

Subject: Issue of work orders/purchase orders – limits.

Keywords: Limits, Wos, Pos.

1. Hereafter construction works at any site can be taken up only after issue of work order in advance. Material can be purchased only by issue of purchase order in advance. Guidelines for limits and exemptions is given herein.
2. WOs:
 - a. No work can be taken up which has a consolidated cost of more than Rs. 25,000 (including GST) without issue of WO in advance.
 - b. Site engineers to coordinate with QS for estimation of quantity of work, rates and total value of work. Estimates must be certified by QS and project manager. Once estimates are prepared WO can be issued by QS.
 - c. Such Wos can be issued subject to rates being approved in advance. All rates must be approved in the new database for rates and rate Id must be quoted in the WO. If rates are not approved then, QS must obtain prior approval of rates by way of guideline rates approval form – upload on new database, generate Id and then issue WO.
 - d. Urgent repairs/ maintenance work can be taken up without issue of WO if the following limits:
 - i. For housing projects – upto Rs 10,000 per week.
 - ii. For commercial/lab space projects – upto Rs. 25,000 per week.
 - iii. Beyond these limits prior approval shall be taken from directors before start of work. Approvals may be sought by email. Approximate estimate of value of work (men + material +hire charges) must be mentioned in the email.
 - e. Limits for department & job work are given in internal memo 912/64/M. These limits shall continue to apply. Repair work done in point (d) above shall form part and parcel of the limits specified.
3. The idea of imposing limits is to ensure that works happen in organised manner, with prior estimates and approval. Project managers/engineers must have a good estimate of work being undertaken prior to start of work. It can only happen if details of work are properly documented. It is not to restrict the authority of project managers/engineers. Most estimates are routinely approved without any review by directors/management – provided it is properly documented and certified. This also helps in clearing of bills of contractors and estimating percentage of work completed.
4. To make the system more transparent QS is maintaining a smartsheet of work orders issued Vs running bills. These can be viewed by site engineers. M-codex also has a list of all Wos/labour bills/ hire charges bills with details of project, contractor, block/unit no. and type of work. Engineers may share these details with contractors. Ledger of accounts can also be shared with contractors. A relationship of trust to be developed with all contractors/suppliers.
5. POs:
 - a. By and large each and every material being purchased must be by way of Pos issued in advance.
 - b. In case of urgency/emergency Pos can be emailed (or whatsapp) to supplier/hard copy can be carried in person and material picked up from supplier.
 - c. Purchase has been asked to increase no. of local suppliers (like in Vizag) for ease of purchasing material.
 - d. Most finishing materials are being stocked at MHTR (centralised stores).
 - e. Material may be locally purchased upto a value of Rs. 1,000/- per week. Beyond that prior approval is required from directors for purchase of material from local shops.

6. Idea of establishing centralised stores/MHTR is as under:
 - a. Primary aim is to reduce pilferage at site.
 - b. For that material in the stores at site must be minimised.
 - c. For that site engineers must have confidence in just-in-time delivery.
 - d. Minimising stores also helps in reduction of overhead cost like security service, storekeeper salary, cost of making stores, etc.
 - e. Centralised purchase helps in ensuring quality of material by directly purchasing from reputed brands (eliminates duplicates).
 - f. Cost saving by way of bulk purchase is largely negated by the cost of logistics like salaries, vans, rent, storage space, etc.
7. For proper planning of men, material and equipment requirement – E&D must send crystal clear GFC plans in advance.

Soham Modi.