



MEMO

To : Distribution List
 From : Procurement, Group Financial Services
 Ref. : 30-05/2016/PROC/ACY/saj/srnr
 Date : 23 May 2016
Subject : PRE-CONTRACT VERIFICATION BY PROCUREMENT

With reference to the above, we are pleased to inform you that we have embarked into pre-contract verification process as part of Procurement's continuous improvement plan.

Objective:

- To ensure that we/UMW gets what has been promised/agreed by the supplier/s.
- Three (3) ways matching shall be conducted on procurement related clauses, i.e. between i. Bid/submitted documents/proposal vs ii. Negotiated/revised terms & conditions (if any) vs iii. Final contract.

Scope of Responsibility:

- Restricted to UMWC departments/divisions only and encompasses both 'Sourcing' and 'Direct Award' with value above RM100K up to RM5mil, i.e. as per the extract of the FLAG below which denotes values and the respective approving authorities and executors of contract:

| Sourcing or Direct Award (DA) | Approving Authority as per FLAG Section 6: Procurement | Execution of LOA/ Contract/ Agreement as per FLAG |
|-------------------------------|---|---|
| >RM100K to RM500K | Executive Director (ED), OR Group Chief Operating Officer (GCOO) | a) Section 4.0 Execution of Agreement b) Section 7.0 Capital Expenditure (CAPEX) |
| >RM500K to RM1 Mil | President / Group CEO (P/GCEO) | c) Section 8.0 Operating Expenditure (OPEX) |
| >RM1 Mil to RM5 Mil | Tender Committee | |

Methodology:

- After approval as per FLAG (i.e. Section 6) for the sourcing or direct award, Procurement shall forward a copy of the pre-contract verification request form (PCV001) to the respective user/s as the starting point of the process. Kindly refer to **Appendix A** for the process flow in detail.

The effective date of the process is 1 June 2016.

We look forward to your adherence to this requirement together with your continuous support and cooperation.

Thank you.

Azmin Che Yusoff
 Group Chief Operating Officer /
 Executive Director, Group Financial Services



UMW CORPORATION SDN BHD DISTRIBUTION LIST

Management Committee Members (UMWC)

| | | |
|------------------------------|---|--|
| En Badrul Feisal Abdul Rahim | - | President & Group CEO |
| En Azmin Che Yusoff | - | Group Chief Operating Officer & Group Financial Services |
| Pn Juliah Nik Jaafar | - | Group Human Resource |
| Dr Wafi Nazrin Abdul Hamid | - | UMW Land |
| Pn Roza Shahnaz Omar | - | Group Strategy |
| En Muzafar Munzir | - | Group Management Services |

Corporate Division Heads

| | | |
|-----------------------------------|---|--|
| En Mazlan Abdul Samad | - | General Services & Travel |
| Pn Fadziyah Samion | - | Corporate Secretarial/Corporate Governance |
| Cik A'tikah Ahmad | - | Group Financial Services |
| En Ahmad Al Juhari | - | Transformation Management Office (TMO) |
| En Shamshul Abdul Jabar | - | Group Risk Management |
| Pn Norchahya Ahmad | - | Group Internal Audit Division |
| Mr Eric Chew Kar Kean | - | Property Development |
| En Mohd Anuar Mohd Isa | - | Property Division, Asset & Facilities |
| En Zoelaney Abid | - | Group Corporate Development |
| En Mohd Shaharuddin Mohd Izzuddin | - | Group IT Division |
| Mr S Vikneshwaran | - | Investor Relations & Sustainability |
| En Badrul Shah Abdul Rahman | - | Corporate Comm, Public Affairs/ CSR |
| Pn Adleen Abdullah | - | Group Legal |
| En Husaini Sulaiman | - | Group Integrity |
| En Ku Mahadzir Ku Yahya | - | Group Compliance |
| Pn Mazuin Mohammad | - | Group Insurance Division |
| Pn Nor Dalila Mohd Dali Jinah | - | President & Group CEO's Office |

Human Resources

| | | |
|-------------------------|---|---|
| En Zainal Mat Aini | - | Group Human Resource, Training & Development |
| En Mohd Nasir Ujang | - | Group Human Resource, Human Capital |
| Mr Lim Hai Ming | - | Group Human Resource, Human Capital |
| En Abdul Aziz Mohd Edar | - | Group Human Resource, HSE/Group Marshal & Special Force |

UMW CORPORATION SDN BHD
Procurement / Contract and Invoice Verification
Pre-Contract Verification Process

Doc. No. : PROC/CIV/PCV/SOP001/V002

Rev. No. : 01

Date : 20/05/16

| PROCESS FLOW | REMARKS / ACTION | LEAD TIME |
|--|--|--|
| <pre> graph TD Start([START]) --> Step1[Complete request for pre-contract verification form (PCV001) Requesting Department] Step1 --> Step2[Submitted softcopy of related documents Requesting Department] Step2 --> Step3[Conduct discussion session with requesting department Procurement] Step3 --> Decision{Complete/ Final} Decision -- No --> Step3 Decision -- Yes --> Step4[Pre-contract verification start Procurement] Step4 --> Step5[Compare related documents and update pre-contract verification Procurement] Step5 --> Step6[Share documents with requesting department & legal Procurement & requesting department] Step6 --> Step7[Contract Execution Legal & Authorised signatories] Step7 --> End([END]) </pre> | <ol style="list-style-type: none"> 1) After the sourcing and direct award is approved, Procurement shall notify the Respective divisions to fill up the necessary/required information into PCV001. 2) Once endorsed by the user Head (preferably at GM level), to submit PCV001 to Procurement with all relevant documents in hard copy and also soft copy. <ul style="list-style-type: none"> <input type="checkbox"/> User's Requirement/BOQ/BOM <input type="checkbox"/> Draft contract either Supply & Purchase or Services <input type="checkbox"/> Final supplier's proposal (i.e. Final bids/Final quotation) <input type="checkbox"/> Evaluation report from Procurement/ Direct Award justification report / Recommendation report for Tender Committee <input type="checkbox"/> TC endorsement Form <input type="checkbox"/> Pre-Contract Verification Form 3) Procurement receives soft copy of the final documents. <ol style="list-style-type: none"> a) Check the completeness and accuracy between hard and soft copy. b) Prepare key action plan for the contract verification activities. 4) Procurement conducts discussion session/s with requesting department to confirm documents submitted (i.e. hard & soft copy) are the final and negotiated version. 5) If documents are not complete or final, Procurement to reject the request. If accepted, a summary of the discussed items shared between requesting department, supplier, legal and procurement shall be prepared. 6) Procurement starts contract content comparison with the complete or final version documents. 7) Update pre-contract verification form with comments / concerns: <ol style="list-style-type: none"> a) For contract value RM100K to RM1Mil b) For contract value >RM1Mil to RM5Mil 8) Once the pre-contract verification is acknowledged by Procurement's HOD, copy of the same is shared with the requesting department and legal during discussion session. Later, the requesting department shall submit pre-contract verification form and contract vetting form to legal. 9) Execution of contract, User will refer to FLAG - Section 4.0; Section 7.0 and Section 8.0 (Legal to endorse and initial every page of the agreement) 10) Requesting department submits copy of executed contract to Procurement <p>Note: Post contract responsibility/authority for the Performance Bond, Retention Sum, etc. should be under the purview of the Project Management Office (PMO) or Contract Owner.</p> | <p>Dependent on the user/s</p> <p>2 days</p> <p>2 days</p> <p>1 day</p> <p>5 days 10 days</p> <p>3 days</p> <p>Dependent on Group Legal and User</p> |
| Prepared by: AI | Total between | 13 ~ 18 days |