



**USSMC Policy and Procedures for the
Receipt of Purchased Goods
and Invoicing Procedures**

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Policy & Procedures concerning the receipt of Purchased Goods:

This document provides guidelines governing receipt of goods purchased by USSMC's Corporate Finance Division. Delivery of requested products / goods marks a transition in the Purchase-to-Pay process from a purchasing activity to a payable's 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: When USSMC's internal team end users or external customer end users taking possession of products in order to stage them for inspection, place them into inventory, or deploy them to end user (Requester) for immediate use.

Inspecting: USSMC internal team end user or USSMC external customer user/requestor will examine products that have been delivered to determine conformance to the purchase specifications.

Acceptance: – Acknowledging that the products and/or goods conform to the requirements of the purchase order so that the supplier may be paid. Shipments are considered "accepted" if the customer (requester of the items) acknowledges receipt to Accounts Payable and do not have a quality or delivery issue. Most shipments are considered accepted and approved for payment by the recipient (requester) by the generation of a receiving ticket (report) unless the recipient contacts Procurement or Accounts Payable and requests a hold on payment.

Receiving

Signing for Deliveries: Whenever possible, the person receiving the products should sign the receiving documents provided by the supplier or shipping company. The person receiving the delivery should inspect the items before signing the receipt and should also initial the packing list. Then, submit the packing list to the appropriate person (Accounts Payable, Requester, Asset Management) 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 packing appears insufficient or damaged to warrant concern.

Record Retention

During the receiving process, the Receiving Internal/External end-user takes physical possession and legal ownership of the shipment. Therefore, it is important for the supplier to provide USSMC Corporate Finance Division with a packing list copy for all shipments delivered to the USSMC internal team end user or USSMC external customer user.

If the supplier fails to provide the packing list, the USSMC Corporate Finance Division should contact the supplier to request that copies be sent immediately to the division for our files.

USSMC internal/external USSMC External Customer Purchasing Agent must keep receiving documents on file in accordance with these guidelines. The need for saving receiving documents is especially 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:

- The products conform to the purchase order requirements and other relevant documents (for example: correct model number, description, size, type, color, ratings, etc.)
- The quantity ordered against the quantity shipped or delivered.
- There is no damage or breakage.
- 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).
- Delivery documentation (packing list, certifications, etc.) is acceptable.
- Perishable items are in good condition and expiration dates have not been exceeded.
- Products are operable or functional.

Product Substitutions and Over-Shipments: Suppliers are not allowed to substitute products or deliver more than the amount ordered without prior approval from the USSMC Corporate Finance Division & USSMC External Customer Purchasing Agent. The USSMC External Customer Purchasing Agent should be notified by the internal/external end-user whenever this occurs.

Partial Deliveries: External End user should contact USSMC Corporate Finance Division 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: Internal and External end-users are advised to notify in writing any failed inspection results discovered during inspection and provide the results to the supplier and the USSMC Corporate Finance Division for appropriate action. When receiving items from freight companies, the number of packages received should match exactly the number on the freight bill. A Copy of the freight bill should be electronically sent to USSMC's Corporate Finance Division: William G. (Bill) Robinson brobinson@ussmccorp.com and cc'd to Kevin Duncan, CorporateFinance@ussmccorp.com prior to shipment. If not, the Internal/External end user 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 and USSMC should be notified immediately.

In cases of concealed damage, a report should be made to USSMC and by Internal or External end-user or USSMC Corporate Finance Division or USSMC External Customer Purchasing Agent 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 USSMC Corporate Finance Division or its customer retain all the original shipping cartons for inspection by a claim's adjuster.

Acceptance

Determining Acceptance: USSMC's designated Corporate Finance Staff requires that end users contact USSMC the supplier in a timely manner when rejecting products that are over-shipments, defective or for any other non-conformance so that we can notify our supplier in a timely manner. Failure to notify the supplier and/or internal/external USSMC External Customer Purchasing Agent in a timely manner will mean the shipment will be considered "accepted".

Securing Rejected Products in a Secure Area: Internal or External Customer USSMC External Customer Purchasing Agent are responsible for storing rejected products in a secured area until the products are either shipped back to the supplier, or the supplier takes possession of the products and removes them from property.

Tagging Fixed Assets: Following acceptance of capital items, internal and external end users are to ensure that Asset tags are affixed to capital equipment as provided by USSMC policy governing fixed assets.

Product Returns for Credit/Refund: When a supplier has shipped items as specified on a purchase order, they have legally complied with their part of the contract and are under no obligation to accept returned items for credit or refund. Acceptance of a return by a supplier is not automatic; and if accepted, a restocking fee of 5% - 25% of the original item cost is sometimes charged by the supplier. This charge will have to be paid by the requisitioning department.

When an item is received from a supplier that has been damaged or is rejected for failing acceptance testing or is not as specified on the purchase order, the USSMC Corporate Finance Division should return a Return Authorization Number from that Supplier. The shipping label on the returned package must be marked with the Return Authorization Number. Other identifying information should be placed on the outside of the returned package for easy identification when received by the supplier. No item should be returned without prior authorization from the supplier. Procurement Services can assist in securing credit or refunds from the supplies.

USSMC Vendor/Supplier/Distributor Payment Terms Policy Payment Terms

- W-9 Forms must be completed by the supplier
- Payment days: 30 days no more than 45 days to ensure customer end-user requirement are met appropriately and from complete delivery and not part delivery
- Invoice is required by supplier once completed delivery has been approved by customer end- user
- Account settlement periods will range from 14, 21, 30 but maybe extended not to exceed 15 days.
- All suppliers will be issued an approval supplier identification code for accounting purposes when purchase order is generated.
- All invoices must contain a tax FEIN#, a Duns#, Contact Information, Item Breakdown and Pricing and discounts delineated where applicable

Return Goods: Supplier must provide a new invoice if there are any discrepancy with products.

Delivery Schedule: All schedules must be adhered to per customer requirement. USSMC Corporate Finance Division should be notified immediately if there are any delays so we can notify our internal team members or our external customers