



Representations G4 Ltd

Receiving Process

Delivery of requested products or services marks a transition in the Purchase-to-Pay process from a purchasing activity to a payables activity. All purchases must be “received” to release payment to the supplier. The “receiving” department must determine if the products or services received are acceptable and conform to the terms and conditions of the purchase order. The entire receiving process consists of the following:

Receiving - The act of taking possession of products in order to stage them for inspection, place them into inventory, or deploy them for immediate-available use or forward shipment.

Inspecting - The act of examining products that have been delivered to determine conformance to the purchase specifications.

Testing - The act of testing some, or all products, delivered to determine if the products perform at a satisfactory level. This process normally pertains to purchases of home appliances, electronics, components, raw materials, garments, shoes, furniture, spare parts, general supplies, or any kind of products, software, and capital equipment.

Acceptance - Acknowledging that the products and/or services conform to the requirements of the purchase order so that the supplier may be paid. Shipments are considered “accepted” if the customer does not notify the supplier or Purchasing Agent of quality or delivery issues in a timely manner. Most shipments are automatically considered accepted and approved for payment unless the department contacts Procurement or Disbursement Services and requests a hold on payment. (make reference to the INCOTERM used, in case of international purchases / shipments)

Receiving

Signing For Deliveries

Whenever possible, the person receiving the product should sign the receiving documents provided by the supplier or shipping company. The person receiving the delivery should preferably inspect the delivery according to the contract and/or invoice before signing the delivery receipt and should also initial the packing list. Then, submit the packing list to the appropriate person for financial reconciliation.

Refusing Delivery

Whenever possible, departments should refuse to accept shipments if they are unable to confirm that the order was placed by their department, or if the packaging appears sufficiently damaged to warrant concern.

Record Retention

During the receiving process, the department takes physical possession and legal ownership of the shipment. Therefore, it is important for the supplier to provide the department with a packing list for all shipments delivered to the department.

If the supplier fails to provide the packing list, the department should contact the supplier to request that copies be sent to the department for its files.

Departments must keep receiving documents on file in accordance with procedure manual.

The need for saving receiving documents is particularly important when accepting any partial or staggered deliveries over a period of time.

Inspecting

Inspecting a Shipment

Persons receiving shipments should, upon acknowledging receipt of an order, conduct an inspection to verify the following minimum conditions:

1. The products conform to the purchase order requirements and other relevant documents (For example: correct model number, description, size, type, color, ratings, etc.)
2. The quantity ordered against the quantity shipped or delivered.
3. There is no damage or breakage
4. The unit of measurement count is correct (e.g. if the unit of measurement on the purchase order is one dozen, there should be 12 in the package).
5. Delivery documentation (packing list, certifications, etc.) is acceptable. Department Procurement Policies & Procedures manual
6. Perishable items are in good condition and expiration dates have not been exceeded
7. Products are operable or functional.

Matching the Packing List to Purchase Order & Department Invoice Report

During the inspection process, the department should compare the supplier's packing list to the purchase order to determine if there are any discrepancies between the documents. At a minimum, the following information should be the same on both the packing list and purchase order:

1. Purchase Order number
2. Item or Manufacturer's part number
3. Quantity and unit of measure
4. Description of the products

Once the invoice has been entered by Disbursements Services, the department should compare the purchase order to the Departmental Invoice Report (DIR) to determine if the invoice charges are correct.

In case of any invoice discrepancies, Disbursement Services should be contacted to place a "hold" on the invoice. Departments may obtain a copy of their purchase order information and the

Product Substitutions and Over-Shipments

Suppliers are not allowed to substitute products or deliver more than the amount ordered without prior approval from either the department or the Purchasing Agent. The Purchasing Agent should be notified by the department whenever this occurs.

Partial Deliveries

Departments should contact the appropriate person to notify whenever a purchase is received as a partial delivery without acknowledgement or notification from the supplier. This information is typically noted on the packing list.

Failed Inspections

Departments are advised to notify in writing any failed inspection results discovered during inspection and provide the results to the supplier and the Purchasing Agent for appropriate action. When receiving items from freight companies, the number of packages received should match exactly the number on the freight bill. If not, the department should require the driver to write the number of packages received on the bill before signing. Inspect all packages for damage to the outside container. Any visual damage should also be noted on the freight bill before signing.

In cases of concealed damage, a report should be made by the department immediately to the delivering carrier. The report should include the following information: Freight Bill Number, Purchase Order number, the date of delivery, supplier, and the extent of damage or shortage. In the event of damage, it is essential that the department retain all the original shipping cartons for inspection by a claims adjuster.

Notification

upon first discovery is recommended, even if the extent of damage has not yet been determined. Testing may be performed by the department to ensure that the products substantially conform to the specifications documented in the purchase order, contract, or supplier's proposal.

Acceptance**Determining Acceptance**

Departments are required to contact the supplier in a timely manner when rejecting products that are over-shipments, defective or for any other non-conformance. Failure to notify the supplier and/or Purchasing Agent in a timely manner will mean the shipment will be considered "accepted."

The supplier should keep a copy of the goods receipt form signed and stamped otherwise the acceptance will not be sustained.