

**Report On**  
**Procurement Process of NRB Bank Ltd.**

By

Abu Jabir Abdulla Yousuf  
22382003

A report submitted to the BRAC Institute of Governance & Development [BIGD] in partial fulfillment of the requirements for the degree of Masters in Procurement and Supply Management [MPSM]

BRAC Institute of Governance & Development [BIGD]  
Brac University  
[January] [2024]

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## Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

**Student's Full Name & Signature:**



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Abu Jabir Abdulla Yousuf  
22382003

**Academic Supervisor's Full Name & Signature:**



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Mahbub Ahmed Chowdhury, FCIPS  
Senior Vice President & Head of Procurement  
The City Bank Limited

**Workplace Supervisor's Full Name & Signature:**



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A. F. M. Zakaria Huque  
Senior Vice President & Head of Facilities Management Division  
NRB Bank Ltd.

## Letter of Transmittal

Mahbub Ahmed Chowdhury, FCIPS  
Senior Vice President & Head of Procurement  
The City Bank Limited and  
Faculty at BRAC University  
66 Mohakhali, Dhaka-1212

### **Subject: Procurement Process of NRB Bank Limited**

Dear Sir,

Please accept this letter as transmittal of my final report for Masters in Procurement and Supply Management, entitled "Procurement Process of NRB Bank Ltd.". This report fulfills the course requirement for PSM 665.

In this report, I have examined the procurement process at NRB Bank Ltd., analyzing its various stages, internal controls, and best practices. I have also included recommendations for potential improvements based on my research.

I have strived to provide a comprehensive and insightful analysis of the procurement process at NRB Bank Ltd. I appreciate your guidance and support throughout this course.

Thank you for your time and consideration.

Sincerely yours,



Abu Jabir Abdulla Yousuf

22382003

BRAC Institute of Governance & Development

BRAC University

Date: 25/04/2024

# Non-Disclosure Agreement

This Agreement is made between:

- **NRB Bank Ltd.** ("Bank")
- **Abu Jabir Abdulla Yousuf** ("Student")

**WHEREAS**, Bank possesses Confidential Information (defined below). Student desires access for the purpose of academic report.

**NOW, THEREFORE, in consideration of the above, the parties agree:**

**1. Confidential Information:**

- Any information disclosed by Bank, orally, written, or otherwise, designated confidential or by nature ought to be treated as confidential.
- This includes, but is not limited to, customer data, financial information, internal processes, and any other information not generally known to the public.

**2. Non-Disclosure:**

- Student agrees to hold all Confidential Information in confidence and not disclose it, in whole or in part, to any third party without Bank's prior written consent.

**3. Exceptions:** Disclosure is only permitted:

- As required by law or regulation; or
- To comply with a valid court order or subpoena (with commercially reasonable effort to notify Bank beforehand).

**4. Use:** Confidential Information shall only be used for the purpose stated above and not for personal gain or benefit of any third party.

5. **Term & Return:** This Agreement remains in effect for 1(one) year. Upon termination or Bank's written request, Student shall promptly return all Confidential Information.
6. **Independent Contractor:** Student is an independent contractor, not an employee, agent, or partner of Bank.
7. **Entire Agreement & Governing Law:** This Agreement constitutes the entire agreement and supersedes all prior agreements, whether oral or written. This Agreement shall be governed by the laws of Bangladesh.
8. **Severability:** If any provision is held invalid, the remaining provisions shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first written above.

**NRB Bank Ltd.**



A. F. M. Zakaria Huque  
SVP & Head of Facilities Management Division



Abu Jabir Abdulla Kousuf

## **Acknowledgement**

The successful completion of this report owes a great debt to the invaluable contributions of several individuals and organizations.

First and foremost, I offer my deepest gratitude to Almighty Allah (SWT) for bestowing upon me the knowledge, strength, sound mind, and good health necessary to undertake and complete this project. His blessings have been my guiding light throughout this journey.

My sincere appreciation extends to **Mr. Mahbub Ahmed Chowdhury, FCIPS, Senior Vice President & Head of Procurement at The City Bank Limited and Faculty at BRAC University**. His insightful guidance and expert knowledge were instrumental in shaping the content and ensuring its quality. I am truly grateful for his willingness to share his expertise.

I would also like to express my thanks to **Mr. A. F. M. Zakaria Huque, Senior Vice President & Head of Facilities Management**, for providing valuable insights and resources related to the topic. Their combined knowledge greatly enriched the information presented in this report.

**Deep appreciation** goes to **the Management** of NRB Bank Ltd. for providing the opportunity to delve into their procurement process and share the findings in this report. This collaboration has been a valuable learning experience, and I am grateful for their trust and support.

**Finally**, I would like to extend my thanks to all those who have offered their support throughout this process. Their encouragement and assistance have been instrumental in bringing this report to fruition.

**Thank you to everyone involved for your dedication and unwavering commitment to excellence.**



## **Executive Summary**

This report provides a comprehensive analysis of the procurement process at NRB Bank Ltd., a leading private sector bank in Bangladesh. The bank's procurement activities, strategically embedded within its Facilities Management Division (FMD), play a crucial role in its daily operations, branch expansion, and technological advancement. The report compares NRB Bank's procurement policy with the Chartered Institute of Procurement & Supply (CIPS) process and the Public Procurement Regulations (PPR) of Bangladesh, identifying gaps and offering recommendations for improvement. The report concludes with a discussion on whether NRB Bank Ltd. needs a separate procurement division, considering various factors such as the bank's future growth aspirations and industry best practices.

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## List of Acronyms

CAPEX	Capital Expenditure
OPEX	Operating Expenditure
FMD	Facilities Management Division
HOFMD	Head of Facilities Management Division
PURCO	Purchase Committee
SMT	Senior Management Team
MANCOM	Management Committee
HOD	Head of the Division/Department
BM	Branch Manager
PO	Purchase Order
WO	Work Order
RFQ	Request for Quotation
BOQ	Bill of Quantity
CIPS	The Chartered Institute of Procurement & Supply

# Chapter 1

## [Introduction]

### 1.1 [NRB Bank Ltd. at a glance]

NRB Bank Limited, established in 2013, is a prominent private sector bank in Bangladesh catering to a distinct niche market. It emerged as a fourth-generation bank, leveraging technology to deliver innovative financial solutions. NRB Bank stands out for its focus on Non-Resident Bangladeshis (NRBs), aiming to bridge the gap between Bangladeshi expatriates and their home economy.

To service its NRB clientele and the broader Bangladeshi community, NRB Bank has established a robust network of branches across the country. This network comprises 51 full-fledged branches, 33 sub-branches, and 51 conveniently located ATM booths. Notably, the bank also operates one dedicated Islamic banking branch.

#### **Significant Milestones:**

*August 4, 2013:* NRB Bank Limited commences operations, marking a significant step in facilitating financial services for Bangladeshi expatriates. (Source: [NRB Bank - Our History])

*June 23, 2014:* The bank demonstrates its commitment to technological innovation by launching e-Banking services, expanding its reach and convenience for customers. (Source: [NRB Bank - Our History])

*August 16, 2014:* Recognizing the importance of supporting small and medium enterprises (SMEs), NRB Bank initiates SME Banking, fostering economic growth within Bangladesh. (Source: [NRB Bank - Our History])

*September 9, 2021:* NRB Bank expands its offerings by launching Islamic Banking operations, catering to a wider segment of the population who prioritize Sharia-compliant financial services. (Source: [NRB Bank - Our History])

*October 18, 2021:* Further solidifying its commitment to serving the NRB community, NRB Bank inaugurates NRB Bank Securities PLC, providing a comprehensive suite of investment options. (Source: [NRB Bank - Our History])

*February 27, 2024:* Got Publicly listed company

## **1.2 [NRB Bank Ltd. and the Critical Role of Procurement]**

NRB Bank Ltd., a leading fourth-generation bank in Bangladesh, thrives on a delicate balance between daily operational efficiency and ambitious growth aspirations. The procurement process, though seemingly administrative, is crucial for NRB Bank's strategic success.

NRB Bank's procurement process is essential for its day-to-day operations and long-term goals. It ensures the bank has the resources it needs, from office supplies to technology, to function smoothly and deliver excellent customer service.

The procurement team plays a strategic role in NRB Bank's growth. As the bank expands its branch network, the team sources building/premises/space, construction partners, and equipment for new locations. Additionally, for NRB Bank to become a leader in technology, the team identifies and acquires cutting-edge solutions.

Procurement also shapes how customers perceive NRB Bank. The team's decisions about signage, product branding, and other visual elements influence the bank's brand image and customer experience.

In short, while procurement may seem like a routine function, it's critical for NRB Bank's success. By effectively managing procurement, the bank can achieve its goals for efficiency, expansion, and technological advancement.



## **Chapter 2**

### **[Literature Review]**

The Chartered Institute of Procurement & Supply (CIPS) outlines a comprehensive and flexible framework for effective procurement, encompassing 13 distinct steps:

#### ***1. Define Business Needs & Develop Specification:***

- Identify and analyze internal requirements for goods, services, or works.
- Develop a clear and detailed specification outlining desired quality, functionalities, and standards.

#### ***2. Market Analysis & Make-Buy Decision:***

- Conduct thorough market research to identify potential suppliers and assess market conditions.
- Determine whether to procure internally (make) or externally (buy) based on cost, expertise, and risk factors.

#### ***3. Develop Strategy & Plan:***

- Define objectives and key performance indicators (KPIs) for the procurement activity.
- Develop a sourcing strategy considering budget, risk tolerance, and sustainability goals.

#### ***4. Pre-Procurement Market Engagement:***

- Consult with potential suppliers and stakeholders to gather insights and feedback.
- Establish clear communication channels and build relationships with key suppliers.

**5. Develop Documentation (PPQ & Detailed Spec):**

- Prepare a Pre-Qualification Questionnaire (PPQ) to assess supplier competency and eligibility.
- Finalize the detailed specification, encompassing quality parameters, technical requirements, and acceptance criteria.

**6. Supplier Selection to Participate in Tender:**

- Evaluate responses to the PPQ and shortlist qualified suppliers based on pre-defined criteria.
- Decide on the tendering method (e.g., open, restricted, negotiated) and invite shortlisted suppliers to participate.

**7. Issue Tender Documents:**

- Prepare clear and concise tender documents outlining the tender process, evaluation criteria, and submission requirements.
- Ensure transparency and fairness in the tender process and adhere to regulatory guidelines.

**8. Bid & Tender Evaluation & Validation:**

- Evaluate submitted bids based on pre-defined criteria, including technical merit, commercial terms, and price.
- Employ appropriate validation techniques to confirm supplier claims and ensure bid accuracy.

***9. Contract Award & Implementation:***

- Select the winning bidder based on a comprehensive evaluation and negotiate final contract terms.
- Implement the contract effectively, ensuring clear communication, performance monitoring, and risk management.

***10. Warehouse, Logistics & Receipt:***

- Manage product or service delivery, including warehousing, inventory control, and logistics.
- Establish clear acceptance procedures and verify goods or services against predetermined specifications.

***11. Contract Performance & Improvement:***

- Monitor supplier performance against agreed-upon terms and KPIs throughout the contract lifecycle.
- Identify opportunities for continuous improvement and renegotiate or amend contracts if necessary.

***12. Supplier Relationship Management:***

- Develop and maintain positive relationships with key suppliers based on mutual trust and cooperation.
- Collaborate with suppliers to optimize product design, reduce costs, and improve process efficiency.

### 13. Asset Management & Disposal:

- Effectively manage procured assets throughout their lifecycle, including maintenance, repair, and upgrades.
- Implement responsible disposal methods for obsolete or decommissioned assets, adhering to environmental regulations.

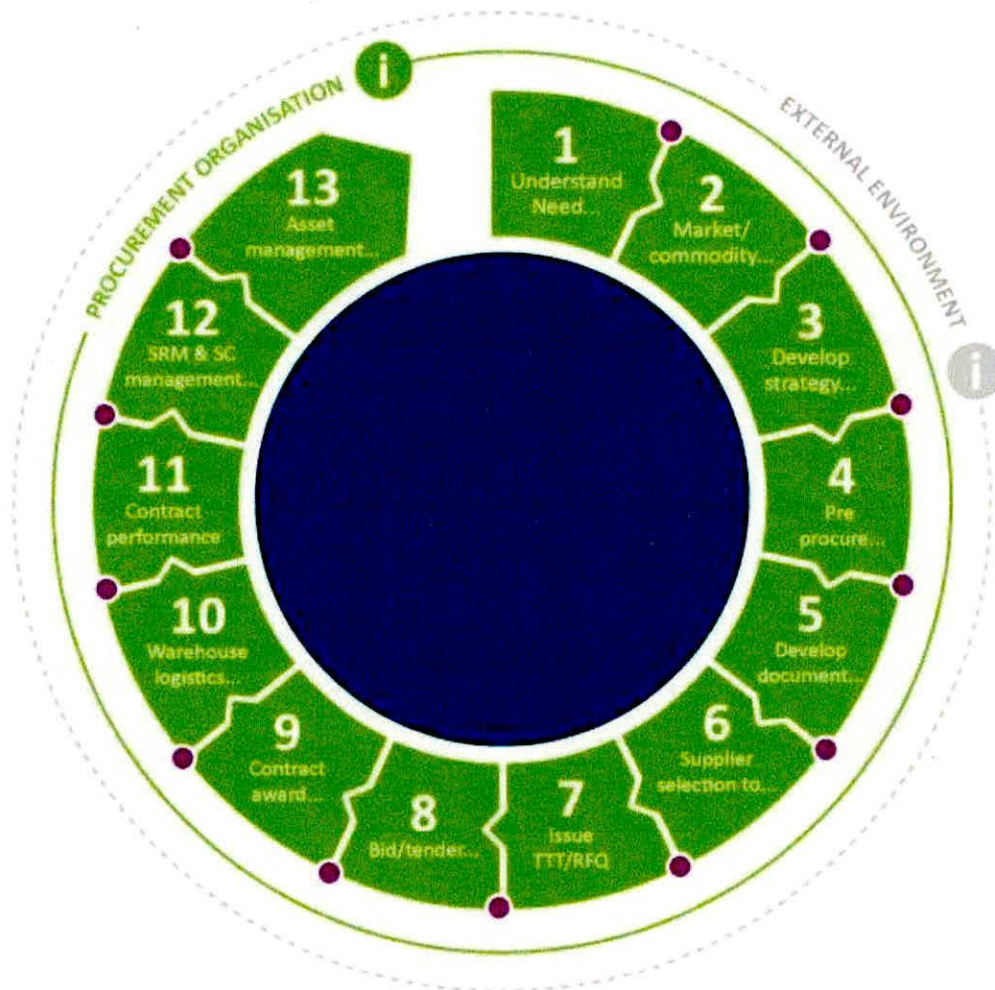


Figure: CIPS Procurement Cycle

## **Chapter 3**

# **[Procurement Process of NRB Bank Ltd.: A Strategic Approach Embedded in Facilities Management Division (FMD)]**

There are no hard and fast rules for procurement, it varies from organization to organization.

While not a core department itself, NRB Bank's procurement process finds strategic home within the Facilities Management Division (FMD). Headed by a Senior Vice President (SVP) and supported by a Deputy Head, FMD acts as the central hub for acquiring a wide range of goods and services crucial for the bank's daily operations, branch expansion, and technological advancement. Its four dedicated units ensure comprehensive and efficient procurement across diverse areas:

### ***1. Real Estate:***

Spearheading NRB Bank's ambitious branch network expansion, this unit identifies suitable locations, negotiates fixed rents with landowners, manages legal aspects of property acquisition, and liaises with regulatory bodies for necessary approvals.

### ***2. Infrastructure Development & Maintenance:***

This unit, with four reporting managers, oversees project-related procurement and execution. Their responsibilities encompass layout design, engaging interior décor firms, procuring furniture, air conditioners, generators, and security systems. Additionally, they manage maintenance of these assets and handle dead stock.



### **3. *IT Procurement, Printing & Stationery:***

Catering to the bank's daily operational needs, this unit takes care of procuring non-server/switch IT equipment, 148 pre-printed documents, office supplies, canteen stationery, and cleaning items. They also handle communication device acquisitions and maintenance.

### **4. *Logistics & Admin:***

Offering vital support to the entire procurement process, this unit comprises five teams focusing on vehicle management and maintenance, insurance, front desk operations, and dispatch. While dispatch and front desk personnel appointed by HR, but they operate under the guidance of the FMD manager, ensuring seamless integration.

## **3.1 Procurement Process of NRB Bank Ltd. at a glance**

### **3.1.1 Procurement Processes/Procedures:**

- a) For any purchase (excluding the purchases made by branches as per the authority given to branches under clause Guidelines by Classes of Expenditures/Purchases of the Procurement & Asset Management Policy), FMD must receive a requisition via email or any written form.
- b) A Panel of Suppliers must be established for all purchases and services at the Head office. No exceptions are allowed unless due to reasons of emergency or non-availability of the requirement in specific cases or, non-response from the vendor(s). Any exception must be approved by the Competent Authority.
- c) Where purchases require quotations, should have a formal communication.

- d) The authority to make final selection of vendor/supplier must conform sub-clause Guidelines by Classes of Expenditures/Purchases of the Bank's Procurement & Asset Policy.
- e) Final selection of provider/supplier need not be influenced by the lowest bid but must be guided by the prerequisite of this Policy.
- f) The members of the SMT/MANCOM, PURCO, MD & CEO and all employees involved in procurement decision making and procurement process must avoid inappropriate relationships or conflicts of interest with the vendors or suppliers. Conflict of interest covers accepting gifts or monetary gains through sales incentive, revealing bidders' information or entertaining information on indicative bid pricing.

***Declaration of gifts, if received from suppliers/vendors must be declared as per the Code of Conduct of the bank.***

- g) To avoid concentration of risk, the procurement team should not be overly dependent on the same vendors/providers or suppliers for total needs of similar purchases or supplies except for proprietary items or specialized services.
- h) For projects or purchases where the standard and sustained performance of the goods or services involved is required to be proven over a period of time, normally about 3 months, a Retention Sum as security Deposit (of at least 5%) should be considered.
- i) All purchases except cash purchases must be backed by Purchase Order where all terms and conditions must be clearly laid down.

### **3.1.2 Guidelines by Classes of Expenditures/Purchases**

#### **3.1.2.1 CAPEX (other than the types/classes exclusively guided by other chapters of this policy):**

- a) All CAPEX must be carried out through Head Office Facilities Management Department/Division (FMD) unless otherwise relaxed by MD & CEO, MANCOM or BOD.
- b) CAPEX of over Tk. 100,000 (Taka One Lac) not exceeding Tk. 1,00,00,000 (Taka One Crore) will require Tendering to NRB Bank's Enlisted Vendors/Suppliers under Limited Tendering Method. At least 03 (Three) Quotations from Panel Vendors/Suppliers unless otherwise relaxed by MD & CEO/AMD/DMD or, the Board, both for number of quotations and Vendors/Suppliers. Capital expenditures exceeding BDT 1,00,00,000 (Taka one crore) and above will require open tendering (unless otherwise relaxed by Board).
- c) CAPEX exceeding Tk. 1,00,00,000 (Taka One Crore), sealed quotations shall have to be invited by floating Tender in widely circulated Newspapers or, Bank's Website or, any other mass media under Open Tendering Method (unless otherwise relaxed by Board). Tender schedules should be prepared on the basis of requirement of requesting Division/Department/Branch or, instruction (verbal/written) of Competent Authority.
- d) All CAPEX above BDT 500,000 (Taka five lac) must be escalated to Purchase Committee (PURCO) for decision.
- e) CAPEX against IT Equipment should be procured through FMD with consultation of IT & ADC Operations for reasons of technical complexity, standardization and economies of scale after approval of the Competent Authority. Products like Server, Software and different License along with AMC, should be procured solely by IT and ADC Operations.

- f) Leasehold Premises acquisition and renovation of both Freehold and Leasehold Premises must be completed through FMD in consultation with Brand Department and relevant Divisions for reasons of business suitability, branding and customer service convenience or disruption.

#### **3.1.2.2 OPEX**

- a) OPEX shall be carried out by Branch as per delegation approved by the Board.
- b) OPEX over of Tk. 50,000 (Taka fifty thousand) not exceeding Tk. 10,00,000 (Taka Ten Lac) will require 3 quotations, unless otherwise relaxed by the MD & CEO/AMD/DMD or, the Board both on number of quotations and RFQ to Enlisted Vendors/Suppliers under Limited Tendering Method.
- c) OPEX exceeding Tk. 10,00,000 (Taka Ten Lac) will require open tendering (unless otherwise relaxed by the Board).
- d) All OPEX above Tk. 100,000 (Taka One Lac) must be escalated to Purchase Committee (PURCO) for recommendation.

#### **3.1.2.3 Cash Purchase**

- a) In situations where employing a supplier is not practicable due to urgency and nature of goods or services required, the same may be purchased directly from the market without asking quotations.
- b) Financial limits for such purchase shall be limited to Tk. 20,000 (Taka Twenty Thousand).

### **3.1.3 Purchase Workflow:**

#### **3.1.3.1 Requisition**

For any purchase, FMD must receive a requisition via email or any written form

### 3.1.3.2 Tender Procedure

Tender for purchases must be meticulously adhered to as outlined under clause (Procurement Guidelines).

Who	Step	
FMD	1	Interview / screen all potential Tender bidders, where applicable.
	1.1	<i>Potential Tender bidders could be from approved panel or new potential suppliers.</i>
	2	Dispatch letter of invitation for Tender through hard copy or any other means.
	2.1	Issuance of letter of invitation for Tender to identified potential suppliers. Vendors may invite based on their earlier performance with the Bank. It will not be mandatory to invite all enlisted vendors for submission of quotations.
	3	Tender Documents
	3.1	<p><i>The Tender document should at least cover the following:</i></p> <ul style="list-style-type: none"> <li><i>a) Details of services or product;</i></li> <li><i>i) Specifications.</i></li> <li><i>ii) Delivery requirements.</i></li> <li><i>iii) Pricing and payments details and schedule (mentioning</i></li> </ul>



		<p><i>VAT, IT &amp; Other Charges)</i></p> <p><i>b) Tender form submission procedures.</i></p> <p><i>c) Closing date.</i></p> <p><i>d) Time and date for Opening tenders.</i></p>
	3.2	<i>Tender document must be received in sealed envelopes and placed into sealed Tender Box.</i>
Concerned Department/ Division	4	Call for Purchase Committee (PURCO) Meeting, after Tender Closing Date, to open Tenders.
	4.1	<i>Before opening tenders, ensure all tender envelopes are sealed.</i>
PURCO	5	Open Tender documents.
	6	Sign off records of Tenders received by members of PURCO.
	7	Evaluate and Short list the final bidders (at least 3 Lower bidders).
HOFMD/FMD	8	Perform bidders' site visits after short listing, (where applicable).
PURCO	9	Request short listed bidders to conduct presentations, (if applicable).
	9.1	<i>Challenge the capability and expressed expected performance as presented and detailed in the tender document.</i>

	9.2	<i>Evaluate the final order of preference of the bidders.</i>
	10	Recommend short listed bidders in order of preference for approval in accordance to the Delegation of Authority.
HOFMD	11	On approval of the finally selected bidder, arrange issue of Purchase order/Work order.

### 3.1.3.3 Processing of Payment

Who	Step	
HOFMD	1	Upon receiving the approval of the selected supplier, issue Purchase Order and send signed PO to supplier.
	1.1	Annotate invoicing instructions in PO, i.e. invoice to be submitted to Head Office together with the PO along with Invoice/ Delivery Challan duly signed by the recipient.
HOD/BM	2	Receive and check goods or services purchased against PO.
BM/ HOD	3	Sign the invoice/delivery challan as “ACKNOWLEDGED” if delivery is in order.
	3.1	The recipient departments/branches must ensure goods delivered are as per PO and in good working condition and acknowledge receipt on Delivery Challan (DC) by signing and apply rubber stamp with

		date annotated.
FMD	4	Receive original Bill from supplier, enclose relevant documents, prepare payment note and forward to Finance & Accounts for payment.
Finance & Accounts	5	Receive Original Bill along with other relevant documents and process the bill for payment.
FMD	6	Follow up with Finance Division (FD) in the event supplier claims non receipt of payment.
Department/ Division/ Branch/ FMD & Finance	7	If original bill is lost/accidentally misplacing a certification copy may be obtained from the related vendor marked as 'DUPLICATE' mentioning reference no and date of the original invoice. Assuming that the bill was not paid earlier, the bill may be processed with prior cross checking for duplication by relevant Department/Division/Branch/FMD & Finance.
Branch/ Relevant Department/ Division/ FMD/ Finance	8	In case of expenses pre-approved by the Competent Authority, Branch will make payments on their end upon prior communication with Finance & Accounts. In case of any expense exceeding the threshold limit, Branch will send the bill along with prescribed format for approval through proper channel.

### 3.1.3.4 Procurement Methods:

All procurements will be executed following different methods of procurement as follows:

Sl.	Methods:
1	<p data-bbox="355 539 772 573"><b>Open Tendering Method (OTM):</b></p> <p data-bbox="355 630 1331 664">The method will be applied as per the guidelines mentioned in Procurement Policy.</p> <p data-bbox="355 698 1362 732">OTM will be applied if the estimated cost is above Tk. 1,00,00,000 (Taka One Crore).</p> <p data-bbox="355 766 1374 800">Following process will be followed in case of using the OTM method for procurement:</p> <ul data-bbox="472 857 1369 1764" style="list-style-type: none"><li data-bbox="472 857 1369 1084">a. Process of OTM will start after obtaining the approval from the appropriate authority. b) Invitation for Tender (IFT) will be prepared mentioning the detail requirements including technical and non-technical specifications.</li><li data-bbox="472 1118 1369 1424">b. For all IT related procurements (as and where required), IT &amp; ADC Operations will confirm the quantity, quality and all other defined Technical Specifications (TS) and terms and conditions. d) IFT will be sent to Brand &amp; Communications for publishing the advertisement in the Newspapers.</li><li data-bbox="472 1458 1369 1628">c. Advertisement of IFT shall be published in a widely circulated Bangla/English National newspaper or Website of NRB Bank or any other mass media.</li><li data-bbox="472 1662 1369 1764">d. Provision of Earnest Money may be applicable for this method as per discretion of the Competent Authority.</li></ul>

2	<p><b>Limited Tendering Method (LTM):</b></p> <ul style="list-style-type: none"> <li>a) Suppliers may be recommended based on their performance and invited in writing/email to participate in the bid. Inviting all enlisted vendors will not be mandatory. Vendor nonresponsive in 03 consecutive invitations, may not be invited further.</li> <li>b) At least 3 competitive quotations shall be obtained for processing procurement in case the cost is over Tk. 100,000 (Taka One Lac) Lac not exceeding Tk. 1,00,00,000 (Taka One Crore).</li> </ul>
3	<p><b>Single/Direct Procurement Method:</b></p> <p>This method may be used if:</p> <ul style="list-style-type: none"> <li>a) For technical reasons, a sole tenderer is available for the supply or provision of the goods, related services, works and physical service;</li> <li>b) If necessary, in continuation of or just completed assignment</li> <li>c) A speedy selection is required in an emergency situation</li> <li>d) Where only a single firm has the required qualifications or, rare experience required for the assignment;</li> <li>e) If an urgent need of a product/service is required, in case of catastrophic event.</li> </ul>
4	<p><b>Branch &amp; Field Procurement/Spot Quotation Method:</b></p> <p>This mode of procurement will be applicable under the following circumstances:</p> <ul style="list-style-type: none"> <li>a) When goods and services are required to be delivered on urgent basis as per the requisition of any Branch.</li> </ul>



	<p>b) When the prices of goods and services to be supplied are fixed and known.</p>
5	<p><b>Cash Purchase Method (CPM):</b></p> <p>Requisitioned by different departments or Divisions or Units which are needed urgently can be procured through direct purchase in cash where credit is not available.</p>
6	<p><b>Repeat Order Method:</b></p> <p>a) This method of procurement is to be adopted/followed only in exceptional case. While applying this method, it must be ensured that the price of the items to be procured has not fallen since the last order was placed. The volume of the goods under repeat order shall not be more than that of the original order.</p> <p>b) Repeat order shall not be applicable more than twice within 3 months of previous purchase.</p>
7	<p><b>Unit Price Method:</b></p> <p>a) This method of procurement is to be adopted/followed if the required items (i. e. Printing Stationery, Table Stationery, Canteen and Cleaning Materials, Computer and Peripherals, Security Equipment etc.) are procured frequently or on a regular interval. If the unit price is for more than 06 months, it should be reviewed half yearly.</p> <p>b) At least 3 competitive quotations shall be obtained from enlisted vendors (unless otherwise relaxed by the MD &amp; CEO).</p> <p>c) Unit price is to be escalated through the PURCO for approval of the MD &amp; CEO.</p>



### 3.1.3.5 Roles of Key Committees/People Involved

<b>Abbreviation</b>	<b>Role</b>
<b>Board of Directors (BOD)</b>	<ul style="list-style-type: none"> <li>• Final approval for acquisitions</li> <li>• Approves Delegated Authority to MD &amp; CEO</li> </ul>
<b>Senior Management Team (SMT)/ MANCOM</b>	<ul style="list-style-type: none"> <li>• Holds Board's Delegated Authority.</li> <li>• Ensures management's adherence to this Procurement Policy &amp; Procedures.</li> </ul>
<b>Managing Director &amp; Chief Executive Officer (MD &amp; CEO)</b>	<ul style="list-style-type: none"> <li>• Holds Board's Delegated Authority to Management.</li> <li>• Issues the Delegation of Authorities to executives reporting to MD, if required.</li> <li>• Ensures adherence to this Procurement Policy &amp; Procedures.</li> </ul>
<b>Additional Managing Director (AMD)</b>	<ul style="list-style-type: none"> <li>• Holds Board's Delegated Authority to Management.</li> <li>• Issues the Delegation of Authorities to executives reporting to AMD.</li> <li>• Ensures adherence to this Procurement Policy &amp; Procedures.</li> </ul>
<b>Deputy Managing Director (DMD)</b>	<ul style="list-style-type: none"> <li>• Holds Board's Delegated Authority to Management.</li> <li>• Issues the Delegation of Authorities to executives</li> </ul>

	<p>reporting to DMD.</p> <ul style="list-style-type: none"> <li>• Ensures adherence to this Procurement Policy &amp; Procedures.</li> </ul>
<b>Chief Finance Officer (CFO)</b>	<ul style="list-style-type: none"> <li>• Ensures purchases are done complying Procurement Policy and Procedures before supporting payment.</li> <li>• Ensures purchase approvals strictly complies bank's financial delegation.</li> <li>• Effect timely payment of purchases.</li> </ul>
<b>Head of Facilities Management (HOFM)</b>	<ul style="list-style-type: none"> <li>• Ensures adherence to this Procurement Policy &amp; Procedures. · Ensures timely procurement of all Goods and Services including Administrative and Logistics supports.</li> <li>• Exercises approval within delegated authority</li> </ul>
<b>Head of Division / Department (HOD)</b>	<ul style="list-style-type: none"> <li>• Ensures that all Departmental Demands/Requisitions are submitted to HOFM in adherence to existing Procurement Policy &amp; Procedures. · Extends support and cooperation in procurement process.</li> </ul>
<b>Branch Manager (BM)</b>	<ul style="list-style-type: none"> <li>• Ensures that all Demands/Requisitions are submitted to Head Office Facilities Management Department in adherence to existing Procurement Policy &amp; Procedures.</li> </ul>

<p><b>Purchase Committee</b> <b>(PURCO)</b></p>	<ul style="list-style-type: none"> <li>• There shall be 05 Members in the Purchase Committee (PURCO). The members will be selected by the Managing Director &amp; CEO one each from FMD, Finance &amp; Accounts, IT and ADC Operations, any other Division/Department. Presence of 3 (Three) Members will fulfill a quorum.</li> <li>• PURCO will assess tenders/offers received for a particular project and makes recommendation of preferred supplier.</li> <li>• PURCO will be formed by MD &amp; CEO with notification to the Board · Members leaving the committee/Bank will automatically be superseded by their successors; unless otherwise decided by the MD &amp; CEO, which should be informed to the Board.</li> <li>• In case of any emergency PURCO Meeting can be held virtually with the consent of the Chairman of the PURCO. Full agenda will subsequently be approved in the following PURCO Meeting.</li> <li>• PURCO will only be accountable to Board for its resolutions/decisions it takes.</li> </ul>
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### **3.2 This organizational structure provides several key benefits:**

- *Centralized oversight:* FMD ensures consistency and efficient management across all procurement activities.

- *Streamlined collaboration:* Close communication and coordination between units facilitates smooth operations throughout the process.
- *Increased efficiency:* Optimized resource allocation minimizes redundancies and promotes cost-effectiveness.
- *Strategic alignment:* Procurement activities are directly tied to the bank's expansion plans, operational requirements, and technological upgrades.

By embedding its procurement process within FMD, NRB Bank leverages a dedicated and well-structured system to acquire the resources it needs to thrive in today's dynamic financial landscape.

Whether NRB Bank Ltd. needs a separate procurement division depends on several factors, including the current strengths and weaknesses of its FMD-integrated procurement setup, the bank's future growth aspirations, and industry best practices. Here's a breakdown of the arguments for and against establishing a separate procurement division:

### **3.2.1 Arguments for a Separate Procurement Division:**

- *Increased Focus and Expertise:* A dedicated procurement division could provide sharper focus on strategic sourcing, supplier management, and cost optimization.
- *Enhanced Visibility and Strategic Alignment:* A standalone department could elevate procurement's profile within the bank, ensuring its strategic alignment with business goals and expansion plans.
- *Improved Specialization and Talent Acquisition:* A dedicated team could attract and retain specialized procurement professionals, driving greater efficiencies and expertise.
- *Flexibility and Scalability:* A separate division might be more agile in adapting to changing market conditions and scaling up procurement activities as the bank grows.

- *Improved Risk Management:* Concentrated expertise in risk management practices could mitigate procurement-related risks more effectively.

### **3.2.2 Arguments against a Separate Procurement Division:**

- *Potential Operational Disruption:* Establishing a new department could disrupt existing workflows and require significant resource re-allocation.
- *Duplication of Efforts:* Overlapping functions between FMD and a new division could lead to inefficiencies and redundancy.
- *Increased Costs:* Creating a new department incurs additional infrastructure and personnel costs, which might not be immediately justified.
- *Loss of Synergy and Collaboration:* Separating procurement from FMD could weaken the current synergies and collaboration between different units involved in the process.
- *Focus on Internal Politics:* A standalone department might become too focused on internal power dynamics, neglecting its core purpose of optimizing procurements.

### **3.2.3 Considerations for NRB Bank:**

Before making a decision, NRB Bank should carefully assess its current procurement needs and performance. Conduct an internal audit to identify areas for improvement, analyze industry benchmarks for similar-sized banks, and consult with procurement experts. Weigh the potential benefits and costs of establishing a separate division against the existing FMD structure.



### **3.2.4 Possible Alternatives:**

Instead of a complete separation, NRB Bank could consider:

- *Strengthening FMD's Procurement Unit:* Invest in additional resources and training for the existing procurement team within FMD, enhancing its capabilities and visibility.
- *Partnering with External Procurement Consultants:* Leverage the expertise of external consultants to address specific procurement challenges or implement process improvements without creating a new department.

Ultimately, the decision of whether or not to establish a separate procurement division rest with NRB Bank's leadership. A thorough analysis of the potential benefits and risks, taking into account the bank's specific context and future goals, will help guide the most effective solution for optimizing its procurement process.

### **3.3 Asset Management & Disposal**

The Asset Management policy focuses on the optimal utilization and prudent management of the bank's assets, particularly fixed assets. It outlines procedures for recording and capitalizing assets, methods for depreciation and impairment, timing for valuations and revaluations, and protocols for retirement, write-off, and disposal of assets. The policy assigns responsibilities to different departments for managing non-IT and IT equipment, including tracking, maintenance, and updating asset databases. It emphasizes the importance of maintaining updated inventory records, ensuring proper utilization of assets, and following depreciation guidelines. The policy also addresses the disposal of obsolete or unused assets, detailing criteria for asset disposal and the delegation of authority for decision-making. Overall, the Asset Management policy aims

to ensure efficient asset utilization, accurate financial reporting, and compliance with regulatory requirements.

## Chapter 4

### [Analyzing NRB Bank's Procurement Policy with Standard Process]

The procurement policy of NRB Bank aligns with the 13 steps of the Procurement Process of CIPS (Chartered Institute of Procurement & Supply) as follows:

1. **Identification of Need:** The policy outlines the need for clear operational instructions and guidelines for various job roles and functions.
2. **Specification Development:** It details the procedures for requisition via email or written document for all purchases, services, equipment, and assets.
3. **Supplier Identification:** The policy includes steps for the enlistment of vendors based on specific criteria and the submission of required documentation for quotation.
4. **Supplier Appraisal:** It emphasizes the evaluation of vendors based on track record, financial stability, and competitive position before appointing them to the panel of suppliers.
5. **Tender Process:** The policy describes the methods of tendering, such as Open Tendering Method, Limited Tendering Method, and Single/Direct Procurement Method.
6. **Negotiation:** It outlines the circumstances under which direct negotiation with suppliers is permissible, ensuring transparency and fairness in the procurement process.
7. **Contract Award:** The policy specifies the final selection of vendors based on predefined criteria and the issuance of purchase orders after approval.

8. ***Contract Administration:*** It includes procedures for receiving, checking, and acknowledging goods or services purchased against the purchase order.
9. ***Supplier Relationship Management:*** The policy emphasizes the importance of maintaining appropriate relationships with vendors and avoiding conflicts of interest.
10. ***Performance Review:*** It highlights the need for periodic evaluation of vendors' performance to ensure quality and efficiency in procurement.
11. ***Risk Management:*** The policy addresses the management of risks associated with procurement, including compliance with regulatory requirements and internal policies.
12. ***Ethical Sourcing:*** It includes guidelines to prevent corrupt or fraudulent practices in procurement and emphasizes the declaration of gifts received from suppliers.
13. ***Continuous Improvement:*** The policy allows for periodic review and updates to the procurement policy based on lessons learned and best practices, ensuring continuous improvement in the procurement process.

## **4.1 Analysis and Comparison**

### ***1. Standard Procurement Policy:***

- The document outlines a comprehensive procurement policy covering various aspects of procurement processes, vendor enlistment, and purchase of freehold property.
- It includes guidelines for financial limits, contractual agreements, procurement methods, and panel of suppliers.
- The policy emphasizes the importance of formal contractual agreements, procurement procedures, and the establishment of a panel of suppliers.

- It also highlights the need for adherence to budgets, competitive selection of vendors, and avoidance of conflicts of interest.

## **2. *CIPS (Chartered Institute of Procurement & Supply) Methods:***

- The document aligns with some principles of CIPS methods such as the establishment of a panel of suppliers, competitive selection processes, and negotiation guidelines.
- It incorporates elements of open tendering, limited tendering, and direct procurement methods similar to CIPS practices.
- The focus on vendor evaluation, financial stability assessment, and competitive positioning resonates with CIPS standards.

## **3. *PPR (Public Procurement Regulations) of Bangladesh:***

- The document reflects certain aspects of PPR in terms of procurement procedures, vendor enlistment, and regulatory compliance.
- It addresses the need for formal documentation, evaluation criteria for suppliers, and adherence to regulatory requirements.
- The emphasis on financial limits, competitive selection, and transparency in procurement decisions aligns with PPR guidelines.



## Chapter-5

### [Gap Analysis & Recommendation]

#### 5.1 [For Procurement Policy & Procedure]

##### 5.1.1 Gaps Identified

1. *Lack of Detailed Evaluation Criteria:* The document could benefit from more specific evaluation criteria for vendor selection, especially in terms of technical capabilities, past performance, and compliance standards.
2. *Limited Emphasis on Risk Management:* There is a need to incorporate risk management strategies within the procurement policy to address potential risks associated with vendor selection and contract management.
3. *Insufficient Focus on Sustainability:* The policy could enhance its sustainability aspect by including criteria related to environmental impact, social responsibility, and ethical sourcing practices.

##### 5.1.2 Recommendations for Improvements

1. *Enhanced Vendor Evaluation:* Develop a structured vendor evaluation framework that includes criteria for technical expertise, financial stability, and sustainability practices.
2. *Risk Mitigation Strategies:* Integrate risk assessment tools and mitigation strategies within the procurement processes to address potential risks effectively.
3. *Sustainability Integration:* Incorporate sustainability criteria in vendor selection, contract management, and procurement decisions to promote ethical and environmentally responsible practices.

4. ***Continuous Monitoring and Review:*** Implement a system for continuous monitoring and periodic review of procurement processes to ensure compliance with policies, regulations, and best practices.
5. ***Training and Capacity Building:*** Provide training programs for procurement staff to enhance their understanding of best practices, regulatory requirements, and ethical standards in procurement.

By implementing these recommendations, the organization can strengthen its procurement processes, enhance transparency, mitigate risks, and promote sustainable procurement practices in line with international standards and local regulations.

## **5.2 [Asset Management & Disposal]**

### **5.2.1 Gap Analysis**

1. ***Lack of Clear Guidelines for Asset Disposal:*** The current Asset Management policy lacks detailed guidelines for the disposal of assets, leading to potential inefficiencies and compliance risks.
2. ***Inadequate Procedures for Asset Tracking:*** There is a gap in the procedures for tracking assets, which may result in inaccuracies in inventory records and depreciation calculations.
3. ***Absence of Regular Asset Valuations:*** The policy does not specify the frequency of asset valuations, potentially leading to undervaluation or overvaluation of assets.

### **5.2.2 Recommendation for Improvements**

1. ***Develop Comprehensive Asset Disposal Procedures:*** Create detailed procedures for the disposal of assets, including steps for assessing asset condition, obtaining approvals, and documenting the disposal process.

2. *Enhance Asset Tracking Mechanisms:* Implement a robust system for tracking assets, including regular audits, barcode tagging, and digital asset management tools to ensure accurate and up-to-date records.
3. *Establish Regular Asset Valuation Schedule:* Define a schedule for conducting asset valuations at regular intervals to ensure that asset values are accurately reflected in financial statements.

### **5.2.3 Integration into Procurement Policy:**

Including these recommendations in the Procurement Policy ensures alignment between asset management and procurement processes. By incorporating guidelines for asset disposal, tracking, and valuation within the procurement policy, the bank can streamline the overall asset lifecycle management process. This integration promotes transparency, accountability, and efficiency in asset management practices, ultimately contributing to better financial decision-making and regulatory compliance. Additionally, it enhances the overall governance framework of the organization by ensuring that asset management considerations are an integral part of the procurement process.

## **Chapter-6**

### **[Conclusion]**

In summary, NRB Bank Ltd.'s procurement process is a critical component of its operational efficiency and growth strategy. By aligning with industry best practices and addressing identified gaps, the bank can enhance its procurement framework. Key takeaways include:

#### **A) Vendor Evaluation Enhancement:**

- NRB Bank should adopt a holistic approach to vendor assessment, considering not only cost but also quality, reliability, and sustainability.
- Implementing a performance scorecard will facilitate continuous improvement.

#### **B) Risk Mitigation Strategies:**

- A robust risk management framework is essential to identify and mitigate potential risks.
- Regular reviews and adjustments will ensure proactive risk management.

#### **C) Sustainability Integration:**

- Embedding sustainability criteria into procurement decisions contributes to responsible business practices.
- Encourage suppliers to embrace sustainable approaches.

#### **D) Continuous Monitoring and Review:**

- Establish clear KPIs for procurement performance.
- Regular audits will maintain compliance and drive efficiency.

#### **E) Training and Capacity Building:**

- Invest in training programs for procurement staff.
- Foster a culture of learning and professional development.

### **The Way Forward**

NRB Bank must deliberate whether establishing a separate procurement division aligns with its growth aspirations. A thorough cost-benefit analysis will guide this decision.

In conclusion, NRB Bank Ltd. has the opportunity to optimize its procurement process, ensuring cost-effectiveness, risk mitigation, and sustainable practices.



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