gain price concessions. Purchasing simply was not considered to be a high- profile or career fast-track position –when surveys were taken of organizational stature, purchasing routinely rated in the lowest quartile.

The attitude has changed in recent years, in part because of highly publicized cases wherein companies have achieved stunning bottom-line gains through revamped purchasing processes. In addition, increased competition on both the domestic and global levels has led many companies to recognize that purchasing can actually have important strategic functions. As a result, new strategies are being used in purchasing departments at companies of all size.

Analysts observe that in this new purchasing environment, a guideline known as the total cost of ownership (TCO) come to be a paramount concern in purchasing decisions. Instead of buying the goods or service that has the lowest price, the buyer instead weighs series of additional factors when determining what the true cost of the goods or services is to his or her company. According to Anne Millen Porter in purchasing magazine, these factors can include “price, freight, duty, tax, engineering cost, tooling costs, letter of credit costs, payment terms, inventory carrying costs, storage requirements, scrap rates, packaging, rebates are special incentive values, [and] warranty and disposal costs.” To lower TCO, companies are taking a number of steps to improve purchasing.

Strategic sourcing:

Strategic sourcing is one of the key methods that purchasing departments are using to lower costs and improve quality. Strategic sourcing involves analyzing what products the company buyers in the heights volume, reviewing the marketplace for those products, understanding the economics and usage of the supplier of those products, developing a procurement strategy, and establishing working relationship with the suppliers that are much more integrated than such relationships were in the past. During this process, the team conducting the analysis should ask these questions:

- Why do we buy this product or service?
- What do we use it for?

- What market conditions do suppliers operate under?
- What profit margin do suppliers seek to obtain?
- What is the total price of purchasing from a particular vendor (in other words, the cost of item plus the costs associated with problems)
- Where is the good or service products?
- What does the productions process look like?

The products that are purchased in the highest volume will be the candidates for cost reductions. That is because once those products are identified, the company can then justify the time and expense needed to closely study the industry that supplies that products. It can look at the ways key suppliers operate, study their business practices to see where the most money is added to the final costs of the product, and then work with the supplier to redesign processes and lower productions costs. This maximizes the contribution that suppliers make to the process.

By knowing the market and knowing how much it costs for a suppliers to do business, the purchasing department can set “target prices” on goods. If the suppliers protest that the price is far too low, the purchasing company can offer to visit the supplier’s site and study the matter. As one purchasing executive explained in Industry week: “we have 15 to 20 people who study the cost of everything we purchase. We know what it costs for a supplier to make a part, including all the overhead and the profit. So if suppliers come in once we’ve given him a target price and say ‘You guys are crazy’ we send one of our engineers to visit the company. They look at the supplier’s productions process to see if they can spot a problem that’s causing the suppliers prices to be higher. If necessary, our engineer helps the supplier rearrange the production lime to make it more efficient. “Proponents argue that these “suppliers alliances” can result in improve buyers/seller communication, improved planning, reductions in lead time, concurrent engineering, decreased paperwork, and better customer services.

The alliances also can sometimes register significant improvements in product quality. Buyers can build clearly- defined quality targets into their target price. It will then work with the supplier to improve the manufacturing process until that quality target is met. Such a process can yield enormous benefits for buyers, including reduced inventory levels, faster time to market, significant cost savings and reduced development costs.

Not all suppliers can meet the high standers demanded in this purchasing environment. Some studies indicate the adapt strategic sourcing have lowered the number of suppliers they use by an average of nearly 40 percent. What characteristics make a good supplier, then? If the supplier is willing to partner, then analysts have identified several traits that good suppliers share:

- Commitment to continuous improvement
- Cost-competitive
- Cost-conscious
- Customer-oriented
- Encourages employee involvement

- Flexible
- Financially stable
- Able to provide technical assistance

Analysts indicate that suppliers receive some benefit in the emerging purchased dynamic as well. Reduced paperwork, lower overhead, faster payment, long-term agreements that lead to more accurate business forecasts, access to new designs, and input into future materials and product needs have all been cited as gains. Other observers, meanwhile, point out that some buyer-supplier relationships have become so close that suppliers have opened offices on the site of the buyer, an arrangement that can conceivably result in even greater improvements in productivity and savings. Of course, companies are not going to form such “partnerships” with all of their suppliers. Some from of the traditional purchasing process involving bidding and standard purchase orders and invoice will continue to exist at almost every company, and especially at smaller companies that do not have the financial weight to make large demands on their suppliers.

1.6.3 Empowering Teams:

In addition to strategic sourcing, there are other methods companies can use to improve purchasing. One is creating cross-functional teams that involve purchasing personnel in every stage of the product design process. In the past, purchases were not involved at all in the design process. They were simply instructed to purchase the necessary materials once a new product had been created. Now, purchases (and suppliers) are increasingly included from the start of the new product process to ensure that the product needed to create product are readily available and are not prone to quality problems. Suppliers tend to be experts in their field, so they bring a large knowledge base to the design process that would otherwise be missing. This can help prevent poor designs or manufacturing mistakes.

These teams have broken down barriers and helped abolish the old manufacturing method that was known as the “over the wall” method of productions—each business unit would work on a project until its portion of the job was completed. It would then “throw the product over the wall” to the next functional team that was waiting to perform its part of the manufacturing process. The new cross-functional teams often include personal from purchasing, manufacturing, engineering and sales and marketing.

Purchasing teaches other members of the team how to deal directly with suppliers, cutting the purchasing personal out of the loop. This is important in that it eliminates much of the time-consuming work that buyers had to deal with (soliciting bids, creating purchasing orders, etc.) and frees them to concentrate on the part of their job where their expertise most pays off: finding suppliers and negotiating prices and quality standards. “Purchasing should be concerned with the strategic planning aspects of procurement process,” purchasing director Be Lapper told purchasing magazine. “Buying itself deals with the daily transactions and replenishment actions that should be performed as close to the company’s end as possible.”

1.6.4 Just-In-Time Purchasing:

Just-in-time (JIT) manufacturing became one of the biggest trends in all facets of industry in the 1990s. JIT companies maintain only enough inventories to manufacture the products they need in the very near future. Parts are ordered one near- continuous basis and often go directly from the loading dock to the assembly line. The benefits of this system include reduced inventory, improved quality, reduced lead time, reduced scrap and rework, and reduced equipment downtime. When a company shifts to JIT manufacturing, it must also shift to JIT purchasing.

JIT purchasing requires a nearly 180-degree change in purchasing philosophy. Traditional purchasing meant building a supplier list over time by constantly adding new suppliers, spreading purchases around, and maintaining higher inventory levels in case demand for a product soared or quality from a supplier dipped suddenly. JIT purchasing demands that buyer narrow their supplier list to a chosen few who can deliver high-quality product on-demand and in a timely fashion.

Writing in Industrial Management, Bernhard Hadel stated that JIT purchasers must look for a minimum of three things in suppliers:1) demonstrated excellent quality:2) ability to make frequent, on-time deliveries:3) ability to provide very large volume commitment or single sourcing arrangements. Quality may be the toughest of these standards for suppliers to meet; the JIT purchaser should deal only with companies that utilize statistical analysis to verify the quality of their output. Failure to do so should eliminate the supplier from ever being asked to submit a bid.

For frequent, on-time deliveries, it often helps if the supplier is located in the same geographic region as the buyer. That way, it is easier for the supplier to react to a sudden, unexpected demand for its product, and it costs far less to make the frequent deliveries that are needed. Those lower costs can in part be passed on to the buyer.

In single sourcing arrangements, it is not uncommon for the buyer to exert some influence over the supplier's business processes. The buyer has made such a significant commitment to the supplier, and is such a large portion of the supplier's total business, that it has the right to expect some say in the supplier's business practices. For some suppliers, this is an uncomfortable arrangement.

1.6.5 Purchasing Cards

As transaction costs soar (some companies report spending as much as \$300 per transaction in clerical and other costs), companies are looking to buy smarter and cut costs any way possible. One popular method in recent years is to supply certain employees with purchasing cards, or corporate procurement cards.

The cards are beneficial the cards are similar to credit cards; in fact the big three credit card companies – VISA, MasterCard, and American Express – are among the leaders in purchasing cards. In most cases, the cards are used to purchase small business items, and then a master bill is sent straight to the purchasing department. But Catherine Romano stated in Management Review that the cards do differ from

true credit cards in key ways. In some cases, the cards work only between a buyer and suppliers identified in advance, eliminating the bank that is involved with credit cards. Additionally, the cards can be coded to include a variety of important transaction data that reduces the amount of paperwork needed to track the sale, including sales tax data, customer code (such as job number or cost center), taxpayer identification number, and more. This coding allows companies to receive valuable information about each transaction and greatly streamlines the purchasing process.

To suppliers as well. The most important advantage is that the vendor receives payment much more quickly than in the past- sometimes in as short a period as two or three days. Additionally, the supplier saves money by not having to issue and mail an invoice, and the supplier knows the credit worthiness of the customer before the transaction is even processed.

1.6.6 Basic work process:

The purchasing process begins when the purchasing Agent receives a requisition, which is a request for an item or service to be produced.

The purchaser then evaluates the requisition to determine which suppliers would best supply the materials and includes those suppliers on the list of Bidders, or those who will be solicited to submit quotations. The formal request for a quotation is known as a Request for quotation (RFQ) or request for proposal, depending on the complexity of the material.

The RFQ/RFP can be as simple as a text written in an email, to a complex document requesting engineered drawings, manufacturing locations, multiple points of contact at each branch location, and financial statements. The purchaser will also determine the validity period of the solicitation of Bids known as the “Bid due Date”, the date when the window to submit proposals ends.

After the bids are received the Buyer will evaluate the proposals and tabulate the bids, usually on a spreadsheet. Bid tabulation is essentially a spreadsheet with categories used to informally compare each supplier’s proposals to determine which proposal best meets the Buyer’s needs.

After the bids are tabulated, the Buyer will make a decision in regards to which supplier will be recommended and will award the order and the Seller will proceed in supplying the material in accordance with the agreed upon terms.

1.6.7 Procurement:

(Ordnance) The complete actions or process of acquiring or obtaining personal, material, services, or property from outside a military service by means authorized in patient directives. More specifically, the action or process of acquiring or obtaining material, property, or services at the operational level, for example: purchasing contracting and negotiating directly with the source of supply.

1. TO attain possession of something, usually after exerting a substantial effort to do so.
2. The purchasing of something usually for a company, government or other organization.

Here some examples of sentences using the word “procurement”:

1. He was able to procure seats to the sold-out concert.
2. The company has a large budget for the procurement of office supplies.

Procurement is a term commonly used in the energy industry as many retailers must procure gas, electricity and/or other energy sources through trading activities, such as buying futures contracts.

Procurement is the acquisition of goods and/or service at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals generally via, a contract.

Simple procurement may involve nothing more than repeat purchasing. Complex procurement could involve finding long term partners-or even ‘co-destiny’ suppliers that might fundamentally commit one organization to another.

Even simple purchasing can involve trade-offs. What is the quality required? Are there advantages buying fewer or more items? The timing can be critical. Each supplier may have different attributes, capabilities and values. The total cost of acquisition should be considered alongside that total lifetime cost, not just the purchase price. The physical handling of any product should be considered, with links to methods of transport, logistics and warehousing.

A key question in procurement is what to buy, given a limited budge. A manager in a health service may have a large choice of possible health technologies which could be purchased. Is it better to buy an MNI scanner for a hospital or an advertising campaign to encourage parents to have their children vaccinated? A military officer may wish to choose between buying more fighter aircraft or mare trucks. If good data is available it is good practice to make use of economic analysis methods such as cost-benefit analysis or cost-utility analysis.

An important distinction is between analyses made without risk and those with risk. Where risk is involved, either in these costs or the benefits, the concept of expected value should be employed.

Table 1: Procurement Types:

Types:

Direct Procurement:		Indirect Procurement:	
Features:		Features:	
	Raw Material and Production goods		Maintenance and operating suppliers.
Quantity	Large	Quantity	Large
Frequency	High	Frequency	Relatively high
Value	Industry specific	Value	Industry specific
Nature	Operational	Nature	Clerical
Examples	Crude oil in petroleum industry	Examples	Lubricants, spare parts
	Repair capital		Goods and service
	Strategic		Machinery, computers

Based on the consumption purpose of the acquired goods and service, procurement activities are often split into two distinct categories. The first category being direct, production- related procurement and the second being indirect, non- production-related procurement.

Direct procurement occurs in manufacturing setting only. It encompasses all items that are part of finished products, such as raw material, components and parts. Direct procurement, which is the focus in supply chain management, directly affects the production process of manufacturing firms. In contrast, indirect procurement activities concern “operating resources” that a company purchases to enable its operations. It comprises a wide variety of goods and services, form standardized low value items like office suppliers and machine lubricants to complex and costly products and services like heavy equipment and consulting services.

1.6.8 Procurement system:

Another common procurement issue is the ‘timing’ of purchase. Just In Time is a system (commonly used by Japanese companies but widely adopted by many global manufactures from the 1990s onwards) of timing the purchases of consumables so as to keep inventory costs low.

1.6.9 Shared Services:

In order to achieve grater economic of scale an organization’s procurement functions may be joined up into shared services. This results in rather than a number of small procurement agents, one centralized procurement system.

Procurement may also involve a bidding process i.e., Tendering. A company may want to purchase a given product or service. If the cost for that product/service is over the threshold that has been established (e.g.: company X policy: “any product or service desired that is over \$1,000 requires a bidding process”), depending on policy or legal requirements, company X is required to state the product/service desired and make the contract open to the bidding process. Company X may have ten submitters that state the cost of the product/service they are willing to provide. Then, company X will usually select the lowest bidder. If the lowest bidder is deemed incompetent to provide the desired product/service, company X will then select the submitter who has the next best price, and is competent to provide the product/service.

Organizational Overview

2. About Rahimafrooz:

Rahimafrooz operates in three broad segments – automotive after market, power and energy, and retail. While our Group activities are coordinated from the Rahimafrooz Corporate Office (RACO), we have eight Strategic Business Units (SBUs), three other business ventures, and a not-for-profit social enterprise.

We have strengthened our market leadership at home while reaching out to international markets. Ranging from automotive after market products, energy and power solutions, to a world class retail chain – the team at Rahimafrooz is committed to ensuring best in class quality standards and living the Group’s four core values – Integrity, Excellence, Customer Delight and Innovation.

2.1 Our business initiatives are organized through our Strategic Business Units (SBUs):

- Rahimafrooz (Bangladesh) Ltd. (Group Parent Company)
- Rahimafrooz (Batteries) Ltd.
- Rahimafrooz Distribution Ltd.
- Rahimafrooz Energy Services Ltd.
- Rahimafrooz Superstores Ltd.
- Rahimafrooz CNG Ltd.
- Rahimafrooz Accumulator Ltd.
- Rahimafrooz Globate Ltd.
- Rahimafrooz Renewable Energy Ltd.
- Excel Resources Ltd.

2.2 Other initiatives:

- Metro net Bangladesh Ltd. (fiber optical network)
- GreyFab and AsiaTex
- Rural Services Foundation (social development enterprise)

Rahimafrooz has been a partner in the development journey of this nation for more than fifty years now. We set ourselves the highest standards in responsible corporate behavior and our passion for success is aligned with the development journey of Bangladesh. We, at Rahimafrooz as an organization, are committed to playing a leading role in driving growth, prosperity, ethical values and social responsibility. Rahimafrooz Group will continue to serve its customers through unparalleled quality excellence and service superiority. Our business success will be complemented by our commitment to the environment, society and community.

2.3 Founder:

Late A C Abdur Rahim (1915 – 1982) A man of strict religious values, yet a believer in progressive dynamism, and a dreamer who thought nothing is impossible – Late a C Abdur Rahim overcame numerous challenges and obstacles to become one of the most accomplished entrepreneurs of this country. Born on the 20th of January 1915, he lost both his parents by the time he was a mere seven-year old. Deprived of formal schooling and a typically comfortable childhood, he grew up as a man with strong determination, hardworking diligence, and humane compassion.



Mr. A C Abdur Rahim’s first initiation with business was with his uncle Mr. A C Mohammad in the latter’s trading business in Kolkata. By the early 1940s, Mr. Rahim started small scale commercial trading on his own. He moved to Chittagong in 1947 and started afresh with very little capital in hand, but with a whole world of courage and faith. In 1950, he established the small trading concern dealing in various items. This proprietary business was formally incorporated on April 15, 1954 as Rahimafrooz & Co. Till date, Rahimafrooz Group commemorates this as its “Foundation Day”.

The childhood hardship and the struggle in his young years only made Mr. Rahim a strong individual, a faithful human being, and a leader full of compassion and humanity. He was a caring father and an affectionate person throughout his life – to his family, friends, and for all the people who worked with him at Rahimafrooz. Whoever, in his lifetime, came in touch with Mr. Rahim, fondly remembers him as a man of tremendous humility, dignity, and trustworthiness. His passion for continuously improving himself and his business, his strict religious and ethical righteousness, and his dedication to please his customers – are still prevalent in today’s Rahimafrooz culture - shaping the Group’s present and its future.

Today’s Rahimafrooz is a dream that Mr. A C Abdur Rahim turned into reality. The business growth, the social commitment, and the great diversity in today’s Rahimafrooz are the outcome of one lifetime of hard work and compassion from Mr. Rahim. He breathed his last on March 14, 1982 in London. But his work and his virtue have kept him alive forever. May Allah brace him with eternal peace?

2.4 History of Rahimafrooz:

The Rahimafrooz journey dates back to the early fifties when Late Mr. A C Abdur Rahim founded a small trading company and paved the way for making of one of today's leading Bangladeshi business conglomerates. Over the decades, Rahimafrooz has grown in size, scale, and diversity. The Group today has seven Operating Companies (SBUs), three other business ventures, and a non-profit social enterprise. As of 2007, the Group currently employs more than two thousand people directly and a further twenty thousand indirectly as suppliers contractors, dealers and retailers.

2.5 The major milestones in Rahimafrooz history can be summarized as below:

- Incorporated in 1954 by Mr. A.C. Abdur Rahim
- Distributorship of Lucas Battery in 1959
- Exclusive distributorship of Dunlop tyre in 1978
- Acquisition of Bangladesh operations of Lucas UK in 1980
- First producer of industrial battery in 1985
- Pioneering Solar Power in collaboration with BP in 1985

- First ever battery export – to Singapore – in 1992
- Launched Rahimafrooz Instant Power System in 1993
- Acquisition of Yuasa Batteries (Bangladesh) Ltd. – in 1994
- Attained ISO 9002 certification for RBL operations in 1997
- First India office opened in Ahmedabad – in 2000
- Awarded “Bangladesh Enterprise of the Year” in 2001

- Attained ISO 14001:1996 for RBL operations
- Launched “Agora” – the first ever retail chain in 2001
- Launched Rahimafrooz Energy Service in 2002 – promoting distributed power.
- Established Rahimafrooz CNG ltd. in 2003
- Awarded “National Export Trophy” in 2003
- Metro net Bangladesh, a fiber optic based digital solution provider for data communication,
- Launched in joint venture with Flora Telecom – in 2004

- Received McGraw-Hill Platt Global Energy Award for Renewable Energy in 2004
- Received the “Ash den Award” for Sustainable Energy in 2006
- The Group celebrated its 50th anniversary on April 15, 2004 with a renewed, enhanced
Commitment to being successful while upholding its core values.
- Established Rahimafrooz Globate Limited and Rahimafrooz Accumulator limited in 2009.

2.6 CSR:

As our aspiration statement reads, we want to be the most admired and trusted organization, by excelling in everything we do, following ethical business practices, and adding value to stakeholders. And we want to achieve all of these while being firmly committed to our social responsibilities. Rahimafrooz Group, with a proud history of more than 50 years, strongly believes in the principle of contributing back

to the community where we operate. We strive to add value to the society, its economy, and environment through intelligent efforts and focused initiatives.



Our CSR vision reads “We are passionate and driven to make a difference in our Community and Environment.” Much of the Rahimafrooz CSR efforts are carried out through its Social Development Initiative Rural Service Foundation- (RSF-web address <http://rsf-bd.org/>). The Foundation operates mostly in rural, disadvantaged communities, supporting the rural people to come out of poverty by helping them in generating income for themselves.

2.7 Currently, Rahimafrooz Group is contributing in the following areas:

- Education
- Poverty Alleviation
- Environment
- Transport

Besides, we have always supported many noble initiatives undertaken by different other individuals and organizations. Our pioneer role in supporting people distressed by natural calamities and donation to helpless people on health and education ground— all these are examples of the socially responsive manner of our business.

Rahimafrooz is also a signatory to UN Global Compact. We support the ten principles of the Global Compact in respect to human rights, labor rights, the protection of the environment and anti-corruption.

2.8 Beliefs:

Ranging from automotive after market products, energy and power solutions, to a world class retail chain – the committed team at Rahimafrooz is committed to ensuring best in class quality standards and living the Group’s four core values – **Integrity, Excellence, Customer Delight and Innovation.**

We want to be the most admired and trusted organization through excelling in everything we do, following ethical business practices, and adding value to our stakeholders.

We are totally committed to customer delight through operational excellence, innovation and continual improvement of quality.

The Rahimafrooz team never compromises on ethical business practices. We set high standards of ethics and moral virtue for ourselves. Our commitment to integrity shall never be compromised for the sake of business goals or anything. We firmly believe in religious, ethical, social and legal righteousness and we strictly adhere to those. We are also a firm believer in meaningfully contributing to the community and “giving back” to the society.

Our pursuit for business success has thrived on a very simple yet powerful philosophy – quality comes first! We have maintained highest quality standards in our operations, processes, products and brands, always keeping in mind that we can’t afford to be anything less than the best. In all our operating segments and in all our work areas, we strive for quality excellence and continuous improvement.

It takes months, years, in some cases decades, to win a loyal customer. But it takes only a few seconds to lose one. Rahimafrooz thrives on winning loyal customers through best quality products and service. Most importantly, it believes in keeping its customers loyal through sustained quality, amazing service performance and superior customer relations. Every single decision we make, every single behavior we demonstrate, must be meant for the satisfaction of our customers.

We have always tried to stay ahead in terms of thinking, decision making and competition. Our product development, business investment, people processes, technology utilization etc. stand testimony to this fact. We believe in being creative, innovative, and intelligent risk takers. Challenging the conventional is encouraged in our organization as long as it is meant to add value to the business and meant to bring positive results for the organization.

2.9 Mission of Rahimafrooz

- Customer focused
To take customer interest at the heart.
- Uncompromising quality standard
To constantly set high quality standards for product
- Advanced Technology
To leverage on advanced technology for competitive advantage.

2.10 Vision of Rahimafrooz

By the year 2020, BPATC will establish itself as a centre of excellence and a regional hub for development of competent, innovative and morally sound public servants and a ‘think tank’ of knowledge-based governance.

• Objectives of Rahimafrooz Bangladesh

The primary objective of establishing Rahimafrooz all over the world is to promote, foster and develop the application of in the business sector. More specifically, the objectives of Rahimafrooz when viewed in the context of its role in the economy are listed as following:

- To offer contemporary financial services.
- To contribute towards economic development and prosperity.
- Optimum allocation of scarce financial resources; and
- To help ensure equitable distribution of income.

2.11 Batteries Limited :

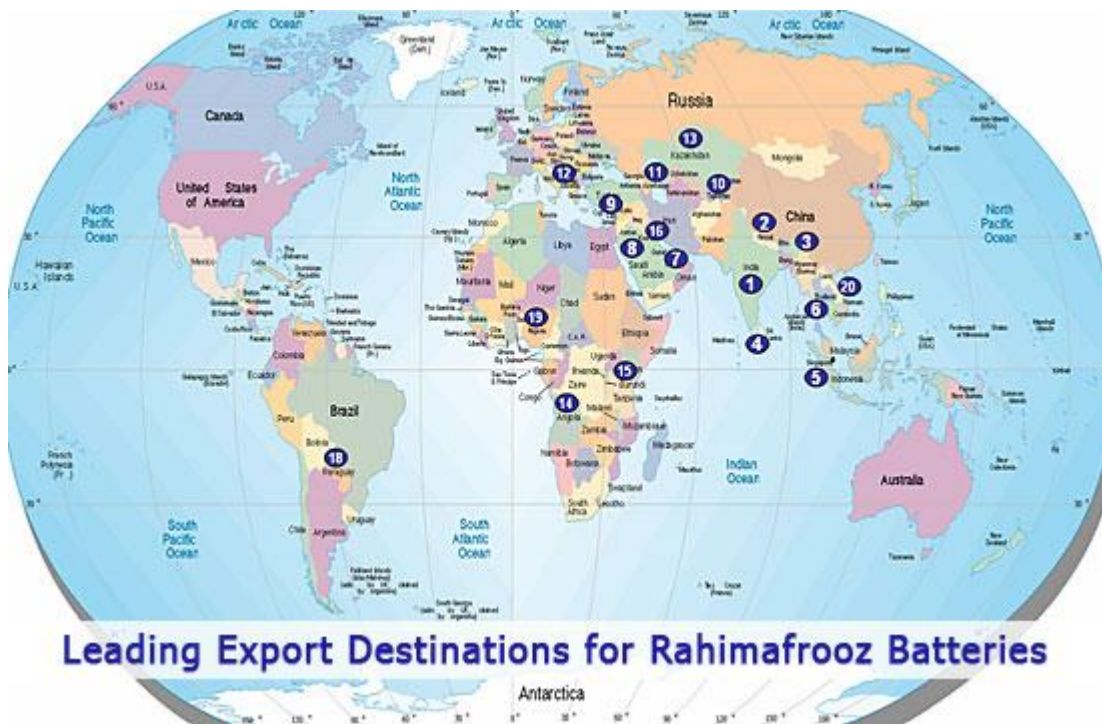
Rahimafrooz Batteries Ltd. (RBL) is the largest lead-acid battery manufacturer in Bangladesh. The Company, with its market leadership at home and export endeavors to more than 30 countries, is among the leading regional players. RBL manufactures around 300 different types of automotive, VRLA, and customized industrial batteries. The Company’s operations are certified in both ISO 9001 as well as ISO 14001 standards. Moreover to ensure occupational health and safety of the employees, company is now implementing occupational health and safety management system in line with OSHAS 18001 standard.

The Company’s manufacturing plants produce a range of products – automotive, motorcycle, and appliance batteries, Industrial (stationary, deep cycle, traction, VRLA) batteries, IPS and UPS batteries, and rectifiers. Lucas and Spark are the leading names in the local automotive battery market while Volta, Optus and Delta are gaining equity as International brands.

Plant Capacity: Rahimafrooz has state of the art manufacturing plants. We are equipped with all latest technologies with complete air treatment and lead-recycling management. RBL produces different types of batteries to meet the local and international market.

Its capacity in Automotive Battery is 660,000 (N50) units per annum and Industrial Battery is 41 million AH/annum. By the end of 2010, these will increase to 8000,000 (N50) and 120 Million AH respectively. All the products are manufactured following strict quality and environmental standards, and are ensured by international certifications too. Our main product range includes:

Automotive battery



- Motorcycle battery
- Appliance battery
- Deep cycle – Flat plate battery
- Industrial tubular battery
- VRLA battery
- IPS and UPS batteries
- Battery for solar systems

Rahimafrooz has different technical collaboration agreements with the Lucas Battery Company, U.K, Technical support Group (TSG), Hawker Batteries, UK, Invensys, UK, Hawker Batteries, UK, Elite – Norway, AEES – France to ensure the quality of battery.

2.12 Distribution:

Rahimafrooz Distribution Ltd.

With a country-wide distribution network of 173 Dealers, 275 Retailers and 101 Lubricant Dealers, Rahimafrooz Distribution Limited (RDL) is the foremost consumer facing SBU of the Group that carries more than ten national and international brands. RDL is the clear leader in its automotive after market and emergency power product categories.



RDL's portfolio includes international tyre brands Dunlop, Knead while it also carries our very own brand RZ Tyre. Our battery brands for the local market are Lucas and Spark. RDL is the exclusive franchisee of the full range of world's leading lubricant brand Castrol. Through Rahimafrooz IPS, UPS and Voltage Stabilizer, the Company enjoys clear leadership of the emergency power products market. Besides, it also runs two Automobile service centers in Dhaka and one in Chittagong.

2.13 Rahimafrooz Superstores Ltd.

Rahimafrooz Superstores Ltd. (RSL) made a breakthrough in the urban lifestyles by launching the first retail chain in the country – Agora. With outlets in important locations in Dhaka, and many more coming at key locations in Dhaka and other major cities, Agora is endeavoring to fulfill the everyday needs of the urbanites through fair price, right assortment, and best quality.



While Agora mainly focuses on food items - ranging from a wide variety of fish, meat, vegetables, fruits, bakery, dairy, and grocery - it also carries a vast array of other household, grocery, personal care, and various other products. Having started its journey in 2001, Agora is committed to sustaining and growing as the most trusted, loved, and frequented retail chain.



Agora outlets:

Dhanmondi: 80, Rifles Square, Road#2, Dhanmondi, Dhaka-1205 Phone:
02- 9671046,
02-8623483, email: dm.helpdesk@rahimafrooz.com

Gulshan: 101, Gulshan Avenue, Plot#5, Road #37, And Dhaka-1212 Phone:
02-9892974,
02-9893652, 02-9862845, email: gs.helpdesk@rahimafrooz.com

Mogbazar: 8, S.S. Salina Parvin Road (Old-69), Outer Circular Road, Boro
Mogbazar,
Ramna, Dhaka-1217. Phone: 02-9346359, 02-9360994,
Email: mb.helpdesk@rahimafrooz.com

Mirpur: Northern Lions RP Tower, Section # 2, Zoo Road, (Beside Sony
Cinema Hall),
Mirpur, Dhaka -1216. Phone: 8050894, 02-8050884, 02-9012040

2.14 Management



SHAFIUL ISLAM

Chairman & Managing Director

Born in 1949, Mr. Saiful Islam Kamal, son of Late Alhaj Aftabuddin Ahmed, had his early education in science related subjects. He joined the Islam Group in 1968 to begin what was to become a successful career in the automotive as well as in construction, real estate business. In the early years, he gained valuable experience by being involved in the management of the Group's diverse business operations. He played a major role in establishing Rahimafrooz. He was also responsible for the construction company named: Bengal Development Corporation (BDC) and he was directly responsible for the construction work of BDC in Middle East and from 1981 he was also taking care Eastern Housing Limited, then the largest real estate developing company in Bangladesh. In 1996, after the death of Mr. Jahurul Islam, He has been the key person of the business of Islam Group and he was a person responsible to take care all problems and to maintain public relation with all the top politicians, bureaucrats, top military officials and other key persons. With the back-ground and the amount of acceptability that he had, no body else

SAIFUL ISLAM SHUMON

Vice Chairman

Born in 1975, Mr. Saiful Islam (Shumon), son of Mr. Saiful Islam Kamal, had his education in business related subjects from New Delhi University, India. While attending his university studies, Mr. Islam joined his father in Rahimafrooz. He gained valuable experience by being involved in the management of the group's diverse business operations. In 2000 Mr. Islam accepted the responsibilities of the management and operations of Rahimafrooz Limited, Flagship Company. Since this time Mr. Saiful Islam has also contributed his experience and management skills to the operations of Rahimafrooz Distribution Limited, Rahimafrooz Energy Limited and Rahimafrooz CNG Ltd.

SAJEDUL ISLAM

Director

Born in 1979, Mr. Sajedul Islam, second son of Mr. Saiful Islam Kamal, return from Boston, USA, where he attend Suffolk University to join Rahimafrooz Group in 2003. His return to Bangladesh was much anticipated as assumed the leadership and management of Rahimafrooz Group? S Construction and Real Estate Division. Mr. Sajedul Islam is also very active in the management and operations of the Rahimafrooz Group? S Flagship Company, Rahimafrooz Distribution Limited and most recent Rahimafrooz CNG Ltd.

MONWARUL ISLAM

Director

Born in 1961, Mr. Monwarul Islam, son of Mr. Nazirul Islam had his early education from England. He did his Graduation from Dhaka City College, Dhaka, Bangladesh. He joined the Rahimafrooz Group formally in 1989 and since then he is taking care of HINO Sales & Service and Good Year Sales Division.

SAKHAWAT HOSSAIN

Director

Born in 1935, Mr. Sakhawat Hossain, son of Late Alhaj Ahmmad Ali, graduated in commerce in 1953 and completed Course of Chartered Accountant in 1957. Joined Swissboring and worked 14 years and thereafter joined Rahimafrooz Group as Director. Since 1996 actively engaged and looking after Rahimafrooz Distribution Limited. He has expertise in Finance and Project Management.

MD. SHAHIDULLAH

Director

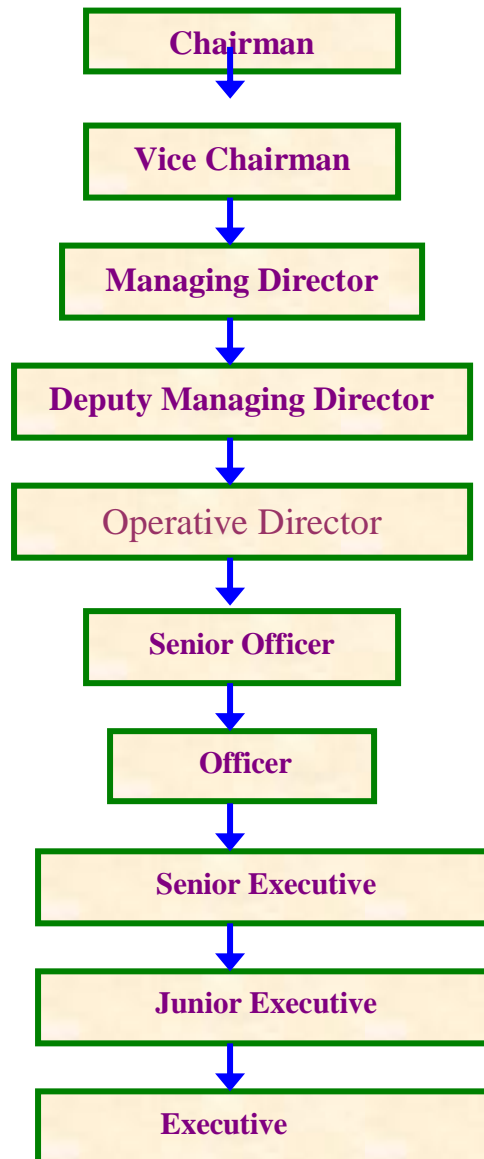
Born in 1951, Mr. Md. Shahidullah, son of Alhaj Aftab Uddin Ahmed completed his B.Sc. Engineering (Mechanical) in 1972. He worked in different reputed organizations in Bangladesh and thereafter joined Rahimafrooz Group as Director. Since 1996 actively engaged and looking after Rahimafrooz energy business. He has expertise in Construction and Project Management.

MAHMOOD JAN CHOWDHURY

Operative Director

Born in 1946, Mr. Chowdhury had his early training in Automobile Engineering and Management from Britain. He attended numerous training courses abroad covering Sales Service, Industrial Management, QC Circle Management and Automobile Jig Manufacturing. He also has working experience with an automobile company in the UK. He joined Rahimafrooz as Technical Manager, a position he held for 8 years, following which he was made Plant Manager of Rahimafrooz Automobiles, and later promoted to General Manager. He was promoted as Operative Director of Rahimafrooz Chittagong Division in June 1996.

2.15 Organ gram



2.16Rahimafrooz Energy Services Ltd.

Rahimafrooz Energy Services Limited was established in the year 2000 as a standby, captive and distributed power solution provider. It is a leading name in the diesel generator industry having a customer base of nearly 700. Its clientele comprise of industrial plants, real estates, hospitals, educational institutions, telecoms, supermarkets, corporate houses and government establishments including the Armed Forces. The company is marketing both diesel and gas generators from Parma Power Engineering, Italy and Spain, and Mitsubishi Heavy Industries Limited, Japan. Rahimafrooz Energy is also providing Rental Power with both diesel and gas generators.



Moreover, with its fleet of service personnel nationwide the company is ready to cater service to its customers round the clock. We also provide Annual Maintenance Contract to both diesel and gas generator users seeking instant service support.

Rahimafrooz Energy is the Authorized Distributor of GE Consumer & Industrial Lighting, USA and Exclusive Distributor of Wiring Accessories and Low Voltage Protection Devices from Hager, France in Bangladesh.

Located at the heart of Tejgaon Industrial Area, Dhaka Rahimafrooz Energy is equipped with the necessary service facilities and ready availability of stocks for all kinds of organizations and individuals requiring energy related solutions.

2.17Our Brands

For Generator product and price information, [click here](#)
For GE product and price information, [click here](#)
For Hager product and price information, [click here](#)

2.18 Other Initiatives:

Rahimafrooz Group, in a joint enterprise, has ventured into the first ever fiber optical commercial networking backbone in Bangladesh Metro net Bangladesh Ltd. (MBL). MBL provides robust data communication services to private sector offices, financial institutions, ATMs, and many other institutions. GreyFab and AsiaTex are two other businesses that manufacture and export textile and terry towels.



Rural Service Foundation (RSF) is a not-for-profit social enterprise endeavoring to alleviate poverty and supporting the rural poor. The poverty alleviation model of RSF is based on three basic principles – affordable, replicable, and sustainable. RSF has been helping the rural poor, through programs involving solar home systems, irrigation, bio gas, contract farming, battery powered instant power systems etc. Besides, RSF also runs “Dhaka Project” which is a home to some 600 urban street children, providing them with shelter, education, food, clothing, and care. Supported by Rahimafrooz and a number of generous donors from home and abroad, RSF has a country-wide network with nearly fifty field offices.

2.19 Excel Resources Ltd.

Excel Resources Ltd. (ERL) is a leading name for tyre retread. ERL also manufactures and markets emery cloths and abrasive papers.

2.20 About Retread

Retread of tyre is a process whereby new tread rubber is applied on a used tyre casing; if done properly, this process allows similar mileage like new tyres. The process extends longer casing life. Based on the casing, a tyre can be retread up to 3 or 4 times, as long as the casing supports. The retread process is eco-friendly and does not result in environmental pollution. A retread tyre can save up to 50% of new tyre’s cost.

Every time you buy and use a retread tyre, you help to conserve our valuable natural resources and since retread tyres are less expensive than comparable new tyres, one can save money while helping the environment. This is truly a win-win situation.

Retread is cost effective: The cost of a retread tyre will usually be 30 to 50% less than the cost of a new tyre.

Retread is safe: Retread tyre can be driven at the same speeds, including highway and Interstate speeds, as new tyres, with no loss in safety or comfort.

Retread saves energy: Tyres are basically petrochemical products. It takes almost 100 liter of oil to manufacture one new truck tyre. As the casing of the tyre is reused in the retread process, it takes only 30 liters of oil to produce a retread.

2.21SWOT Analysis of Rahimafrooz Bangladesh Limited

Strength of the RDL

- ◆ Strong Liquidity position
- ◆ Stable source of fund
- ◆ Largest Network among the group

Weakness of the RDL

- ◆ Marginal capital adequacy ratio.
- ◆ Inadequate IT infrastructure
- ◆ Lack of money market instrument

Opportunities of the Branch

- ◆ Rising awareness of Multinational company
- ◆ Regulatory environment favoring private sector development
- ◆ Goodwill.

Threat of the Branch

- ◆ Increased competition in the market
- ◆ Shrinkage in export, import and guarantee business due to economic slump and war Government Rules and regulation.

Analysis and Description

3.0 Topic analysis and Description:

Rahimafrooz is one of the renowned organizations in our country. My topic is Internal control- Authorization Matrix and purchase procedure Manual. The purpose of the project is to develop and understanding about the organizational and operational aspects of the Internal control- Procurement process. The objective of the study is to determine the probable system and its problem of internal control- Procurement process and its limitations of commercial departments and the solving policy of commercial departments of Rahimafrooz Distribution Limited. To find the result from comparative analysis of Authorization, identify expenses, its approval limits of different hands, requisition and for purchase procedure identify the items, the vendors, quantity determination, payment terms and the problems and how to solve those problems.

There are different departments in Rahimafrooz Distribution Limited. The working process is also different for those departments. The procurement process is very important for any company. The activities of Procurement process are also different. Managers have to do some activities for those procurement processes. These all activities are different from each other. I have put flowchart for better understanding do these Procurement activities. They are purchasing department, finance departments, marketing departments and internal purchase department. I have shown their working process through three different flowcharts.

3.1 Activities of Procurement and Distribution:

There are two types of activities:

- Manger Procurement and Distribution
 - Office Procurement and Distribution
- 1.

3.1.2 Manager Procurement and Distribution:

1. Finalizing battery Factory order cross functioning with the respective product manager line with current inventory and sakes movement situation.
2. Plan item-wise FO (frequent order) quantity distribution to each unit and advise RBL or other supplier according to final FO (frequent order) quantity.
3. Complete communication and follow up with the supplier after comparing the FO (frequent order)/RFQ (request for quantity) with supplier's accordingly.
4. Plan Date wise-Item wise Battery delivery quantity as per RBL or supplier's weekly quantity confirmation and advice RBL or supplier's accordingly.
5. Date wise PO (purchase order) value confirmation to finance department to support PO (product order) signing from COO.
6. Communicate, follow up and solve RBL and other supplier is any Discrepancy occurs as per Delivery Status Report.

7. Finalizing any additional order, communicate RBL is needed and advise TO (total order) entry or additional PO (purchase order) rising accordingly.
8. Supervise all GRN Entries done in correct quantity and values as per VAT chalans and solve any entry discrepancy cross functioning with A/C and Finance departments.
9. Source new supplier for best competitive price and to create supplier's competition.
10. Maintain supplier and product list and price update.
11. Maintain Forecast-supply report and that FO (frequent order) preparation and in ordering improvement of the units.
12. Settle compensation for damage and any dispute with Transport Company consulting with Finance Department and advice finance for necessary adjustment accordingly.
13. Detect price competitiveness and negotiate price with suppliers cross functioning with Finance Departments and advice supplier to maintain best price for good supply.
14. Maintain parallel supplier to create supplier completion and ensure smooth supply of goods.
15. Attend and work effectively in the group sourcing activities under RACO.
16. Co-ordinate information and report for the group sourcing.
17. Process and get all approval from COO and Finance in relation to Goods purchasing, unit's requirements, price, supplier enlistment and PO (product order) Management.
18. Maintain procurement policy in consultation with Finance and planning department and get those approved from COO.
19. Process and Forward supplier's Bill for COO approval and payment.
20. Cooperate Finance in payment against battery supply and annual battery lifting for TOR claim from BHO.

3.1.3 Office Procurement and Distribution:

1. Enter Data the FO (frequent order) format as per RRF from units.
2. Unit wise-Item wise figure input after FO (frequent order) quantity confirmation by Manager Product and distribution.
3. IMAS PO (purchase order)/Formatted PO entry as per daily schedule confirmation from RBL or other suppliers ensure proper and dispatch to RBL or respective suppliers.
4. Follow-up goods deliveries as per delivery advise and update Manager Product and Distribution accordingly.
5. Update order-delivery-pending report regularly and submit to Manager Product and Distribution daily basis.
6. Check and follow-up any sudden additional need from the units and get decision on those from Manager product and distribution enter to PO(purchase order) as per advise from manager and D coordinate with CSI for dispatching the inters tore transfer to the respective units.
7. Follow up with RBL in taking the Battery delivery VAT chalans, enter GRN Entries for the off-line unites and other units as and when needed. Take all GRN printout and check correctness with VAT chain.
8. Put entry in suppliers List. Product list and Item wise rate up to date.
9. Put data entry in Forecast vs. supply report.

10. Report any damage while transportation with notification to Transport company.
11. Follow up price competitiveness in the market and update Manager P and D as per current status in the market.
12. Prepare and submit C/S after having offer from the suppliers as well be advised by manager P and D.
13. Assist Manager P and D in working for group sourcing.
14. Accumulate information and prepare report as per group sourcing activities need.
15. Update Procurement Policy as would be advised by manager P and D.
16. Update and finalize Annual Battery Lifting working and report to Manager P and D.

These are the different activities of Procurement Process and also different working Process for different departments. These departments are mainly purchase department, finance department and internal purchase department. Their working processes are shown through three flowcharts for better understanding their flow of work. They are given below:

3.2 Procurement steps:

Procurement life cycle in modern business usually consists of seven steps:

- **Information Gathering:** If the potential customer does not already have an established relationship with sales/marketing functions of suppliers of needed products and services (p/s), it is necessary to search for suppliers who can satisfy the requirements.
- **Supplier contact:** When one or more suitable suppliers have been identified, Request for quotation (RFQ), Requests for proposals (RFP), Requests for Information (RFI) or Request for tender(RFT) may be advertised, or direct contact may be made with the suppliers.
- **Background Review:** References for product/service quality are consulted, and any requirements for follow-up services including installation, maintenance, and warranty are investigated. Samples of the P/S being considered may be examined or trials undertaken.
- **Negotiation:** Negotiations are undertaken, and price, availability, and customization possibilities are established. Delivery schedules are negotiated, and a contract to acquire the P/S is completed.
- **Fulfillment:** Supplier preparation, shipment, delivery, and payment for the P/S are completed, based on contract terms. Installation and training may also be included.
- **Consumption, Maintenance and Disposal:** During this phase the company evaluates the performance of the P/S and any accompanying service support, as they are consumed.

- **Renewal:** When the P/S has been consumed and/or disposed of, the contract expires, or the product or service is to be re-ordered, company experience with the P/S is reviewed. If the P/S is to be re-ordered, the company determines whether to consider other suppliers or to continue with the same suppliers.

3.3 Operational activities

- Daily production and distribution planning, including all nodes in the supply chain.
- Production scheduling for each manufacturing facility in the supply chain(minute by minute)
- Demand planning and forecasting, coordinating the demand forecast of all customers and sharing the forecast with all supplies.
- Sourcing planning, including current inventory and forecast demand, in collaboration with all supplies.
- Inbound operations, including transportation from suppliers and receiving inventory.

- Production operations, including the consumption of materials and flow of finished goods.
- Outbound operations, including all fulfillment activities and transportation to customers.
- Order promising, accounting for all constraints in the supply chain, including all suppliers, manufacturing facilities, distribution centers, and other customers.

3.4 Overview of the Purchasing process

1. A faculty/staff member identifies a buying need. The faculty/staff member may ask purchasing services to identify sources and develop procurement description or specifications.
2. The requirement is entered into IBIS. Any single/sole source justifications should also be submitted at this time.
3. The purchasing requisition travels electronically through the requesting department's specified approvals path, the financial officer, the Budget Administrator, Accounting, and any other approvals the department chooses to establish.
4. Purchasing services processes the requisition in accordance with University guise lines.
 - a. The purchasing Agent must justify the source and the price.
 - b. The purchasing Agent is responsible for determining the validity of any sole source justifications.
5. The purchase Order is approved and released.
6. The product or service is delivered to the requester.
7. An invoice is sent to Purchasing Services.
8. Purchasing performs a three-way match.
9. Accounting issues the payment.

3.5 Procurement work-Renovation

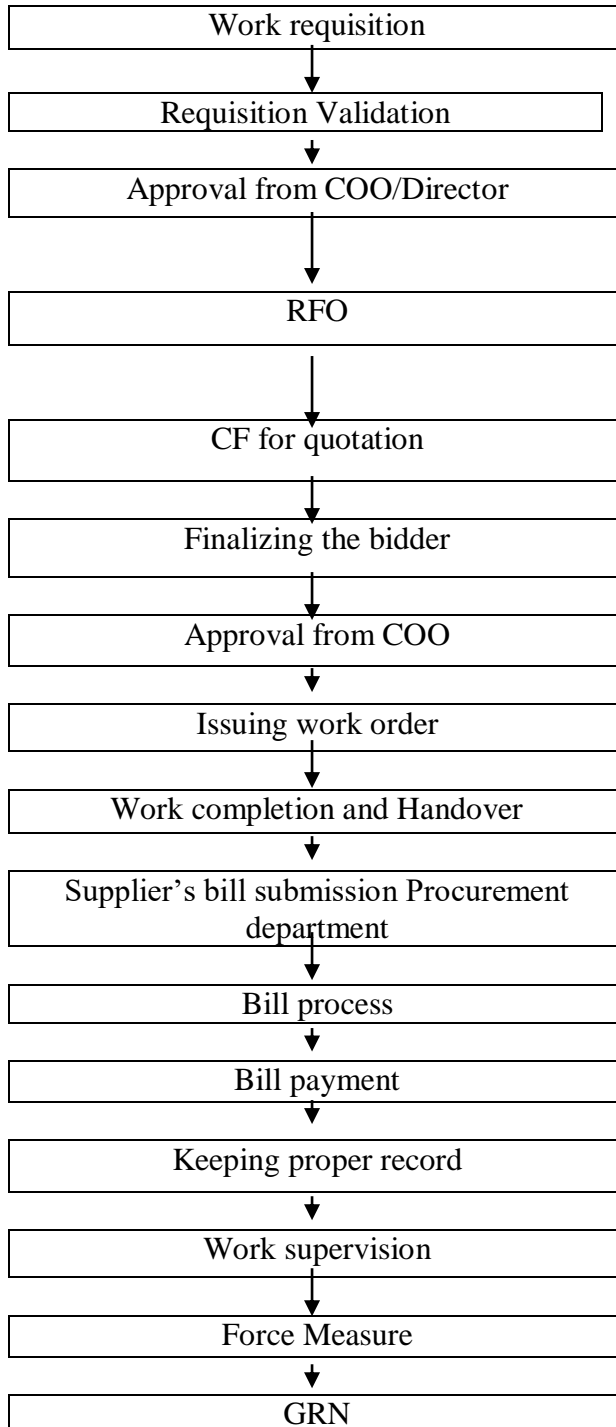
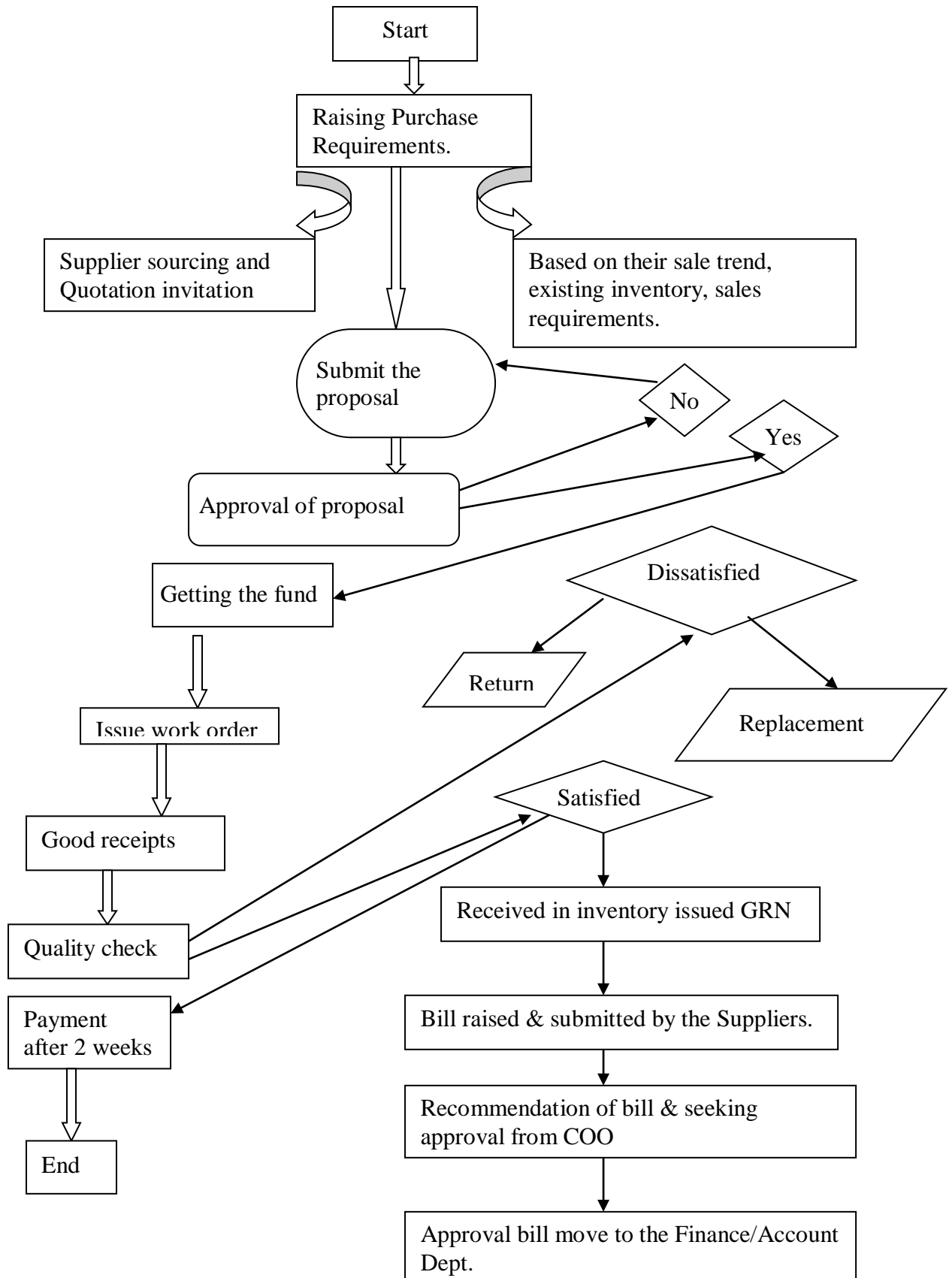


Figure 01: Procurement work-Renovation

3.6 Purchase Departments: Figure 02: Purchase department



1. 1-Raising purchase requirements.
2. Based on their sale trend, based on existing inventory, sales requirement justified by sales trend
3. Supplier sourcing and quotation invitation.
4. Submit the proposal
5. Approval of proposal
6. If yes than fund and if no then again go to approval of proposal.
7. After getting the fund issue work order.
8. Good receipts.
9. Quality check.
10. If satisfied then received in inventory and issued GNG.
11. Bill raised and submitted by the suppliers.
12. Recommendation of bill and seeking approval from COO.
13. Approval bill moves to the finance/ account department.
14. If dissatisfied than suppliers return the good or replace goods.

3.7 Administration Department-

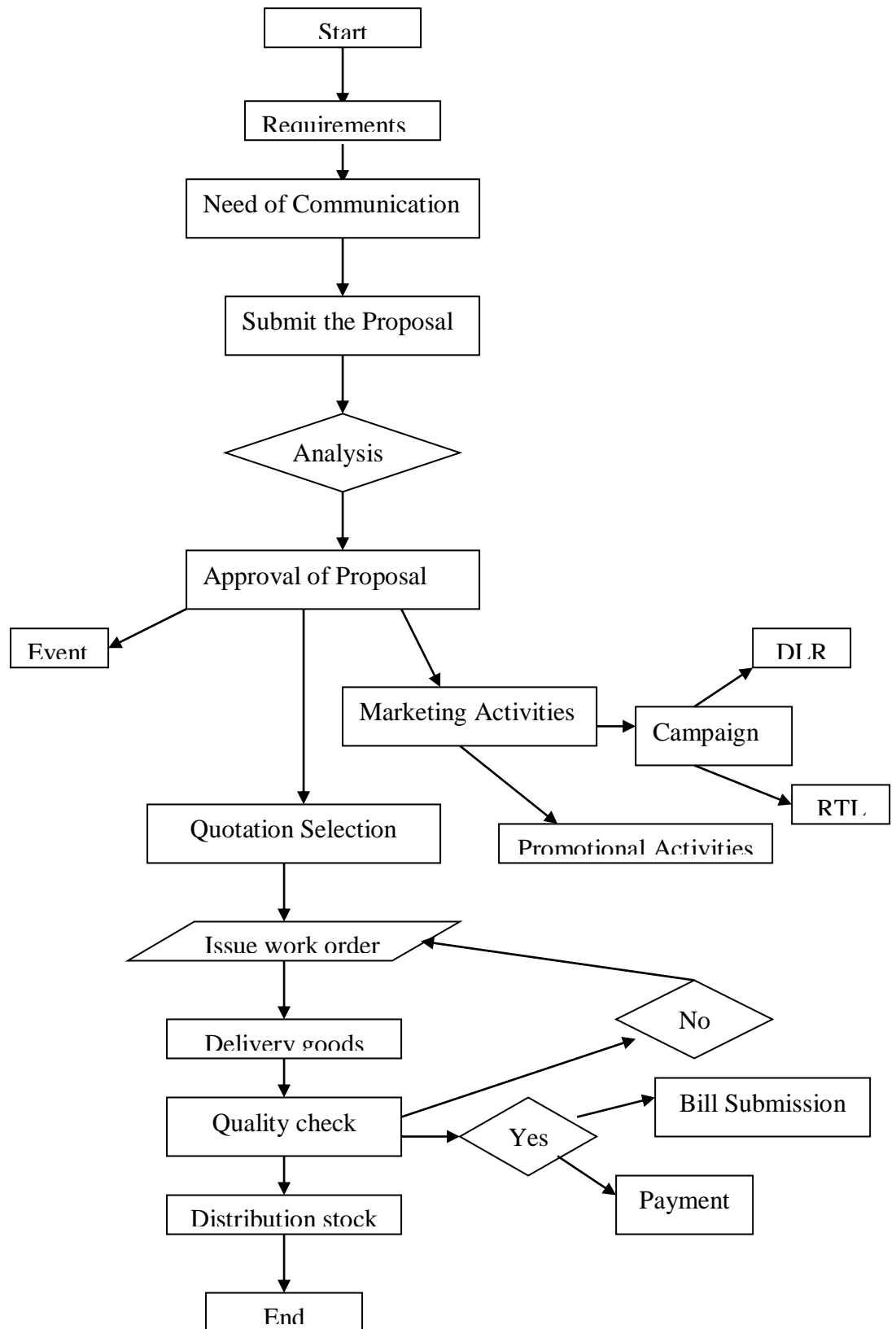


Figure 03: Administration department

1. Need requirements.
2. Need of communication.
3. Submit proposal.
4. Proposal analysis.
5. Approval of proposal.
6. Then event organizing and marketing activities.
7. Marketing activities includes campaign and promotional activities and campaign includes DLR and RTL.
8. Quotation selection.
9. Issue work order.
10. Delivery goods.
11. Quality check. If yes then bill submissions and payment and if no then again issue work order.
12. Distribution stock.

3.8 Internal Purchase:

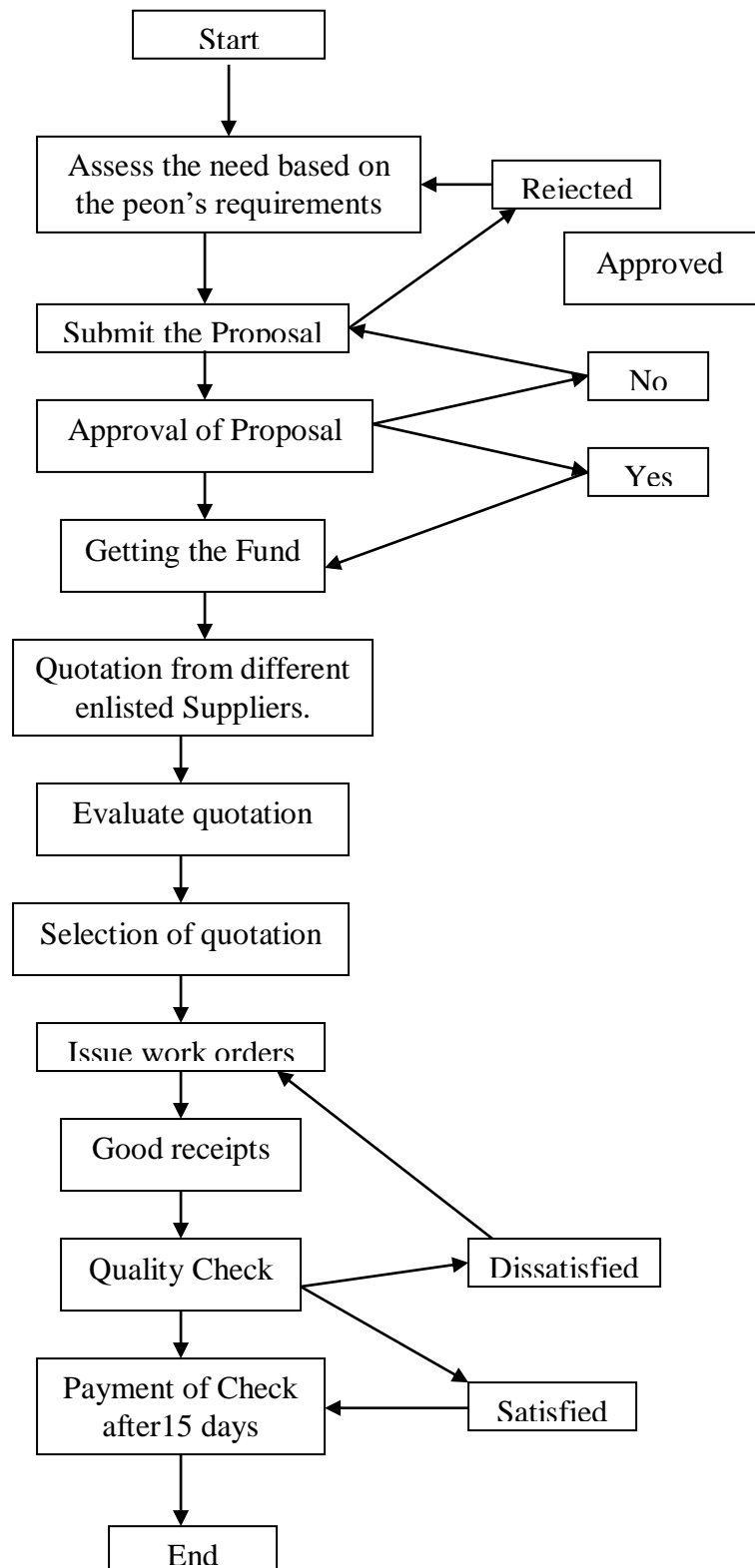


Figure 04: Internal purchase

1. Asses the need based on peons requirements.
2. Submit the proposal. If rejected then again asses the need.
3. Approval of proposal. If no then again submit the proposal and if yes then.
4. Getting the fund.
5. Quotation from different suppliers.
6. Evaluate quotation.
7. Selection of quotation A issue work order.
8. Good receipts.
9. Quality check. If satisfied then
10. Payment after 15 days.
11. And if dissatisfied then again issue work order.

Findings

4.0 Findings-

4.1 Purchase dept-

1. Their product-

- Tire
- Electrical accessories
- Electric Cable
- Auto Spares Battery
- Dematerialized Water

2. They determine based on their sale trend, based on existing inventory, sales requirements justified by sales trend.

3. Purchase requirement from unit head. Purchase department process it and then send it to the finance department. After their approval they send it to the COO.

4. Finance manager and fund manager make the availability of fund.

5. If technical goods then quality are ensured by the technical persons, normal Rahimafrooz Batteries Limited of its manufacturing unit.

6. At first sell department contact with different suppliers and interacting with them. Then they make comparison between the price. There after they choose the price from the suppliers.

7. The average monthly amount to be purchased last six months is near about eleven core local purchase.

8. There is no fixed amount to be purchased in a month. The amount is variable.

9. There is no advance payment policy. After supplying the goods if they found no objection then after submitting the bill from particular supplier, they will pay bill after two weeks later.

10. If the quality does not match then the complained goods return and replace until expected quality.

- The list of vendor's are-
- Bhuyian Electric House
- Razeeb King Enterprise, Khilgaon
- Paradise Cable, Gulshan
- Citizen cable, Tejgaon
- Bangla Motor
- Rahimafrooz Battery Limited, Nakhalpara.
- Average Drinks, Tejgaon.

11. Samples are provided for new items.
12. They renegotiate price in a regular basis whenever needed based on the market situation by conversation with the suppliers.
13. They communicate with vendors over phone or by letter.
14. The purchase order should included
 - Suppliers particulars
 - Purchase order no.
 - Data of purchase order.
 - Desired delivery.
 - Product description.
 - Order quality and unit rate and total price.
 - Supply terms and condition.
 - Authorized Signature(Manager sourcing, Manager Accounts/ Finance, COO)
16. Normal they have approver vendors. But in emergency case if there is non approved vendors required then they contact with them the authorization of COO.
17. Work Requisition done by different units.
18. Requisition validation done by purchase department.
19. Purchase department then send it to COO for approval.
20. RFQ done by procurement department.
21. Finalizing the bidder done by administration department, procurement department and Finance department.
22. Procurement then issue work order.
23. Suppliers submit their bill to the procurement department.

4.2 Internal Purchase:

1. They purchase two types of items. Those are:
 - In-house purchase-From their own factory, like battery, IPS, UPS.
 - Office equipment-stationary-canteen items-Agore, pen, pencil, paper, etc.
2. Their products are:
 - Papers.
 - Table, chair.
 - Uniform, shoes.
 - Toner
 - Invoice, money Recede Printing items.
3. In every department peons give their requirements. Based on that, they requites on one format. Thereafter they purchase.
4. Human Resource Manager and Finance Manager. Human resource Manager gives non cash approvals.
5. Fund Manager, make availability of fund for making the purchase.
6. The quality to be ensured by getting the different quotation from different suppliers.
7. At first sell department contact with different suppliers and interacting with them. Then they make comparison between the prices. There after they choose the best price from the suppliers.

8. The average monthly amount to be purchased last six months is 2, 70,000.
9. There is no fixed amount to be purchased in a month. The amount is variable.
10. The payment term is delivering after fifteen days account paid in cheque. But in emergency case the amount is paid by cash.
11. If the quality does not match then the complained goods return and replace until expected quality.

PARTICULARS	Cont by Divisor	Total	TYR-101	BTY-102	IPS-103	PSU-104	ATA-106	ELA-107	LUB-110
DLR-DHK-200	58.45%	160,819,979	62,189,745	79,599,575	4,895,795	135,350	277,079	2,357,756	11,364,680
DLR-CSO-211	17.25%	47,447,699	8,419,084	33,648,798	2,256,080	78,000	5,520	1,742,965	1,297,252
DLR-JSO-213	8.05%	22,140,988	6,776,042	12,838,806	1,081,239	53,600	19,068	86,472	1,285,761
DLR-BSO-214	11.37%	31,292,478	12,238,784	14,315,510	769,195	10,500	13,833	247,325	3,697,331
DLR-SSO-216	4.88%	13,423,276	5,084,037	7,629,676	174,247	6,400	4,032	-	524,884
Total DLR's Sales		275,124,	94,707,6	148,032,36	9,176,55	283,85	4,032	-	18,169,9

- Nazia Stationary and Books, Banani.
- Otobi, 10-15% discounts.
- Averton Tailors, Ramana Bhaban.
- Bata 15% discount.
- NSS (National System Solution Ltd.)
- Flora Ltd, Motijheel.
- Master Cimex Paper Ltd, M.K Paper Ltd.
- Ashiad Printers, Arambag, Motijheel.

12. They communicate with vendors over phone or by letter, fax, and mail.
13. If there is no approved vendor then at first HR manager gives the approval unit wise. HR manager and admin. Manager if they give approval then approved. But for purchasing fixed asset they up to fill up Capex. Then this Capex send to RACO (Corporate Office). Then after the approval of CEO they can purchase fixed assets.

Royalty Calculation:

By PCU & Product Wise Gross Sales For the year ended of 2009

% of Cont by Product			34.42%	53.81%	3.34%	0.10%	0.12%	1.61%	6.60%-
INS-DHK-300	90.67%	23,622,170	4,879,144	18,192,487	65,944	20,250	-	464,344	-
INS-CSO-311	9.33%	2,429,437	1,451,771	645,359	205,005	32,450	-	69,754	24,810
Total Inst Sales		26,051,607	6,330,915	18,837,847	270,950	52,700	-	534,098	24,810

% of Cont by Product			24.30%	72.31%	1.04%	0.20%	-	2.05%	0.10%
RTL-MSO-400	35.41%	22,124,479	4,491,392	5,256,270	5,950,317				
RTL-CSO-411	12.94%	8,081,486	3,523,658	2,355,980	1,199,508				
RTL-RSC-412	33.87%	21,160,717	3,861,292	4,214,877	8,045,215				
RTL-JSO-413	3.89%	2,427,566	1,596,445	227,711	103,255				
RTL-BSO-414	2.51%	1,569,873	333,732	805,194	276,225				
RTL-USO-415	9.37%	5,855,787	1,722,525	1,496,873	1,704,145				
RTL-SSO-416	2.01%	1,257,245	620,280	511,653	45,788				
Total RTL Sales									

% of Cont by Product			25.85%	23.80%	27.73%	6.40%	0.11%	0.06%	13.19%
GRAND TOTAL	363,653,181	117,187,931	181,738,770	26,771,959	4,337,682	386,728	5,006,516	26,432,822	
			32.23%	49.98%	7.36%	1.19%	0.11%	4.17%	7.27%

Ratio Analysis:

$$\begin{aligned}
 1. \text{ Current Ratio: } & \quad \frac{\text{Current assets}}{\text{Current liabilities}} \\
 & \quad = \frac{1,003,227,184}{533,992,023.50} \\
 & \quad = 1.88: 1
 \end{aligned}$$

Comment: The current ratio expresses the ability of a firm to pay its current liabilities against current asset. The more the current liabilities means the organization has more short term solvency and the organization is also able to pay its liabilities on time.

The ideal current ratio is 2:1. This means TK 2 current asset is available to pay TK 1 current liabilities. The reason of current assets is more than current liabilities are all

the time all current assets are not available in case position. To convert this time is required. But current liabilities are to be paid on time.

The current ratio more than 2:1 is not acceptable. In this way more cash remain as idle fund that will deprive the organization from the profitable investment.

In this circumstance the company's current ratio is 1:8:1 which indicates the company has good investment opportunity and well diversified investment. This also indicates no idle case money is available. Overall the current ratio of this company is reasonable.

2. Acid/Quick test Ratio .

$$\begin{aligned}
 &= \frac{\text{Quick asset}}{\text{Quick liabilities}} \\
 &= \frac{\text{Current asset} - \text{Stock}}{\text{Current liabilities} - \text{Bank overdraft}} \\
 &= \frac{1,003,227,184 - 347,890,278.17}{533,992,023.50 - 0} \\
 &= 1.23: 1
 \end{aligned}$$

Comment: The quick test ratio expresses the ability of a company to pay its instant liabilities. To pay quick liabilities, only those assets are counted whose are highly or can responded quickly to be converted to cash.

The idle quick test ratio is 1:1. This means to pay TK 1 quick liabilities TK1 quick assets is available. Based on industry type this may change.

This quick test ratio of this company is not so good. Because here quick assets are more then standard ratio.

3. Proprietorship ratio:

$$\begin{aligned}
 \text{Proprietorship ratio} &= \frac{\text{Owner's equity}}{\text{Total assets}} \\
 &= \frac{143,363,692.25}{1,020,390,430.57}
 \end{aligned}$$

$$= .14: 1$$

The proprietorship ratio is not acceptable. The idle ratio is 3:4. Here this ratio is .14:1 which is very much lower than the standard one.

4. Working capital Ratio

$$\begin{aligned} \text{Working capital ratio} &= \frac{\text{Current asset} - \text{Current liabilities}}{\text{Current liabilities}} \\ &= \frac{1003227184 - 533992023.50}{533992023.5} \\ &= .88: 1 \end{aligned}$$

The standard working capital ratio is 1:1. In this company this ratio is near to standard one. So the working capital ratio is about good.

5. Cash and current liabilities ratio:

$$\begin{aligned} \text{Cash and current liabilities ratio} &= \frac{\text{Cash}}{\text{Current liabilities}} \\ &= \frac{88,243162.68}{533,992023.5} \\ &= .16: 1 \end{aligned}$$

The standard cash and current liabilities ratio is 1: .25. The actual cash and current liabilities ratio of this company is not good.

6. Gross Profit Ratio

$$\begin{aligned} \text{Gross profit ratio} &= \frac{\text{Gross Profit}}{\text{Net Sales}} * 100 \\ &= \frac{63,758,377.56}{334,194,519.61} * 100 \\ &= 19\% \end{aligned}$$

The standard gross profit ratio is 20%-30%. In this organization this ratio is 19% which is good.

7. Net Profit Ratio

$$\begin{aligned}
 \text{Net Profit ratio:} & \quad \frac{\text{Net profit}}{\text{Net sales}} * 100 \\
 & = \frac{14628572.95}{334194519.} * 100 \\
 & = 4.38\%
 \end{aligned}$$

The idle net profit ratio is 5%-10%. Here this ratio is 4.38%.

8. Fixed assets ratio

$$\begin{aligned}
 \text{Fixed assets ratio:} & \quad \frac{\text{Fixed asset}}{\text{Proprietor's fund}} \\
 & = \frac{23643787.32}{143363692.25} \\
 & = 0.16: 1
 \end{aligned}$$

Standard ratio is 3:4. Here this ratio is 0.16:1 which is not acceptable.

5.1 Recommendation.

Vendor Evaluation-

1. Vendor shall be evaluated at least once in a year, on a scale of 0 to 100 of the following criteria and records shall be maintained. For enlistment, a vendor must get 80 marks.
2. If a vendor gets between 70to90 marks he will be provisionally kept in approved vendors list for next three consignments, and will be informed to improve his performance. On the basis of performance in the next three consignments he will be either enlisted or deleted from approved list.
3. When a vendor gets 69 or less, his name shall be deleted from the approved list.
4. If necessary, vendors shall be provided counseling by RDL to ensure quality of products.

5. If procurement Manager finds that any vendor does not fulfill the quality system requirements of RBL and no possibility exists to develop his status then the name operations COO and Director.

5.2 EMERGENCY:

1. To meet any emergency situation, RBL shall purchase products/materials subject to fulfillment of quality requirements or accepting materials certificate provided by the vendor.

5.3 Authorization for purchase from non-approved vendors-

2. To meet the emergency mentioned in above or when RDL receives quotation at attractive price for products other than Battery from a non-approved source and the specification meets RDL approved specification, Procurement Manager/product Manager shall initiate the procurement from Non-approved Supplier “mentioning all relevant details.
3. Such producer shall not be repeated for more than three times for materials from the same source. Necessary steps shall be taken by procurement Manager to include suppliers name in the approved vendors list.

Gm operator or COO shall authorize the procurement of such materials after being satisfied that this will not affect the product quality or performance in any way.

5.4 Purchase Process:

1. Procurement Departments shall maintain a current ‘Approved vendor List’ and shall furnish copies to stores and to the unit heads of RDL.
2. Procurement dept shall cross function finalize the technical specification and standard quality for the purchasable products or service, as applicable in line with the definition by the respective technical department or unit heads of RDL outlets in conformity with RDL trading, marketing, Finance and operational requirements.
3. For purchase of all product and services other than Battery. The purchase manager will cross function with concerned product Manager and sales operation Manager to finalize the order quality and specification as and when required basis. For any new product the specification is to be finalized in consultation with user, project and Technical or QA department as appropriate.
4. For purchase of new product or service the purchase manager or sourcing Manager shall invite offers and samples from the prospective suppliers,
 1. Advise the concerned Technical Depts. To test and report the samples specification and quality standardization.
 2. Cross function with Manager Accounts or Finance and Manager HR and planning to finalize the commercial and price matters with the supplier.
 3. Submit the Technically and Financially successful offer for approval of COO or Director.

4. For purchase of new product or service the purchase Manager or sourcing Manager shall invite offers and samples from the prospective suppliers,
 1. Advise the concerned Technical Depts. To test and report the samples specification and quality standardization.
 2. Cross function with Manager Accounts or Finance and Manager HR and planning to finalize the commercial and price matters with the suppliers.
 3. Submit the technical and finally successful offer for approval of COO/ Director.
5. When required vendors are asked to provide Material analysis certificate/ test reports along with the product.
6. All order placing and goods receiving shall be generated through IMAS under close supervisions of purchase or sourcing Manager.
7. For import purchase, on receipt of perform invoice from vendor, procurement Manager or his authorization person shall satirize it strict compliance with the order. Any deviation detected, shall be intimated to the vendor for necessary action.
8. Receiving of purchasing product at store.
9. At the time of receipt of goods, store shall check against the approved vendor list. In case, goods are delivered by non-approved vendors without prior authorization, store shall inform procurement or concerned department, with a copy to Manager Finance or Accounts by the next working day.
10. The procurement Manager shall process suppliers Bill(with attachment of complete GRN copy as per 700% PO and store department clearance) for payment approval and shall cooperate Accounts Departments for updating the suppliers accounts.

5.5 Purchasing From New Source:

1. Based on information obtained from the following sources, procurement Manager may initiate the process to purchase a product from new source(i.e. a vendor who is not presently enlisted to supply that product):
 - a. Products catalogues of various vendors
 - b. New information from existing vendors time to time
 - c. Visit of concerned personal to business conference/vendors premises
 - d. Websites
2. Procurement Manager or his authorized person shall initiate the process by filling out the first box of the from no. xxx- proposal for product purchase from new source. This From shall be routed through technical department,

user department, F and A department, COO or Director, back to procurement department.

3. The product is found not suitable by the technical department, in stage 2, the from shall directly be sent to procurement department.
4. Current department shall purchase the product from new source only when COO or Director gives approval. The vendor shall be enlisted in the approved vendor list provided all conditions are fulfilled.

5.6 Control of outsourced process-

1. DL may outsource products that is not manufactured in it's facilities, if opportunity comes for selling such products.
2. Administration department, if needed with the assistances of order departments, shall establish or determine the specification of the product on the basis of buyers requirements, application of the product, specification available from manufacturer's brochure. COO or GM operations should approve the specification.
3. Procurement department shall take necessary steps for procurement of the product as per approved specification.
4. Quality assurance product shall be ensured by one or more of the following methods-
 - Technical department or RDL shall determine test and inspection of product to be performed by the manufacturer and the acceptance criteria. The manufacturer shall furnish required test and inspection reports of the product.
5. Technical department shall verify these test report and pass the product for subsequent steps, if they meet the acceptance criteria.
 - Procurement shall preferably be made from ISO registered or reputed company.
 - Arrival of the product at RDL premises, these shall be checked for any physical damage by personal from store Department of respective RDL unit.
 - If the products are found without any major damage that may hamper its performance and passed by technical department, only then these can be delivered to the customer.
 - Set an inspection records generated for or by the activities mentioned above shall be maintained by technical departments and commercial records by the procurement department with one copy at the store department of respective RDL unit.

5.2 Conclusion:

In Rahimafrooz has some sort of authorization system and purchase procedure. In my report I will try to find out their Inter control-“Procurement Process” procedure and their limitations and the solution. By doing this the efficiency and reliability will increase and commercial departments will be benefited. I have mentioned the total procurement process of Rahimafrooz Distribution Limited. Mainly they have three departments. I have mentioned all departments, procurement process and also given flowcharts of these three departments for better understanding. Hope this will help to know about the procurement process and will help other organization to enhance their procurement process which is very important. Without procurement process no organization can do any thing and better improvement of procurement process will help the organization becoming more profitable. So I think it will be helpful others

Appendix-

Scale items-

Q. Items

1	2	3	4	5
Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree

Manager procurement and Distribution:

- Cross functional activities is essential 1 2 3 4 5
- Complete communication with supplier 1 2 3 4 5
- When delivery discrepancy occurs:
 1. Communication required 1 2 3 4 5
 2. Maintenance of supplier, product 1 2 3 4 5
 3. List required 1 2 3 4 5
 4. Settle compensation for damage 1 2 3 4 5
 5. And any dispute 1 2 3 4 5
 6. Detect price competitiveness and 1 2 3 4 5

7. Negation	1	2	3	4	5
8. Maintain parallel supplier to create	1	2	3	4	5
9. Competition	1	2	3	4	5
10. Attend and work in the group sourcing	1	2	3	4	5
11. Activities	1	2	3	4	5
12. Maintain procurement policy in consulting	1	2	3	4	5
13. With finance and planning dept.	1	2	3	4	5

Office procurement and Distribution:

1. Input data in all transaction	1	2	3	4	5
2. Unit wise-item wise figure input	1	2	3	4	5
3. Follow up good delivery as per delivery advise	1	2	3	4	5
4. Update manager product and distribution	1	2	3	4	5
5. Update product delivery pending report	1	2	3	4	5
6. Check sudden additional need	1	2	3	4	5
7. Put entry in forecast list, supplier list and item wise rate	1	2	3	4	5
8. Follow up price competitiveness and update managers	1	2	3	4	5
9. Assist manager p and d in working group sourcing	1	2	3	4	5

For Employees:

1. Does existing purchase policies covers all relevant areas	1	2	3	4	5
2. Does existing policy complies all country' Rules and regulation	1	2	3	4	5
3. Does existing policy complies company's Rules and regulations	1	2	3	4	5
4. Does existing policy allows to purchase at Minimum cost	1	2	3	4	5
5. Does existing policy ensures quality	1	2	3	4	5
6. Does existing policy maintain adequate safety stock	1	2	3	4	5
7. Does existing policy evaluate vendors performance	1	2	3	4	5
8. Adequate brief work flow of purchase procedure?	1	2	3	4	5

9. Has adequate focused on work in capital management	1	2	3	4	5
10. Has the flexibility to meet urgent requirements	1	2	3	4	5
11. Proper authority and restriction is clearly defined	1	2	3	4	5
12. Is there any guideline of handling exceptional issues	1	2	3	4	5

Bibliography:

www.rahimafrooz.com
www.myrahimafrooz.com

Class Notes (RDL):

- Md.Nabeeul Khan, the head of Finance(RDL)
- Mahmud Ahmed, Purchase Manager(RDL)
- Mishaed Ahmed, Manager Administration(RDL)

Others:

- Various types of publication of RDL
- Management policy

