



**“Problems and Prospects Process of Procurement
Department at BRAC Bank Limited”**

Internship Report

On

“Problems and Prospects Process of Procurement Department at BRAC Bank Limited”

Submitted to

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27th June, 2013

To

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Subject: To accept the internship report on; “Problems and Prospects Process of Procurement Department at BRAC Bank Limited”.

Madam,

I am delighted to submit my internship report on “Problems and Prospects Process of Procurement Department at BRAC Bank Limited” as a requirement for my graduation. You are aware that I have completed my internship program in BRAC Bank Limited (BBL) from 12^h March to 12th June. I joined at the head office of BRAC Bank and the name of my sub unit is “Procurement” which is in the unit of Finance Division. I truly believe that this report will satisfy your requirements and expectations as I tried my level best to make this report informative, practical, reliable and relevant as possible. To prepare this report I have reviewed some books, journals and download information from internet, take interviews and on the basis of available information I have depicted a set of recommendations which I think will help “Procurement team” to improve their competence. I have attained some unique opportunities to go through some fruitful job experiences. Those experiences enabled me to bridge the gap between classroom learning and real life situation to a great extent.

I appreciate your kind advice, cooperation, patience and suggestions regarding this report which will definitely help me to go ahead as a brilliant guideline. I will be available for any further query and clarification regarding this report whenever necessary.

Sincerely Yours,

Mohammad Ariful Islam Robin

ID: 08304098

BRAC Business School

BRAC UNIVERSITY

Acknowledgement

I am grateful to many individuals for completing my internship report successfully. First of all, I would like to thank the BRAC Business School of BRAC University and BRAC Bank Limited (BBL) for giving the opportunity of having an Internship program and allow me to submit my report based on the “Problems and Prospects of Procurement Department at BRAC Bank Limited”. I have gathered an enormous deal of experience while going through the internship period and preparation of this report.

I would like to thank to my Internship Supervisor, Ms. Mahtab Faruqui, and Lecturer of BRAC University for her excellent guidance and support during the preparation of the report. A special thanks goes to my Internship Organization Supervisor in BRAC Bank Limited (BBL), Mr. Md Abu Mahmudul Hasan for providing me support and courage throughout my Internship program and helping me to accumulate necessary information. I would also like to show my gratitude to Mr. Masud Rana and Mr. Raihanul Haque Mozumder, from “ Procurement” Department for helping me by giving the valuable information and on behalf of their company they provided time to make me the understand the procedures of their department. I am also grateful to Mr. Md. Rakib-ul Islam, Associate Manager of procurement department who helps me a lot by providing necessary information.

Finally, my heartiest thanks go to others who were involved and helped directly and indirectly to prepare this report. Without them all these wouldn't have been made possible.

Executive Summary

BRAC Bank Limited is one of the largest operational ventures of BRAC which is established by Sir Fazle Hasan Abed. After facing so many obstacles and legal obligations BBL started its operation from July 04, 2001. It has established with an aim to alleviate poverty and empowering poor and bringing changes in their lives. The bank also continuously works to uphold the “Three P” agenda that means Planet, People and Profit as a part of sustainable and glorious banking journey. With the passage of time BRAC Bank Limited has become the fastest growing bank in Bangladesh. And now it has become the market leader in the Small Medium Enterprises (SME) business. Here BBL has targeted the missing middle the middle or small business people. BBL by starting its journey in 2001 now it has 152 branches, 12 Apon Shomoy, 313+ ATMs, 30 CDMs, 399 SME unit offices , 11 CRM center and almost 8500 employees. Along with SME banking it is continuously broadening its horizon into Retail banking, corporate banking, Probashi banking and other arenas of banking. Its main focus is to set a standard as the absolute market leader by bringing efficiency, friendliness and modernized automated service on a profitable basis so that, BBL is providing 100% integrated on-line banking. BBL is one of the members of the Global Alliance for Banking on Values (GABV)

Among with 20 different departments there is one department named fixes procurement department and that particular department has taken the responsibility of every single procuring item of BRAC Bank Limited. Procurement department is responsible for buying, replacing, keeping record of every daily necessary item. To do this procurement department use some software, and put purchase order number to every single item. They recruit me as intern for this purpose.

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Chapter 1: Introduction

1.1- Origin of the report

This is an “internship report”, which is prepared after completion internship program. It is done as a requirement of the conclusion of the BBA program. In BRAC University BBA program, a student must have to complete twelve weeks of internship program after completing BBA courses. An internship program stands for providing on the job training to the student. Students are being exposed to the actual job scenario of an organization. Students are assigned to do different kind of job where they can apply their theoretical knowledge. At the time internship Students are placed in enterprises, organizations, research institutions, as well development projects for the conceptualization of real life job situation. This is a report of BRAC Bank and it has been prepared after completion of twelve weeks of organizational attachment in BRAC Bank. Among different private commercial bank in Bangladesh BRAC Bank is one of the leading one. This is the fastest growing Bank in Bangladesh. BRAC Bank is always ready to develop a long term beneficial, reliable and trustworthy relationship with their client or consumer. At the same they always try to follow different diversified strategy to archive their goal and maintain their position sustainable. To do this they always try to upgrade their approaches. After completion of my BBA courses I was placed to BRAC Bank limited to complete my internship. During my internship I was under the guidance of my intern ship supervisor Ms Mahtab Faruqui, for the successful fulfillment of my internship program. I am supposed to submit this report including the overview of the organization and the details of the project I was assigned to do during my internship period. At the time of my internship I had opportunities to do the intern at procurement department of BRAC Bank Limited.

1.2- Objectives

My report includes two types of objectives. These are being described below:

Broad objective

The primary objective of my report is to identify the error of procurement of BBL department and try to solve.

Specific objectives

- Getting introduced with a banks procurement department.
- Understanding the importance of procuring item for a business organization.
- Being a part of the fixed procurement team.
- Helping to identify the accurate calculated value of the fixed assets.
- Matching the items reality at the store as well as giving input into the register book.
- Helping to keep the balance of fixed asset among the branches.
- Helping the bank to prepare the accurate financial statement.

Methodology

In the organization part, most of the information has been collected from different published articles, journals, brochures, web sites and personnel of BRAC Bank Limited.

Primary Source of Information

- Observation during the total internship period and Involvement with the operational process of Procurement.
- Discussion with officials of BRAC Bank Limited (BBL).

Secondary Sources of Data:

- Relevant BRAC Bank Limited (BBL) paper and published documents
- Directory of operating instructions (DOI)
- Website

1.3 - Scope of the report

In this report I am going to describe the some problems and prospects process of procurement department belonging from finance department of BRAC Bank Limited. As I am personally involved with the task and I had opportunities to do different types of job, that's why I have clear

idea about how they process the procuring item, how they collect data, their ways of input data in software's for different items.

1.4 - Limitation of the Report

At the time of preparing this report, I have to face some difficulties or some restrictions. I will take these problems, difficulties or restrictions as the limitation of my study. The limitations of my studies are being described below:

- Confidentiality in terms of disclosure of the internal financial information.
- There were some critical information's cannot easily understood.
- The total project plan was not totally organized.

Chapter 2: Company Overview

2.1 - Overview of BRAC Bank Limited

From the beginning of the civilization the banking sector is dominating the development of a country by mobilizing the saving from the general people and channeling those savings for investment and for the economic development and growth. Previously the government of Bangladesh used to discourage to permit the private commercial in the country. With the passage of time to keep pace with change, the government of Bangladesh has started allowing private commercial banking in our country thinking about the necessity if it for the economic development of our country. Now there are so many private commercial bank has started operation in Bangladesh and BRAC Bank Limited is one of them. BRAC Bank Limited established in Bangladesh under the Banking Companies Act, 1991 and on 20 May 1999 it was incorporated as private limited company under the Companies Act, 1994. BBL (BRAC Bank Limited) is a unique organization in Bangladesh and aims to provide all kinds of banking services. At the very beginning BBL faced some problem In case of the establishment because of some legal obligation. At that time the High Court of Bangladesh suspended the activity of the Bank after that BBL has to wait till 03 June 2001 for the approval of the high court. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the

Supreme Court on 04 June 2001 and the Bank has started its operations from July 04, 2001. BRAC Bank Limited is mainly owned by the largest NGO named BRAC. BRAC was established in 1972 with an aim to alleviate poverty by empowering poor and to bring changes in their lives. After overcoming so many hurdles or obstacles BRAC has established itself as a pioneer in recognizing and tackling many different realities of poverty. BRAC Bank Limited is one of the largest operational commercial ventures of BRAC. BRAC Bank Limited was established by Sir Fazle Hasan Abed and Mr. Muhammad A. (Rume) Ali. BBL has positioned itself as a new generation Bank with a mission to meet diverse financial needs and work for growth and for the development of the economy. Its main focus is to set standards as the absolute market leader by bringing efficiency, friendliness and modernized fully automated on-line service on a profitable basis. BBL is surviving its large banking arena through its unique and competitive products and it is the only local bank which is providing 100% integrated on-line banking. The Bank follows a policy to promote broad-based participation in the Bangladeshi economy through the provision of high quality banking services based on latest information technology. BBL is growing faster targeting every sector of the society and by increasing access of participation of all individuals and businesses of Bangladesh to economic opportunities. BBL has a special focus on currently underserved enterprises and households across the rural-urban spectrum. BBL aims to increase economic well-being by increasing the ability of underserved individuals and enterprises and by building their asset base and access to market opportunities. BRAC Bank Limited has started its operation on 4th July 2001 and is known as one of the leading private commercial banks in Bangladesh. Within a very short period of time it has become one of the successful and fastest growing private commercial banks in Bangladesh. The Bank operates under a "Triple-Bottom-Line" approach where profit and social responsibility march together as it strives to achieve a poverty-free and enlightened Bangladesh. The bank also continuously works to uphold the "Three P" agenda that means Planet, People and Profit as a part of its sustainable and glorious banking journey. One of the main objectives of BRAC Bank Limited is providing all kinds of banking services. BBL is the market leader in the Small and Medium Enterprises (SME) business. The bank, with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shore Capital International, has been the fastest growing bank in 2004 and 2005. BBL is known as a fully operational Commercial Bank that focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business which was untouched

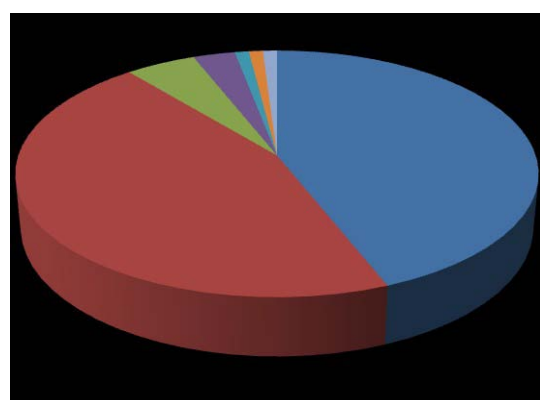
and missed by the other Banks. And this missing people are called missing middle which is one of the main target of BBL. BBL established its first SME unit office at January 2002. The bank itself believes that this sector of economy can contribute the most to the rapid generation of unemployment in Bangladesh. Starting its journey in 2001 now BBL has 152 branches, 12 Apon Shomoy, 313+ ATMs, 30 CDMs, 399 SME unit offices , 11 CRM center and almost 8000 employees and this is one of the reasons for regarding BBL as the fastest growing bank in our country. BBL deals with more than 1 million customers and the bank has already proved to be the largest SME financier in just 11 years of its operation in Bangladesh. Along with SME banking it is continuously broadening its horizon into Retail banking, corporate banking, Probashi banking and other arenas of banking. In 2010 BBL has recognized as Asia’s most Sustainable Bank in Emerging Market by the financial times and IFC. Most importantly, BBL is the member of the Global Alliance for Banking on Values (GABV) which is made up of eleven of the world’s leading sustainable banks, from Asia, Latin America to US and Europe with a commitment to find global solutions to international problems and to promote a positive, viable alternative to the current financial system. There are some other corporate Chronicle and information that are being shown in chart.

Corporate Chronicle and information of BBL

| |
|--|
| Registered office at 1, Gulshan Avenue, Gulshan- 1 in Dhaka-1212 |
| Company registration number: C – 37782(2082) of 1999 |
| Inauguration of Banking Operations at 4th July in 2001 |
| First SME unit office at 1st January in 2002 |
| Signing with Shore Cap as Investor at 29th December in 2003 |
| Signing with IFC as investor at 8th May in 2004 |
| First ATM Installed at 3rd April in 2005 |
| Commencement of Share Trading in DSE & CSE at 31st January in 2007 |
| Launching Credit Card at 6th February in 2007 |
| Introduced Probashi Banking at 14th April in 2007 |
| Launched Off-shore Banking at 21st June in 2010 |

| |
|--|
| Co- branded ATM Booth Launching with Rupali Bank Limited at 25th September in 2010 |
| Launching of Planet Card at 23rd October 2010 |
| 2500 remittance deliver point |
| E-commerce Launching for Online Shopping Facilities at 8th December 2010 |

Shareholding structure of BRAC Bank Limited



| | |
|------------------------------------|--|
| BRAC | |
| Institutions & General Public | |
| International Finance Corporations | |
| Mutual Funds | |
| Shore Cap International Ltd. | |
| Non Resident Bangladeshis | |
| Others | |

Shareholders of
BRAC Bank Limited

Shareholders of BRAC Bank Limited in a chart:

| Name of Shareholder | % of Shareholding |
|--|-------------------|
| BRAC | 43.77% |
| International Finance Corporation | 5.36% |
| ShoreCap Limited | 0.86% |
| Non-Resident Bangladeshi | 0.43% |
| Mutual Funds | 3.22% |
| Institutions and General Public | 46.36% |

2.2 - Corporate vision

“Building profitable and socially responsible financial institution focused on Market and Business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh”.

2.3 - Corporate mission

- Sustained growth in Small & Medium Enterprise sector
- Continuous low-cost deposit Growth with controlled growth in retail assets.
- Corporate Assets to be funded through self-liability mobilization. Growth in Assets through syndications and investment in faster growing sectors.
- Continuous endeavor to increase non-funded income
- Keep our debt charges at 2% to maintain a steady profitable growth
- Achieve efficient synergies between the bank’s branches, SME unit offices and BRAC field offices for delivery of remittance and Bank’s other products and services
- Manage various lines of business in a full controlled environment with no compromise on service quality
- Keep a divers, far flung team fully controlled environment with no compromise on service quality
- Keep a diverse, far flung team fully motivated and driven towards materializing the bank’s vision into reality

2.4 - Core values

- Value the fact that one is a member of the BRAC family
- Creating an honest, open and enabling environment
- Have strong customer focus and build relationship based on integrity, superior service and mutual benefit
- Strive for profit and sound growth
- Relentless in pursuit of business innovation and improvement

- Value and respect people and make decision based on merit
- Base recognition and reward on performance
- Responsible, trustworthy and law-abiding in all that we do.

2.5 - Goals

BRAC Bank will be the absolute market leader in the number of loans given to small and medium sized enterprises throughout Bangladesh. It will be a world-class organization in terms of service quality and establishing relationships that help its customers to develop and grow successfully. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world.

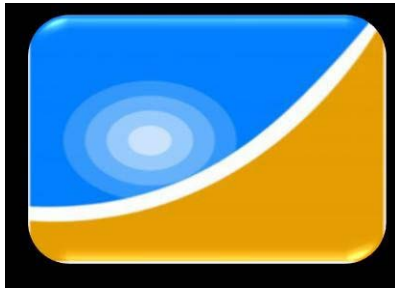
2.6 - Objectives of the BRAC Bank Limited

The objectives of BRAC Bank Limited are specific and targeted to its vision and to position itself in the mindset of the people as a bank with difference. The objective of BRAC Bank Limited is as follows:

- Building a strong customer focus and relationship based on integrity, superior service
- To create an honest, open and enabling environment
- To strive for profit & sound growth.
- To value the fact that they are the members of the BRAC family – committed to the creation of employment opportunities across Bangladesh.
- To relentless in pursuit of business innovation and improvement.
- To mobilize the savings and channeling it out as loan or advance as the company approve.
- To establish, maintain, carry on, transact and undertake all kinds of investment and financial business including underwriting, managing and distributing the issue of stocks, debentures, and other securities.
- To finance the international trade both in import and export.
- To develop the standard of living of the limited income group by providing Consumer Credit.

- To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.
- To encourage the new entrepreneurs for investment and thus to develop the country's industry sector and contribute to the economic development.

2.7 - LOGO Meaning of the BRAC Bank Limited



The LOGO of BRAC Bank Limited representing the goal of the organization. The square portion of the logo stands for the solidity and strength of the organization. The golden color in the lower portion is representing the golden Bangladesh and her fertile land. The blue color in the upper portion representing the sky with enormous and unlimited opportunity, the white color curve stands for Growth and Progress and the white circle in the middle of the blue color representing the flashing sun that gives light to everywhere.

2.8 - Company Slogan

BRAC Bank Limited Company's slogan is "Aastha Obichol". It promises trustworthiness as well as being the "Dependable Friend in Banking" will hold true for years to come.

2.9 - Achievements of BRAC Bank Limited

- BBL has been awarded as the “FT Sustainable Banking Awards 2010” by Financial Times newspaper & IFC (International Finance Corporation) for sustainable Bank of the Year 2010 in London.
- BBL has been awarded as “Best Financial Institution of the Year” for the innovation in products, services, performance, company management and contribution Bangladesh’s development by the prestigious business Award styled DHL-Daily Star Bangladesh Business Award 2008.
- It has received the prestigious award for being the highest in terms of VAT paying organization in the year 2007-2008 of national level in service industry.
- BBL has been awarded by ICAB national award from The Institute of Chartered Accountants of Bangladesh for publishing one of the best published Accounts and Reports 2007.
- Being the leader in SME financing through 350 offices, biggest suit of personal banking & SME products, Large ATMs (Automated Teller Machine) & POS (Point of Sales) network.

2.10 - Products and Services of BRAC Bank Limited

SME Banking

BBL has introduced the SME banking in Bangladesh and being the youngest bank; it took a step to break away from usual tradition and tapped into the true suburb entrepreneurial initiatives. Now this bank is regarded as countries largest SME financier. BBL has 399 SME unit offices all over the Bangladesh. Loans and deposit products offered by SME banking are being listed below:

| Loan products | Deposit Products |
|----------------|-------------------------|
| Anonno Rin | Prapti Current Account |
| Apurbo Rin | Prachurjo Fixed Deposit |
| Prothoma Rin | |
| Durjoy | |
| Shomriddhi Rin | |
| Shompod Rin | |
| Shokti Rin | |

SME Banking

Retail Banking

BBL has already 152 and 313+ ATMs all over the Bangladesh. BBL also offers a wide range of financial solution to meet its client's everyday needs. In retail banking operation the bank has a slogan that "Be it home loan, car loan or simply a quick loan-simply drop an application and we shall do the rest while you enjoy life". Services offered by retail banking are being described in a chart:

| Deposit Products | Loan Products | Cards |
|--|--|---|
| Savings Account: Triple Benefit Savings Account Savings Classic Account Aporajita Account Future Star Account Current Accounts: | Salary Loan Quick Loan Auto Loan Home Loan Secured | Credit Cards: Platinum Card VISA Classic VISA Gold Dual Universal Card |

| | | |
|------------------------------|----------------|---------------------------|
| Current Classic Account | Loan/Overdraft | Co-branded ATM Card: |
| Current Plus | | ICDDR, B |
| EZee Account | | Fast Rewards Programs: |
| Salary Account | | Fast Rewards Programs |
| Campus Account | | Partners outlet with logo |
| Term Deposits: | | PayFlex Program: |
| DPS | | PayFlex Program |
| Fixed Deposit | | |
| Flexi DPS | | |
| Interest First Fixed Deposit | | |
| Freedom Fixed Deposit (FFD) | | |
| Abiram Fixed Deposit | | |

Retail Banking

Wholesale Banking

BBL offers every sort of financial services to every types of corporation and institution. They have deep access everywhere for assisting business in Bangladesh in a global standard. In Wholesale banking of BBL offers:

| | | |
|--------------------------|-----------------------|-------------------|
| Corporate Banking | Cash Management | Custodial Service |
| Corporate Loan Products: | Cash & Trade Overview | Probashi Biniyog |
| Overdraft | Liability Products | |
| Short Term Loan | Securities Services | |

| | | |
|----------------------------|--|--|
| Lease Finance | | |
| Loan against Trust Receipt | | |
| Work Order Finance | | |
| Emerging Business | | |
| Syndication | | |
| Term Loan | | |
| Project Finance | | |
| Bill Purchase | | |
| Bank Guarantees | | |
| Trade Finance: | | |
| Letter of Credit (LC) | | |
| Letter of Guarantee (LG) | | |

Wholesale Banking

Probashi Banking

This banking sector of BBL is for the NON resident Bangladeshis and it has made BRAC Bank one of the largest players among private commercial banks in channelizing inward remittance in the Bangladesh With the help of ELDORADO, now anyone can withdraw money from any of the Eldorado member banks in addition to BRAC Bank outlets this sector offers:

| Accounts & Deposits | Investments | Remittance |
|--------------------------|--|-----------------|
| Probashi Current Account | Probashi Wage Earners** | Western Union |
| Probashi Savings Account | Bond | Money Transfer |
| Probashi Fixed Deposit | US Dollar Premium & Investment Bond | Exchange Houses |
| Probashi Abiram | | |
| Probashi DPS | Probashi Biniyog | |

Probashi Banking

E- Banking

BBL offers its client a wide range of financial solutions with 152 outlets, 313+ ATMs, and 399 SME unit offices to meet the clients need. E-Banking includes:

| |
|-----------------------------|
| Internet Banking |
| SME Banking |
| Important Security Messages |
| E-Commerce |
| Phone Banking |

E-Banking

2.11 - Organizational structure of BRAC Bank Limited

In BRAC Bank Limited the Board of directors are the sole authority who take regarding the affairs of the business. Now, in BBL there are 5 directors in the management of the bank. The current management and board of directors are given in the following table:

| |
|--|
| Sir Fazle Hasan Abed (Chairman) |
| Syed Mahbubur Rahman (Managing Director & CEO) |
| Mr. Shib Narayan Kairy (Director) |
| Ms. Tamara Hasan Abed (Director) |
| MsNihad Kabir ;Director (Independent) |
| Dr. Hafiz G.A. Siddiqi (Director) |
| Muhammad A. (Rume) Ali (Director) |

2.12 - Departments of BRAC Bank Limited

For a well organized job sector, for consideration of employee's interrelationship, for the controlling the system effectively and avoiding the haphazard situation BBL has gone for the departmentalization. There is a list of department which is given below:

1. Human Resources Department
2. Financial Administration Department
3. Asset Operations Department
4. Credit Division
5. SME Division
6. Internal Control & Compliance Department
7. Marketing & Product Development
8. Impaired Asset Management
9. Remittance Operation Department
10. Treasury Front
11. Treasury Back
12. General Infrastructure Service
13. Information Technology Department
14. Customer Service Delivery
15. Cards Division
16. Call Center
17. Cash Management
18. Secured Remittance department
19. Women Entrepreneur Cell
20. Payment Service

3.Job Details

3.1-Nature of the job

BRAC Bank limited (BBL) is one of the leading private commercial bank among different private commercial bank in Bangladesh. As the procurement division is a sub unit of finance department of BRAC Bank Limited. BBL is a private commercial bank and one of the leading banks in Bangladesh, it started its activities from the year 2001, procurement is highly related with banking activities to accelerate it smoothly. Procurement does the purchasing, hiring or obtaining of goods, works and services by any contractual means. They mainly do the whole process by manual and in system as well . They were used to use a manual registered book before to reconcile all the product and they used a paper and write down code number. But it was very much complicated and there were huge possibilities of doing error repetition of affixing the same code in different items.

In 2010 BRAC Bank Limited introduces Enterprise Resource Planning (ERP) software which is named as IFS. This IFS software replaced the entire manual resister book and all the manual systems. In IFS software BBL resister all the product with different code in a effective and efficient way. BBL use different Cost Centre number for different department , as example they use '10320509' for store requisition. Now the overall system has become much easier and automated and that's why anyone can identify in a particular branch, CRM (Credit Risk Management) center AB (Alternative Banking) center, ATM (Automated Teller Machine) Booth, ROC (Regional Operation Center), SME Unit office or service center etc and even a single employee by using the Cost Centre number in the IFS software. In the other hand, if anyone want to the purchase date or written down value of any particular product then he can trace it by using the Purchase requisition (PR) number in the IFS software. Procurement mainly buy the product from there different enlisted vendors. They give the requisition to the vendor and vendor deliver the product according to the requisition.

3.2- Job responsibility to the procurement

Like other local commercial bank, BRAC Bank Limited is the private commercial bank where a lot of employees are working to fulfill the organization goals and objectives. BBL treat their employees as asset of their organization. In case of procurement, BBL recruit me as intern for doing the regular activities for a limited period of time to fulfill a number of objectives. Several responsibilities of the job are being described below:

3.3-Purchase Order

The order that is issued in case of a purchase detailing the conditions that the Supplier and the Bank have to abide by in order to fulfill contractual obligations mutually agreed upon by both the parties. The end user give the requisition to the procurement for their specific need of the product with specification, so that they can have it as they want.

3.4-Supply Order

Bank make an Unit Price Confirmation (UPC) at the beginning of the year with their enlisted vendors for some specific product which is bought frequently. For that type of product they don't need to ask for specification, this purchase order is called supply order. For example, stationary item, printing item etc.

3.5-Work Order

There are various types of requisition procurement get through out the year which are not being done unit price confirmation or UPC. For that type of product, the procurement has to ask for price quotation to its enlisted vendors with specification. After getting the specification different vendors give their price and from then procurement committee come out with the lowest bidder and make some more negotiation to make price much lower, then they issue the work order to the selected vendor.

3.6-Quotation

The means, by which a procuring entity obtains priced offers from a selected number of suitable vendors for the procurement of low-value, off-the-shelf, standardized goods or works or physical services. After getting the requisition from the user, procurement wants the price quotation from the related vendors. And then vendors analyze the cost of the product and make a price with including profit they submit it the procurement department.

3.7-Request for Proposal (RFP)

This a request sent to Suppliers/ Service Providers for submitting proposal/quotation as per the specific procurement needs of the Bank. When procurement get the requisition from the user, they send a mail to their enlisted vendor who are related with that particular product and that proposal contains the specification that product should have when they will deliver the product.

3.8-Request for Quotation (RFQ)

Request For Quotation (RFQ) are same as the Request for Proposal.

3.9-Payment Approval Form (PAF)

Procurement also issue the payment approval form on behalf of the vendor. After giving a successful delivery of a product vendor submit the bill and the delivery challan to the procurement and then procurement issue the payment approval form and send it to the payment section to give clearance to the bill.

3.10-Purchase Recommendation Form (PRF)

Purchase recommendation form is another type of form in which the procurement has to get approval from different related authorized person to issue work order. Purchase recommendation form also contains the budget of the work order which are given by the Financial Controller of BRAC Bank.

3.11-Specification

The technical characteristics of goods and related services that set the quality and performance standard that the user demander wishes to buy. When the vendors get the Request For Quotation (RFQ), they are also sent the specification so that they can assume the cost of product and make final price of the product and submit it for consideration.

3.12-Supplier Enlistment Form (SEF)

A prescribed form, which will confirm for enlisting the Suppliers of the Bank for all kind of procurement objects at the beginning or during the financial year. Vendors must meet the Bank standards related to product/service quality, delivery systems, price, and service objectives. Some of the more important vendor attributes the Bank considers in supplier selection are performance history, facilities and technical strength, financial communications, labor, status, organization and management, reputation, systems, procedural compliance.

3.12.1-Vendor Registration Criteria

- a. The business enterprise must be registered as a company and be able to demonstrate that it has been and is offering goods/services under the business name for a period not less than one year. Sole proprietors/Independent Contractors must be able to demonstrate that they have been engaged in their business activity for not less than one year.
- b. The Vendor should have operated with a positive operating income for the respective periods noted on the form and must provide Annual Reports and/or audited financial statements and certified tax identification number for that period which will be subject to financial review.
- c. The Vendor can provide evidence of insurance coverage for the following categories: Comprehensive, General, Liability, and Workers' Compensation (If any).
- d. The Vendor must provide client references for work which has been performed within the last twelve month period.
- e. The Vendor currently must not be debarred by the other organization.
- f. The Vendor must legally be able to conduct business in the country for which they are

registering.

g. The vendor must provide the clients list and their working process.

h. The vendor must provide their way of network with their clients.

i. The vendor has to provide their bank statement which will confirm their fund's availability.

3.13-Monitoring

Monitoring is a part and parcel of the procurement process. There will be two-sided monitoring, one in-house monitoring by the Procurement Unit itself and the other by the Risk Management Department. Risk Management Department will chalk out its own monitoring mechanism from time to time and discuss with and submit monitoring report to the Procurement Unit of GIS for necessary corrective measures.

3.14 Business Ethics

The procurement activities are conducted in a manner above reproach, with complete impartiality and with no preferential treatment. Procurement staff does not solicit or accept, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or anything of monetary value from anyone who has or is seeking to obtain the business or has interests that may be substantially affected by a procurement award. The Bank enlisted vendors and their employees are expected to abide by the highest ethical, legal and moral standards in all business relationships. As such, all vendors are obliged to respect the Bank policy and refrain from placing Bank staff in an ethical dilemma by offering entertainment, hospitality or gifts.

3.15- Benefits of Procurement Unit

3.15.1-Informed Authority

When procurement officers visits store of BBL they collect all the information about all the product and after that they make informed the manager of procurement unit. At the same time the procurement officers also informs the manager if they find any mismatching between the sample proof and the delivered product. This gives the accurate and exact information to the authority and that's why they are being able to maintain the quality of the product and can serve the maximum service of their end.

3.15.2-Matching the balance sheet

Procurement disbursement is an important part of balance sheet. So it is very important for the management of the BBL and the Stakeholders of BBL to know the accurate figure of the procurement. In that case the procurement team helps them a lot. Procurement team by providing accurate information about procuring things helps to bring accuracy in the balance sheet and makes it error free. Last year procurement unit office disbursed almost 70 million Taka through out the year.

3.15.3-Providing the best quality product

Procurement unit always try to provide best quality product to their end user so that the customers get an good attachment with the bank of their end. BBL believe to serve the best quality of product and procurement try ensure it as much as possible from their end

4.Project Details

BRAC Bank spends a huge amount of money annually for goods, services, works and consulting services for its own requirements. The goal of Procurement is to obtain the best overall value for the Bank through an open and competitive process that is fair and transparent. Depending on the needs of the Bank Procurement formally solicits bids and proposals from vendors or in the case of small purchases issues purchase orders without formal competition. Prospective bidders/offerors should inform the Procurement Officer identified on the solicitation documents as soon as possible if they believe the specifications or other solicitation requirements are faulty, unnecessary, or inhibit competition so that any valid issues can be addressed in an addition.

4.1-E-Procurement

In terms of transparency and efficiency, Information and Communication Technology (ICT) are not much utilized in the conduct of e-procurement procedures. Accordingly there are not web portal that which may serve as the primary source of information on all procurements of BBL.

- In case of quotation or similar nature of procurement, e-procurement tools are not highly applied.
- Procurement plan are not posted in the BBL's procurement portal. It doesn't show the way of their work process which sometimes fail to give the proper information to the upper management.

4.2-Purchase Approval

When procurement go for purchasing any item, they need to have the manual approval from the recognized authority. Procurement buy can't any product with their own approval. On that

situation, sometimes it takes some more times to be approved from the authority. Most of the authorized authority stays in another portion of head office of BBL. So, the procurement officer has to go over there for having the approval. Sometimes the authority takes couple days to approve the purchase approval form which make the whole process delay. Sometimes it sees that the requisitioned date gone over but the approval has not come yet.

4.3-Bill clearance

After completion of successful delivery, vendor submit the bill and the delivery challan to the procurement for clearance of the bill and then procurement make the payment approval note for them and send it to the payment section to clear the bill. And then the payment section has to get confirmation of the product from the store and GIS and they has to send it to senior manager of finance for approval. It takes the whole process lengthy. Moreover, every vendor doesn't have an account at BRAC Bank. For that type of vendor, the bank has to issue bank draft which takes couple of days to be cash.

4.4-Mismatching of sample proof and delivered product

When a vendor get a work order they are supposed to deliver the product as same as the sample they have given. But sometimes they are unable to deliver the product they should. In that circumstances, procurement has to face lots of problems because they fail to deliver the product to the user in time. It mainly happens, at the time of delivery the procurement doesn't keep present at the store, they only just take update from the store which cause a great problems for the whole process.

4.5-Quotation drop process

After getting the requisition from the procurement, vendors are supposed to give the quotation physically to the tender box in procurement. Sometimes it results unwillingness of vendor to

submit the quotation and it's very much time consuming. Because they have some other clients too and they have to take care of them as well. Moreover, though they come out with the lowest bidder they also try to make it much over phone which create problems for both of them in time of negotiation.

4.6-Inefficiency of enlisting vendor

When a vendor wants to be enlisted, they are supposed to give some necessary papers for their enlistment and based on it procurement enlist them as their supplier. But they don't go for any physical inquiry to check out their existence. In that case sometimes fake vendors become enlisted.

4.7-Making delay to give design CD to the selected vendor

After submission of price quotation, procurement committee members refer to give the order to the selected vendor and then the vendor has to make sample for going for the final production. Before that they need to collect the design CD from the IT department but sometimes they make delay to prepare the design CD and it makes the whole process lengthy.

4.8-Emergency Procurement

Sometimes emergency needs may arise because of uncontrollable situations, on that time emergency procurements should have executed. Formal processes of procurement has to follow prior to execute the procurement process and post facto approval will have to be taken from the appropriate authority as per the approved financial authority. In case of disruption of operations due to any kind of extremely exigent situations or disasters like fire, earthquake, robbery, flood etc. warranting immediate purchase for the restoration of operation which may restrict the

continuity of business and Bank can not continue to provide customer services or operational supports, may be declared as ‘Emergency’. restoration period is 24 hours. In the circumstances where procurement becomes extremely essential to address business or operations critical needs.

4.9-Financial Authority

Approved delegation of financial authority of different levels of managers and executives have to take in issuing every work order. However, this may be changed time to time, as BBL’s Management think necessary.

- a. Capital expenditure over TK. 20 Lac.
- b. Renovation and construction works over TK. 10 Lac.
- c. Any amount exceeding TK. 2 Lac above the approved limits will require the Board approval with the recommendation of Procurement Committee.
- d. MD & CEO can approve the procurement as per the recommendations of Procurement/Steering Committee if the exceeding amount is below or within TK. 2 Lac from the approved budget or approved financial limit of Senior Management.
- e. Senior Manager of procurement department can approve up to 5 lac taka with his delegation team.

4.10-Prospects Process

4.10.1-E-Procurement

This can be executed as per the guidelines mentioned below. Subject to the implementation of a separate Web Portal or e-Procurement Module for procurement following processes can be followed in executing the procurements:

- a. Procurement Unit of GIS can arrange to upload the RFP or RFQ as appropriate in the Web Portal.
- b. Suppliers can be instructed in the RFP/RFQ to submit the proposals electronically using Bank's Procurement Web Portal.
- c. Scrutiny of proposals as per the setout criteria of the Bank basing on the type and object of procurement can be carried out automatically.
- d. Only the short listed proposals can be accepted and rest of the proposals will be rejected and respective Suppliers should have received the acceptance and rejection information automatically.
- e. Tender Evaluation Committee or Steering Committee or Procurement Committee or other procurement entity then review the short listed proposals and upload the revised criteria in the Procurement Web Portal.
- f. Supplier will finally be selected automatically as per the revised uploaded criteria and selected Supplier will automatically receive Letter of Intent as a confirmation of acceptance of the proposal.

- g. Procurement Unit of GIS will upload appropriate terms and conditions in the Portal, which will automatically prepare Work Order and Procurement Contract as appropriate and send to authorized person who is empowered to sign the contract.
- h. Electronically Work Order or Contract will be sent to Supplier after being approved by the appropriate authority.
- i. Delivery confirmation and payments will be also done electronically.

4.10.2 –Financial Authorization

- a. Capital expenditure should be over TK. 40 Lac.
- b. Renovation and construction works expenditure approval of procurement over TK. 20 Lac.
- c. Any amount exceeding TK. 5 Lac above the approved limits will require the Board approval with the recommendation of Procurement Committee.
- d. MD & CEO can approve the procurement as per the recommendations of Procurement/Steering Committee if the exceeding amount is below or within TK. 5 Lac from the approved budget or approved financial limit of Senior Management.
- e. Senior Manager of procurement department should have authority to approve up to 10 lac taka with his delegation team.

4.10.3-Emergency Procurement

Following processes can be complied to execute the procurements of different levels in the emergency requirement.

- i. Respective Manager can identify the immediate requirements of procurements to restore the operations.

- ii. And he will advise the requirements to respective Head of Department and obtain verbal or written approval for procurement.
- iii. Basing on the approval, concern Line Manager either executes the procurements or contact with the Procurement Unit of GIS for the required supply.
- iv. Direct Purchase Method on cash payment should be followed to execute the procurements in extreme situations instead of quotation method.
- v. Formal procedures of procurement as per this Policy need to be completed on a emergency basis.

4.10.4-Purchase Recommendation

Procurement Committee should have the authority to recommend the Vendor and price. As per the recommendation of Procurement Committee MD & CEO of the Bank can approve the procurement the value, which is within the approved limit of Procurement Committee. Every members of the Procurement Committee must sign on the quotations.

4.10.5- Bill Clearing Process

‘Bills Processing and Compliance’ Section will send the bills to Financial Administration Department (FAD) within 3 working days after ensuring that required documents are available with the bills. They will also check and provide the following documents:

- a. They will check and tally for the accuracy of the copy of Work /Purchase Order/Agreement as submitted by the Vendors with Procurement or Infrastructure Development or Infrastructure Management Units of GIS or other relevant Departments.
- b. Original copy of approved Procurement Recommendation Form (PRF).

- c. They Will check the accuracy of arithmetical calculation of billing amount and tally with the approved amount.
- d. Material Receipt Report (MRR) where applicable.
- e. Any other relevant documents that is required to justify the payments of the submitted bills.
- f. Bills will be finally forwarded to FAD duly signed by Head of GIS.

5. Findings

- Knowing about the procurement process of BRAC Bank Limited by being a part of the total procurement process.
- Identifying fixing price, issuing various document doing the whole process of procurement.
- Knowing different estimation criteria for useful life of various procurement item.
- Different responsibility of procurement team in terms of keeping a proper balance of the various procurement item within the store, keeping record of items quantity into the resister book, Bringing accuracy in the financial statement.
- The total procurement policy of BRAC Bank Limited and its error.
- New ways to overcome from those error to accelerate the working process.

6. Recommendations

Like other local commercial bank BRAC Bank Limited uses modern technology and IT support. In case of Procurement, they are getting more and more systematic day after day as previously it was handled manually and now the total procedure is computerized. Although BBL uses systematic and computerized systems to manage the procurement and reducing the number of mistakes, but there are still some system needed to improve for the betterment of the bank and make the system error free and these are:

- Procurement should improve the e-procurement process by arranging a training period for their current employee.
- The financial authority of Senior Manager of Procurement should have more than 5 lac.
- At the emergency need of procurement, the formal procedure should have less.
- At the time of data collection, i had to visit every desk of every particular for knowing procurement policy but sometimes these employees were too busy that they cannot even give us a side immediately and that's why we had to wait which was time consuming. Here, BBL should inform them to stop their work when we visit them for small period of time
- When the approval are needed for various purchase, they can take the approval through mail.
- At the time of clearing the bill, they should clear the bill within 3 days after delivery.
- Whenever i used to work with IFS software for giving input the collected data, i only knew how to input data other than nothing. I had no idea about the other use of this IFS software so supervisors should makes the interns aware about the overall things for the betterment of learning.

7. Conclusion

BRAC Bank Limited (BBL) is one of the leading private commercial bank among different commercial in Bangladesh. After passing so many obstacles and legal obligation it was established in July 04, 2001. BBL is one of the strong IT supported bank as the bank updating modern IT equipments keeping pace with the change of times and demand for providing better banking service to the customers. BBL is providing countries largest SME banking services. Along with SME banking they provide all kinds of banking services. The BRAC Bank Limited believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh. BBL is the country's largest fast growing bank. BBL is growing faster because it is expanding its banking services and at the same time establishing more and more SME unit office, Branch, CRM, ROC, Apon Shomoy etc. and along with the increasing number of branches the need of procurement also increasing. That's why the procurement department is also adapting different strategies; they are getting automated and computerized day after day more and more. They are using different software for keeping the proper record of items, keeping the track of these product, doing the proper valuation, and finally maintaining the balance of storing items within the store.

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