

MODULE 6 | PURCHASING, TENDERS, SUPPLIERS AND CONTRACTS

Planning Hospital Purchases

Practical hospital governance in Punjab, Pakistan

Define the need, calculate the quantity and choose the lawful purchasing route.

AUTHOR

Dr Qurban Hussain Khan

13

LECTURE

Begin with a defensible purchasing plan

For the Medical Superintendent (MS): turn clinical demand into a realistic, funded and properly approved purchase.

- Calculate quantities from demand, stock and orders.
- Estimate full cost and time.
- Choose the method under the Punjab rules.
- Prepare a clear, costed approval case.

OFFICIAL SOURCE

A principle tied to a named law, rule or official manual.

WORKING METHOD

A practical control or teaching format to adapt to the authorised system.

TEACHING CASE

An invented hospital example. Amounts are for learning, not spending authority.

Study output

A costed purchase plan, a calculation of quantity and a short approval case.

Module 6 | Presentation 1 of 6. Allow 45-60 minutes with exercises. All explanations are on the pages; check the cited sources before live use.

Identify the rules that govern this purchase

Punjab Procurement Regulatory Authority is abbreviated as Punjab PPRA. Its rules are distinct from the federal procurement rules.

Procurement framework

- The Punjab Procurement Rules 2014 apply to public procurement by procuring agencies, subject to their stated scope and exceptions.
- This lecture uses the official compilation amended through 24 September 2025. Check later notifications before issuing a live tender.

Institutional authority

- Establish which institution is the procuring agency and who may act for it. Keep the governing law, delegations and approval order on file.
- A hospital title or committee membership does not itself give every power needed to buy, contract or pay.

An international agreement may prevail to the extent of a conflict under rule 5. A donor label alone does not establish that exception.

Sources: **F8**: rr. 3, 5, 11 | **F6**: s. 13

Separate five decisions

These decisions may involve different officers, committees or levels of approval.

Decision	What must be established
Need	The service problem, quantity, quality and required date.
Funding	The correct fund and budget purpose, usable provision and payment timing.
Procurement approval	The authorised method and prior competent approval to start.
Contract authority	Who may accept the bid and bind the institution.
Payment	What is properly due and who may verify, approve and release it.

A compliant purchasing method does not cure an absence of spending or contracting authority.

Sources: **F8**: rr. 11, 55, 63 | **F1**: s. 33 | **F6**: ss. 13-15

Identify what is being bought

Classification changes the documents, technical expertise and selection process required.

Category	Hospital example	Planning question
Goods	Medicines, devices, furniture or equipment.	What quantity and measurable specification are needed?
Services	Cleaning, security or maintenance.	What outputs and service standards must be delivered?
Works	Building, repair or installation works.	Are design, quantities, site and technical approvals ready?
Consultancy	Feasibility study, specialist design or advisory work.	What expertise, deliverables and selection approach are required?

A complex package may contain several categories. Obtain competent technical and procurement advice before choosing its structure.

Sources: **F8**: r. 2(1)(m), r. 22, ch. VII

Ask six questions before accepting a demand

Use the requesting department, stores, pharmacy, engineering and finance records as relevant.

01 Purpose

Which clinical or support service needs this item?

02 Evidence

What activity, failure, consumption or safety record supports it?

03 Quantity

How was the number calculated, with what unit?

04 Existing supply

What usable stock, asset or valid order is already available?

05 Required date

When must the item or service be ready for use?

06 Result

How will the hospital know that the purchase met the need?

This working checklist supports the realistic requirements, resources, timing and benefits required by rule 8.

WORKING METHOD | Illustrative material is identified in the text.

Start with service demand, not a supplier brochure

A supplier may explain products. The hospital must own and justify the requirement.

Useful evidence

- Use activity records, actual consumption, stock-out periods, equipment downtime and approved changes in services.
- Ask the clinical or technical owner to confirm the assumptions and the consequence of not buying.

Weak evidence

- Last year's order alone may reproduce overstock or unmet demand. A preferred model alone does not establish need.
- A donated machine or low equipment price may create costly long-term consumable and maintenance obligations.

Requirements should support fair competition and value for money. Detailed specification writing is covered in Lecture 14.

Sources: **F8**: rr. 4, 8, 10

Check the stock position before ordering

Use dated quantities in the same unit. Separate physical stock from stock that can actually be used.

Record	What to verify
Usable stock	Physically verified, suitable and available for this service.
Excluded stock	Expired, damaged, recalled, quarantined or otherwise unusable quantities.
Existing orders	Confirmed undelivered quantities, expected dates and risk of delay.
Consumption	Actual issues or use, adjusted for stock-outs and service changes.
Storage and expiry	Space, temperature control, shelf life and delivery frequency.

Count an existing order only once. An overdue order of uncertain delivery needs a separate risk decision.

WORKING METHOD | Illustrative material is identified in the text.

Calculate a six-month requirement

Invented example: one standard consumable. All quantities use the same unit; the assumed buffer is a planning choice.

Expected use	1,000 units per month x 6 months = 6,000 units.
Planned closing buffer	Add 1,000 units to remain at the end of the period.
Resources already available	Subtract 1,400 usable units and 600 units on a reliable existing order.
Quantity to buy	$6,000 + 1,000 - 1,400 - 600 = 5,000$ units.
Before approval	Confirm the use estimate, incoming delivery date, shelf life, storage and funding.

The 1,000-unit buffer is invented. Punjab PPRA does not prescribe this buffer for every hospital item.

TEACHING CASE | Illustrative material is identified in the text.

Test the forecast instead of hiding uncertainty

Use the same teaching case: the base forecast is 1,000 units per month, and the proposed purchase is 5,000 units.

If use rises

- At 1,200 units per month, six-month use becomes 7,200. Keeping the same buffer and incoming stock gives 6,200 units to buy.
- The increase is 1,200 units. Show its cost and the reason for the higher activity assumption.

If the old order is delayed

- The 600 units should not be treated as certain supply before their confirmed arrival. Show the date at which available stock runs short.
- Check the existing contract and recovery action before placing an overlapping purchase. Avoid a double order.

A forecast supports a decision. It does not automatically authorise more quantity or a change to an existing contract.

Work backwards from the date of need

The required date is when the hospital can safely use the goods or service, not merely when boxes reach the gate.

- | | |
|------------------------------|--|
| 1 Prepare | Agree the need, quantities, estimate, funding, specifications and approvals. |
| 2 Compete and decide | Allow the required notice period, evaluation, complaint process and award steps. |
| 3 Deliver and prepare | Allow manufacturing, transport, site work, installation and training where needed. |
| 4 Accept and use | Complete inspection, tests, stock or asset records and the authorised acceptance decision. |

Use lawful minimum periods and realistic extra time. Lecture 14 explains the tender notice and response-time requirements.

Sources: **F8**: rr. 8, 14, 25, 37, 67

A low stock balance is a warning to act early

Invented example: usable stock is 1,600 units, expected use is 400 units a week, and a normal complete replenishment process takes six weeks.

Cover available	1,600 / 400 = four weeks of stock, assuming use remains stable.
Time required	The normal end-to-end process needs six weeks, before any additional safety margin.
Gap identified	The normal purchase would arrive about two weeks after the expected stock-out.
Immediate action	Verify consumption, existing deliveries and safe lawful service options; escalate the dated gap.
Legal decision	Do not label the purchase an emergency automatically. Assess the actual facts and authorised route.

Lecture 18 explains emergency and urgent procurement. A known forecast failure should also trigger a planning review.

Prepare and publish the annual procurement plan

Rule 8 requires annual planning within one month from the start of the financial year.

What the plan must reflect

- Realistic requirements, available resources, delivery or completion dates, and expected benefits.
- Collect departmental demands early enough to check stock, prices, technical readiness and funding.

Public notice of needs

- Rule 9 requires advance advertisement of annual requirements on the Authority's website and the procuring agency's website.
- Keep the approved plan, publication evidence and change history. Use the applicable system and current instructions.

The annual plan is a planning and transparency document. It does not replace the specific approval required before procurement starts.

Sources: **F8**: rr. 8, 9, 11

Prepare an estimate with a clear basis

An estimate is the hospital's reasoned expected cost before competition. It is not a promise of the award price.

01 Same requirement

Compare like quantities, specifications and delivery conditions.

02 Evidence

Use dated market information, recent comparable awards or a justified costing.

03 Included costs

Show taxes, freight, installation and training as applicable.

04 Future costs

Identify consumables, utilities, licences and maintenance.

05 Uncertainty

Explain currency, quantity, availability and timing assumptions.

06 Review

Have a competent officer check the method, arithmetic and reasonableness.

An informal market enquiry is not itself the competitive tender or the required quotation process.

Sources: **F8**: rr. 2(1)(ae), 4, 8, 27

A machine creates costs beyond the purchase price

Identify these costs before the hospital selects its procurement approach.

Cost or dependency	What to establish
Site preparation	Space, electricity, shielding, ventilation, water or network needs.
Consumables	Expected annual use, compatible products and supply dependence.
Maintenance	Warranty scope, service support, parts and post-warranty cost.
People and training	Available staff, training requirements and safe operating arrangements.
End of use	Data removal, disposal requirements and replacement planning.

Value for money includes quality, reliability, service and whole-life cost. Declare any evaluation method in the bidding documents.

Sources: **F8**: rr. 2(1)(ae), 4, 25, 31

Compare the expected three-year ownership cost

Invented planning example, PKR million. Assume both options meet the same clinical requirement; figures include all relevant costs in this simplified case.

Cost component	Option A	Option B
Purchase and installation	6.0	7.0
Consumables for three years	3.0	1.8
Maintenance outside warranty	0.9	0.6
Total over three years	9.9	9.4

Option B has a higher initial price but a PKR 0.5 million lower simple total. This is planning arithmetic, not an automatic award decision.

Use the cost comparison correctly

The teaching calculation is an undiscounted three-year total. It assumes the quantities and other stated costs are correct.

What it helps you decide

- Check whether the hospital can fund operation as well as acquisition. Test higher use, downtime and maintenance costs.
- Consider supply dependence and site readiness alongside the numerical total. Record the assumptions.

What it does not permit

- Do not invent a new scoring or cost method after bids open. Publish the method and evidence requirements in advance.
- Do not award to a non-responsive bid merely because a private spreadsheet looks favourable.

If the decision needs discounting, exchange-rate analysis or specialist engineering costing, obtain that expertise before publishing the criteria.

Sources: **F8**: rr. 25, 31, 32, 55

Plan packages fairly and avoid artificial splitting

Rule 9 restricts splitting or regrouping of planned procurement, subject to the applicable regulations.

Legitimate planning questions

- Can related items be procured together without excluding capable suppliers? Should the tender provide clearly defined lots?
- Does the package reflect clinical use, delivery needs, compatibility and market capacity? Record the reasoning.

Improper avoidance

- Do not divide a known requirement into small orders to avoid competition, advertisement or a higher approval level.
- Any proposed departure from the approved plan needs the applicable regulatory basis, approval and publication steps.

A lot is a defined part of a procurement offered for bidding. Calling separate purchases "lots" does not remove rule 9.

Sources: **F8**: rr. 4, 9, 10, 11

Confirm funding before the purchase creates obligations

Check both the authority to spend and the ability to meet payments when properly due.

Funding questions

- Which fund, year and budget purpose support this purchase? Are the funds usable under the actual release and grant conditions?
- What existing obligations reduce the amount available? What are the expected payment dates?

Approval questions

- Who can approve this category and value? Are finance, Board, department or technical approvals required?
- If several years are involved, check the authority and conditions for multi-year commitments.

If the 2003 medical institutions framework applies, read the institution's valid rules and delegation with sections 13-15.

Sources: **F1**: ss. 15, 33-35 | **F6**: ss. 13-15 | **F8**: r. 11

Start with open competition and test any alternative

These are procurement-method thresholds in the cited edition, not the Medical Superintendent's financial powers.

Method	Rule and condition
Open competitive bidding	Rule 22 makes this the principal method, subject to the rules.
Petty purchase	Rule 59(a): up to PKR 200,000; bidding and price quotations are not required, but procurement principles still apply.
Purchase through quotations	Rule 59(b): more than PKR 200,000 and up to PKR 500,000; obtain at least three quotations.
Direct or negotiated route	Use only a condition actually allowed by rule 59 and the required approval process.

For ordinary purchases above PKR 500,000, plan competition unless a separately valid alternative applies. Check later amendments before live use.

Sources: **F8**: rr. 22, 23, 59(a)-(d)

A small purchase still needs proper control

Use this working check even where bidding is not required under rule 59(a).

01 Real need

Explain why the purchase is necessary.

02 Correct value

Assess the genuine requirement; do not split it to enter a lower band.

03 Authority

Obtain the required approval within valid powers.

04 Reasonable price

Keep a proportionate basis for price and supplier choice.

05 Receipt

Check the goods or service actually received.

06 Record

Keep the invoice, receipt evidence and payment trail.

For rule 59(b), make at least three quotations comparable in requirement, quantity, delivery and price basis.

Sources: **F8**: rr. 4, 9, 11, 59(a)-(b)

Direct purchase requires a specific legal reason

Rule 59(c) contains separate grounds. The examples below identify the test; they do not grant approval themselves.

Possible ground	Evidence to establish
Original parts or extra services	The required parts or supplementary services are unavailable from alternative sources: r. 59(c)(i).
Only one manufacturer or supplier	A genuine sole source; the specified forum authorises the proprietary purchase after due diligence: r. 59(c)(ii).
Change causes incompatibility	Prove incompatibility or disproportionate operating or maintenance difficulty; the contract must not exceed three years: r. 59(c)(iii).
Emergency	Actual qualifying facts and declaration by the authorised forum: r. 59(c)(v).

A preferred supplier, familiar product or approaching year-end is not by itself one of these legal grounds. Lecture 18 develops the emergency route.

Sources: **F8**: r. 59(c)

Treat repeat orders as a limited legal route

Rule 2 defines repeat orders by the same commodity and the same source. Rule 59(c)(iv) limits them to 15% of the original procurement.

Check the basis

- Identify the original procurement, the exact commodity and source, and the amount already ordered under this route.
- Check the remaining legal allowance, current need, funding, price reasonableness and competent approval.

Do not convert it into a general power

- A repeat-order limit is not automatic authority to vary every contract, add a different item or extend services indefinitely.
- For example, an original PKR 2 million procurement gives a numerical 15% ceiling of PKR 300,000, before all other checks.

The PKR 2 million example is invented. The applicable rule, scope and total repeat orders must all be checked in a live case.

Sources: **F8**: rr. 2(1)(z), 11, 59(c)(iv)

Use a framework contract within its agreed scope

Under rule 15, a framework contract can support uniform procurement. It must still be established using a method allowed by the rules.

What must be defined

- The rule 2 definition covers a stated volume or quantity, a period, and an agreed sum, item rate or lump sum.
- Before calling for delivery, check eligible items, quantities, period, rates, delivery conditions and authorised users.

What to keep under control

- Maintain an order and delivery record against the contract. Track remaining quantity, value and time.
- Do not use a framework label as permission to add unrelated goods, buy beyond its scope or continue after expiry.

Lecture 17 covers ongoing contract control. A new need outside the valid framework needs its own lawful decision.

Sources: **F8**: rr. 2(1)(sa), 15

Check central arrangements and specialist routes

A central contract or another public body's selection cannot be assumed to cover every hospital.

Central or departmental arrangement

- Obtain the actual contract or order. Confirm that this institution, item, quantity, period and ordering route are covered.
- Where relying on another agency's prequalification, identify the applicable notification and conditions, including rule 16(11) if used.

Specialist procurement

- Rule 16(2) requires prequalification for goods of PKR 100 million or more and large consultancy, unless the agency records written reasons for dispensing with it.
- Consultancy selection and government-entity routes have their own provisions. Obtain the exact applicable rule before proceeding.

Prequalification assesses capacity before bidding. It is not an award, a price approval or an unlimited right to buy directly.

Sources: **F8**: r. 16, ch. VII, r. 59(e)-(f)

Build the authorised electronic route into the timetable

Rule 3A requires notified agencies to use e-Procurement in the prescribed manner.

Plan for the live system

- Punjab's July 2024 circulars record implementation for departments, autonomous bodies, special institutions, companies and district agencies.
- Confirm the hospital's authorised account, responsible officers, access and applicable workflow before the procurement deadline.

Keep evidence and control

- As a working control, allocate individual roles, protect credentials and preserve approval and publication records.
- Log system problems and seek the authorised remedy. A local difficulty is not itself permission to abandon the electronic route.

This lecture does not prescribe screen clicks. Use current Punjab PPRA guidance and the authorised system for the live activity.

Sources: **F8**: r. 3A | **F13**: July 2024 circulars

Use one row for each planned procurement

Working format: keep enough detail to show who needs to act and by when.

Field	Entry to include
Reference and owner	Unique reference, requesting service and responsible officer.
Requirement	Item or service, unit, quantity, specification owner and need date.
Cost and funding	Estimate, evidence date, fund or head, and available provision.
Route and approvals	Proposed method, legal basis and required decision-makers.
Milestones and risks	Preparation, notice, award, delivery, acceptance and key risks.

Attach the calculation, market evidence and approvals. Keep approved and unapproved proposals clearly separate.

WORKING METHOD | Illustrative material is identified in the text.

Review the plan before a delay becomes a shortage

Use the frequency needed for the risk. A monthly review is a working choice, not a universal statutory timetable.

01 Demand changed?

Update service activity and the reason for any change.

02 Stock at risk?

Check cover, expiry and delayed existing orders.

03 Tender delayed?

Identify the exact unfinished step and responsible officer.

04 Funding changed?

Show the amount, timing and decision needed.

05 Contract ending?

Start lawful replacement in time for service continuity.

06 Plan changed?

Apply the required approval and publication process.

Track overdue actions with dates. A revised spreadsheet does not itself amend an approval or contract.

Test three planning decisions

Write your answer and the reason before turning to the next page.

1. Quantity

Monthly use is 800 units for four months. Desired closing stock is 400. Usable stock is 700 and a reliable existing order is 300.

What is the base quantity to buy?

2. Small orders

A known PKR 900,000 requirement is divided into six PKR 150,000 orders only to avoid competition.

Does the petty-purchase limit justify it?

3. Cheap machine

The lower-priced machine needs much more costly proprietary consumables.

What should be done before tendering?

Use the figures only for the invented cases. Explain the rule or planning reason, not just the answer.

Answers and reasons

Use the evidence, the calculation and the actual source of authority.

1. Buy 2,600 units in the base calculation.

$800 \times 4 + 400 - 700 - 300 = 2,600$. Then check arrival dates, use assumptions, storage, expiry and funding.

2. No.

A known requirement cannot be artificially split to avoid the lawful method. Rule 9 must be read with its applicable regulations, and valid authority is still required.

3. Compare the full usable cost and dependence.

Assess consumables, maintenance, site needs and service risk. If whole-life cost will affect evaluation, publish the method and required evidence before bids are submitted.

Planning identifies the right decision. Approval, competition, acceptance and payment remain separate controls.

Sources: **F8**: rr. 4, 8, 9, 25, 31, 59(a)

Prepare one complete purchasing proposal

Use a non-confidential real case or the invented examples in this lecture.

Need and quantity

One page showing purpose, activity evidence, stock, existing orders, quantity and required date.

Cost and funding

A dated estimate including operating costs where relevant, with funding and obligations checked.

Decision request

State the method, precise rule, approvals, dates and risks. Attach the evidence and identify the decision required.

Reviewer question: can another officer reproduce the quantity, understand the cost and identify the actual legal authority?

Next: Lecture 14, Writing Specifications and Tender Documents. Keep this planning case for the next lecture.

Sources and continued use | 1

Select a source title or its official-source link to open the document.

F8

Punjab Procurement Rules 2014

Official compilation amended through 24 September 2025. Rule references identify the legal basis of the lesson. Read with later notifications and the current orders applicable to the procurement.

Punjab Procurement Regulatory Authority | [Official source](#) | [Notifications](#)

F1

Punjab Public Financial Management Act 2022

Act XXXVII of 2022. Cited sections cover budgeting, re-appropriation, receipts, payments and controls. Use the Act with later amendments and current Finance Department instructions.

Government of Punjab | Punjab Laws | [Official source](#)

F6

Punjab Medical and Health Institutions Act 2003

Act IX of 2003. Sections 13-15 address delegation, institutional funds, budget and accounts. Apply only where the institution is governed by this framework and its valid rules.

Government of Punjab | Health Department | [Official source](#)

Educational material by Dr Qurban Hussain Khan. Source editions are stated; verify later amendments and applicable institutional orders before live use.

Sources and continued use | 2

Select a source title or its official-source link to open the document.

- F13** **Punjab e-Procurement implementation circulars, 2024**
S&GAD circulars dated July 2024 record e-Procurement implementation from 1 July 2024 for departments, autonomous bodies, special institutions, companies and district agencies.
Government of Punjab | Punjab PPRA official circular bundle | **Official source**

Educational material by Dr Qurban Hussain Khan. Source editions are stated; verify later amendments and applicable institutional orders before live use.