

- RECEIPT OF GOODS

a learning element for staff of consumer cooperatives

international labour office, geneva

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by Urban Strand



**MATCOM**  
**Material and techniques for cooperatives management training**

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In collaboration with cooperative organizations and training institutes in all regions of the world, MATCOM designs and produces material for the training of managers of cooperatives and assists in the preparation of adapted versions for use in various countries. MATCOM also provides support for improving the methodology of cooperative training and for the training of trainers.

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# RECEIPT OF GOODS

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## PREREQUISITES

To benefit from this MATCOM Learning Element you should:

- have some retail shop experience;
- have studied the MATCOM Element "Leakage" or have the corresponding knowledge.

## HOW TO LEARN

- Study the Element carefully.
- Give written answers to all the questions in the Element. This will help you not only to learn, but also to apply the knowledge in your work at a later stage.
- After studying the Element on your own, discuss it with your instructor and your colleagues, then take part in the practical exercises organised by your instructor.

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# INTRODUCTION

The Manager of the Valley Co-operative Shop was checking the previous month's invoices. "What a lot of goods we've bought" he thought, "and what a lot of money we'll have to pay."



He felt proud that he was trusted to handle so many goods and so much money.

"The committee know that I never authorise a payment until I'm sure that the amount is right", he said to himself.

How could he be so sure? The shop received goods from various suppliers almost every day, and he personally did not always supervise the unloading. How could he know that they really had got everything that was listed on the invoices?

Had they received the goods they had ordered?

Was everything in good condition?

Were the prices and calculations correct?

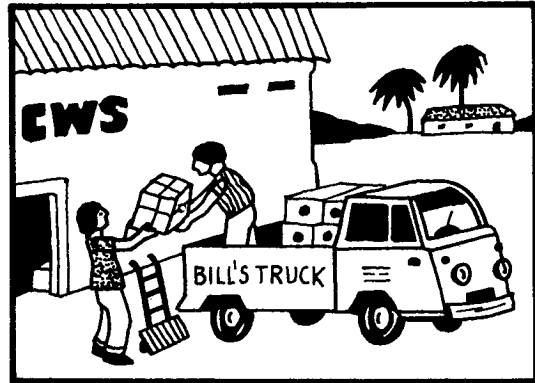
If he had checked all those things, then he might have reason to be proud!

This MATCOM Element will teach you how to organise the receipt and checking of incoming goods in an efficient way.

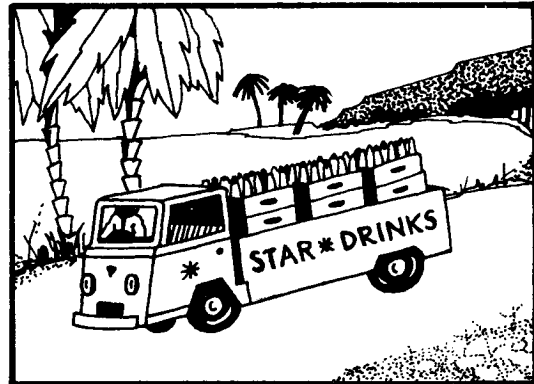
# DELIVERIES – DIFFERENT METHODS

Goods are delivered to the Valley Co-operative Shop in various ways.

a) The main supply comes from the CWS (Co-operative Wholesale Society). The Valley Co-operative has an agreement with Bill's Truck Transport to pick up the ordered goods every Tuesday.



b) Some companies, like the Dairy and the Brewery, bring their products to the shop,



c) The Manager goes to the National Textile Company to purchase clothes and usually brings the goods back to the shop himself by bus or taxi,



d) There are some local suppliers like Mrs. Graht who sell eggs to the shop. She and her daughter bring them to the shop.



You can see that the goods get to the shop in different ways:

- The seller may bring them.
- A transporter may bring them.
- A member of the co-operative staff may collect them.

What happens if goods are missing or damaged? Who stands the loss?



Who do you think is responsible if some of the goods are missing on arrival at the shop in the four examples quoted?

- a)
- b)
- c)
- d)



Have you experienced any problems in connection with deliveries of goods to your shop? Any losses? Who stood the losses? Give some examples.

Do you agree that the person who brings the goods to the shop should be responsible? He himself, his employer, or his insurance company should stand the loss.

But in practice it is often the shops that lose money on missing and damaged goods. There are three main reasons why:

- ▶ They have not agreed in advance with the sellers or the transporters about the conditions for claims.
- ▶ They fail to prove that the goods were received already damaged or not received at all.
- ▶ They never find out that goods were missing or damaged on arrival.



WARNING!!

There is a risk that you will lose money if you do not receive exactly the goods you are charged for.



Sometimes it is too late to check the goods when they arrive at the shop. Give an example of this. (Compare with the example from Valley Co-operative, page 4.)



# PREPARATIONS FOR RECEIPT

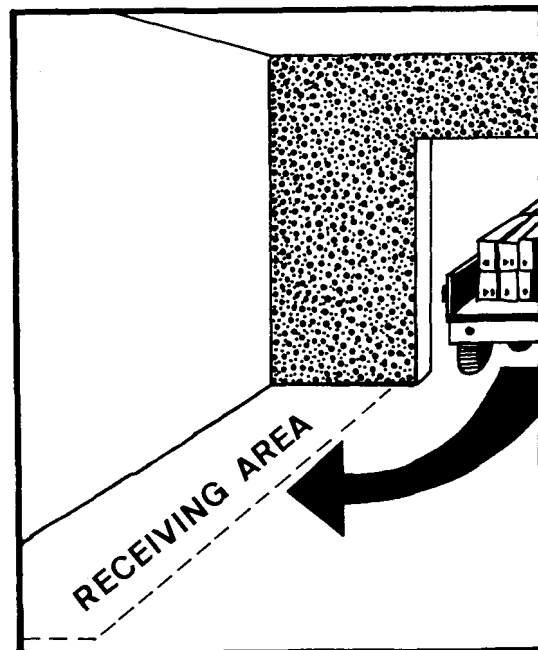
The delivery man is interested in two things: (a) he wants to get rid of the goods and (b) he wants somebody to sign saying that they were received in good order. He can then leave and is no longer responsible for the goods.



If he gets no instructions when he arrives, he may just put the goods where he finds it easiest, perhaps even outside the shop. Then he will look for somebody to sign and he may get very impatient if he has to wait. In such a situation it would not be easy to check the goods thoroughly before signing. You must be ready in advance to take delivery of the goods.

## Prepare a space

Make sure that you have a special receiving area for new goods. That way you will always have space for the deliveries, and you will not mix up new goods with old stock, This area should be located close to the entrance door of the store room. Thus, off-loading will be simplified and no unauthorised person will need to go any farther into the store room among the goods already stored there.



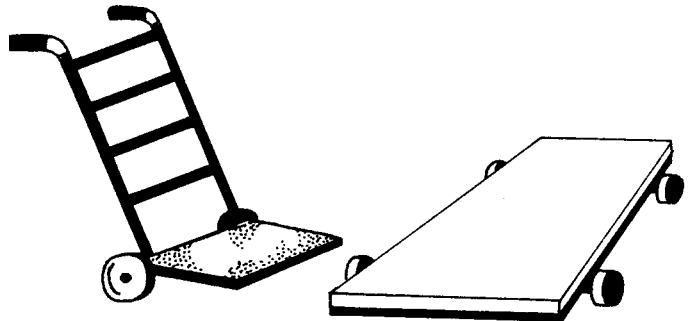


Why would it not be advisable to have the receiving area outside the shop?

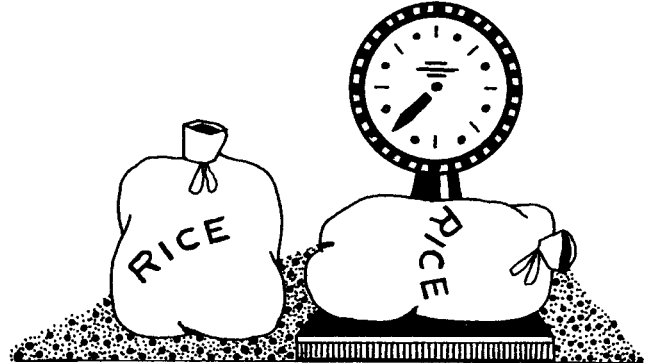
Prepare the equipment

Finally, the equipment you need for receiving and checking the goods should be ready and available at the receiving area.

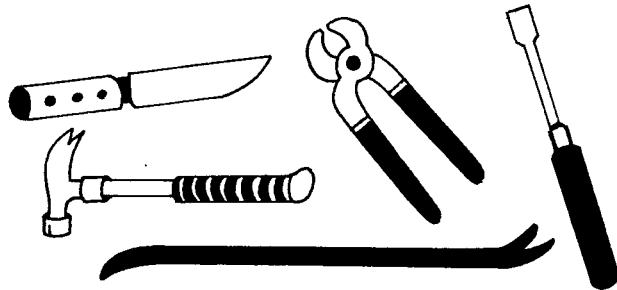
Equipment for moving the goods.



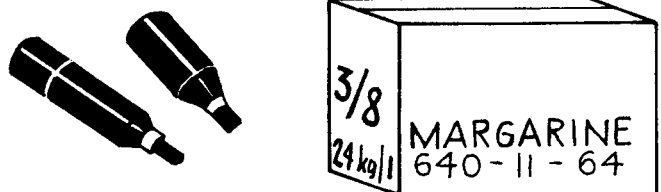
A scale for weighing bulk packages.



Tools for opening boxes.



A felt pen for marking the goods that have been checked.



Prepare the checking staff

A member of staff\_ must be present when the offloading starts. That means somebody must be prepared to leave other duties to take care of a delivery as soon as it is necessary.



This person must know what instructions he should give to the delivery man, and which controls he must carry out before signing that he accepts the goods.

If the delivery is expected to come during lunchtime or after closing time, some member of staff must be there, otherwise you run the risk that the goods may be dumped outside the shop exposed to rain, sun, theft, etc.

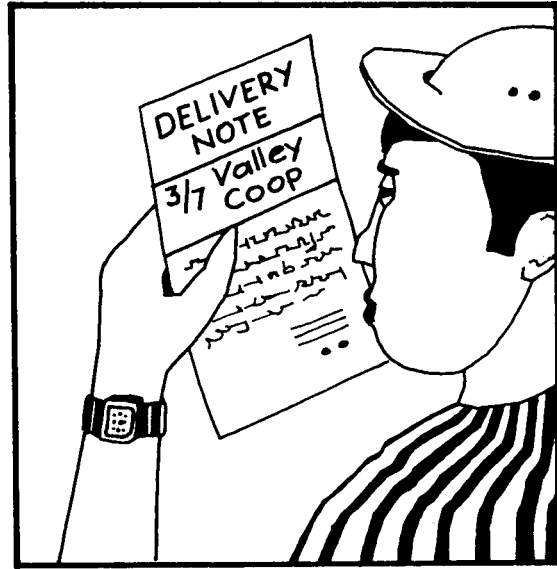


Why couldn't the checking be left until next day?

# CHECK WHAT YOU RECEIVE

## Offloading

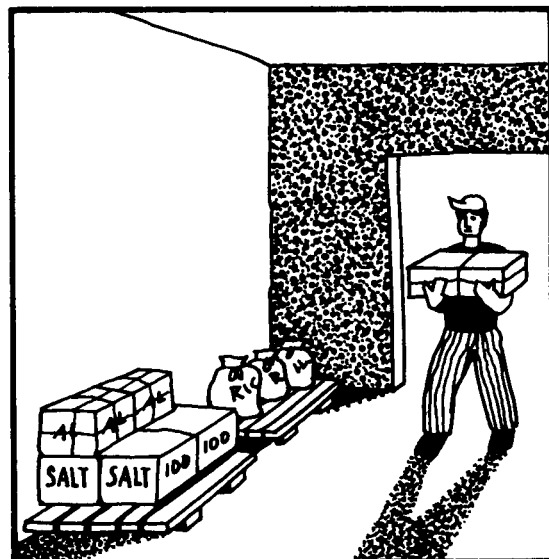
Before the unloading starts, make sure that the delivery man has brought the correct consignment. Check that the documents have the name of your shop on them!



Then, under the supervision of one of the shop staff, all the goods should be brought into the receiving area.



The goods should be handled carefully to make sure no damage is done, and placed so that it is easy to check the cartons.



Make particularly sure that:

- Fragile items are placed where they are not easily damaged.
- Packages containing the same articles are kept together.
- Goods which need to be weighed are kept separate.
- Small packages are placed so that they are easy to find.
- Fresh and frozen goods are kept separate so that they can be taken care of first.
- Goods which are urgently needed (perhaps because they have been out of stock) are placed separately so that they can be unpacked immediately.

Checking

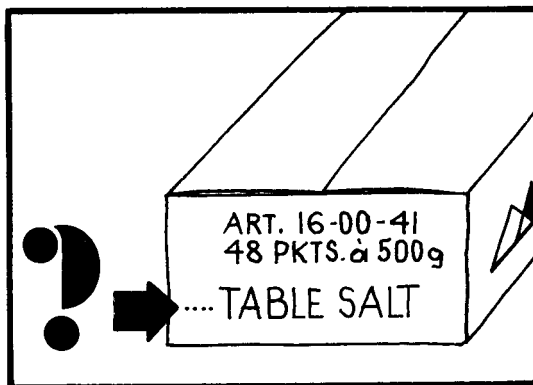
As the goods are being brought in, the shop assistant should watch out for damages, or any packages which seem to have been opened, or which do not seem to contain full weight or quantity. Put any items of this kind aside for closer examination.

When all goods have been placed in the receiving area, the real checking starts. At this point you need a document stating what goods you are supposed to have received. The delivery man should have this document, which he will give to you. It is usually called a Delivery Note. Sometimes there is also a separate Packing Slip with details about the goods. The information you need about the goods will look like this:

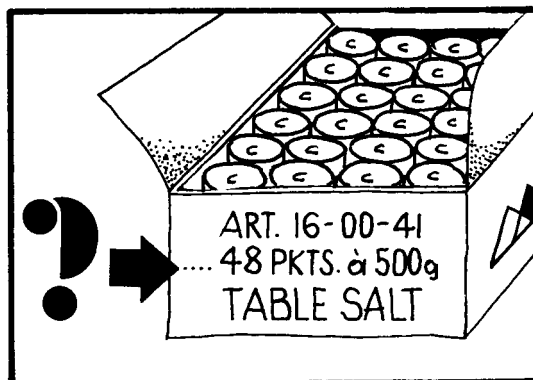
<b>CWS</b>			
DELIVERY NOTE / PACKING SLIP			Date: <u>24/5 1981</u>
Delivered to: <u>Valley Coop Soc.</u>			
Unit	Description	Qty	Remarks
bag	Sugar 50 kg	2	
pct	Omo soap 100 g	3 x 48	
pct	Ben's Maize Oil 2 1/2 lit tins	2 x 6	

You must check that what is stated on the list is  
(a) exactly what you have got, and (b) in good condition.  
This means:

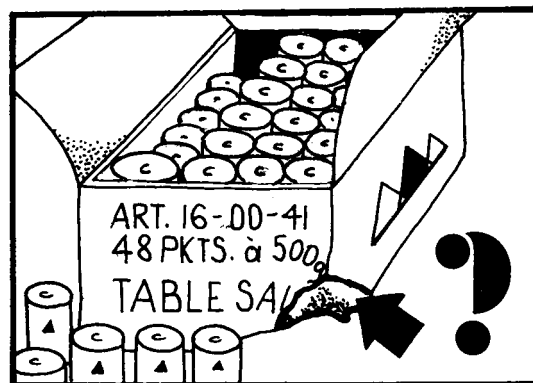
► Are they the right goods?  
Usually commodity name, brand, size, colour, grade, etc. is stated on the bulk packages, but sometimes you may need to open them to find out exactly what is inside.



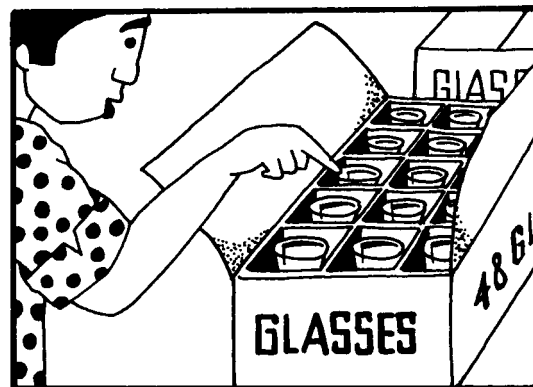
► Is the quantity correct?  
If there is any doubt about the contents of bulk packages weigh them, or unpack and count the contents.



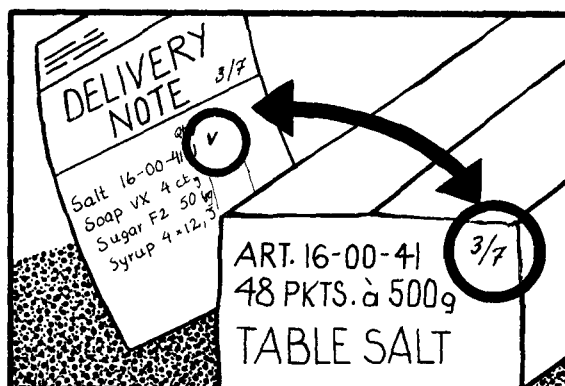
► Is there visible damage?  
Open any damaged packages and check the extent of damage to the contents.



► Is there any invisible damage?  
Open bulk packages containing easily breakable goods, fresh food and very expensive items.



Mark the packages that have been checked and tick the corresponding line on the list.



Why should you mark the goods and tick the lines on the list?



Goods must be in good condition when you receive them. Which goods should be examined especially carefully? Give some examples.



Packing slips are sometimes a bit confusing. According to the list on page 11, you should find: Sugar, 2 bags, each containing 50 Kg., and Omo soaps. Each soap weighs 100g and there are 3 packages with 48 pieces of soap in each.

Now, according to the same list, can you work out:

- How many packages of Ben's Maize Oil there should be? \_\_\_\_\_
- What is the content of each package? \_\_\_\_\_
- How many litres there are in one tin? \_\_\_\_\_

What to do if something is wrong

Your society will have to pay for what is listed on the Delivery Note/Packing Slip; therefore the goods received must correspond exactly with those listed. If you find something wrong you must make a note either on the Delivery Note/Packing Slip or on a separate form which should be attached to it.

If you receive the wrong goods, you will have to decide whether to keep them or not. If you decide to keep them make a note like this:

pct	Omo soap <del>100 g</del> 200g	3 x <sup>24</sup> <del>48</del>	
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If you decide to return the goods, make a note like this:

<del>pct</del>	<del>Omo soap 100 g</del>	<del>3 x 48</del>	Returned. Wrong size delivered.
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The following notes are suitable when the wrong quantity has been received:

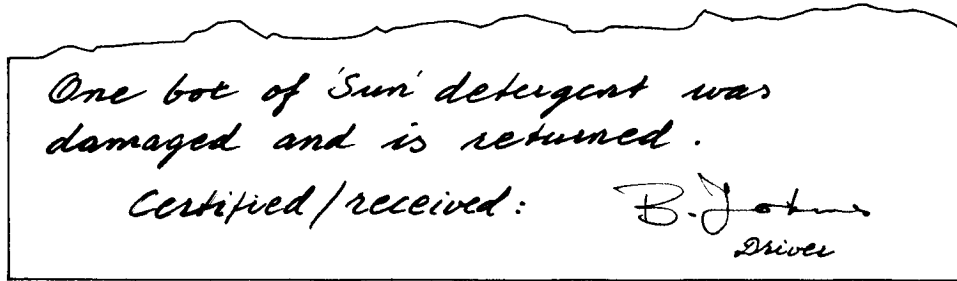
bag	Sugar 50 kg*	2	* One bag cont 45 kg.
pct	Omo soap 100 g	<del>1</del> x 48	
pct	Ben's Maize Oil 2 1/2 lit tins	2 x 6	Received 3 pcts. One is returned.

This shows (a) that you expect a deduction for the missing 5 Kg, of sugar, (b) that you expect a deduction for the one pack of soap that was missing, and (c) that you have returned the extra pack of oil.

How do you decide whether you should keep or return damaged goods? Can they still be sold? Do you need to reduce the



price? What have you agreed with your supplier? Make your decision, note whatever is wrong, and if anything is returned:



Ask the delivery man to certify all changes and notes you make. Keep one copy of the signed Delivery Note/Packing Slip. You will need it later to ensure that you do not pay for missing or damaged goods.

! When the goods received correspond exactly to the Delivery Note, you should then sign the Delivery Note. When there are discrepancies, both you and the delivery man must sign the note. Why?

### Empties

Containers, boxes, bags, cases and bottles do often belong to the supplier. When he charges you a deposit on those things, they should be specified in the Delivery Note or Packing List like any other goods. Then they should be checked in the same way as other goods.



Don't forget to get a receipt for the empties returned. Note type and quantity and ask the delivery man to sign for what he takes back to the supplier.

Should you keep the delivery man waiting while all this checking is done? Of course you should! If he demands your signature on a document that states in detail what you have received, then he must wait while you satisfy yourself that all is in order. Remember your society will have to pay for goods against your signature.

A quicker check

However, if your supplier or transporter has agreed to accept complaints after the goods have been received, you may let the delivery man go after a quick first checking.

Sometimes the Delivery Note states the number of packages only, and gives no details about the contents.

That means the driver is responsible for bringing you a certain number of packages in good condition.

CWS DELIVERY NOTE	
To: Valley Co-op	12/6/81
	Qty
bags of sugar	12
drums of paraffin	4
cartons of groceries	34
Received:	_____

Before you sign this kind of Delivery Note and relieve him of his responsibility, you must:

- Count the packages to make sure that the number tallies with what is written on the Delivery Note.
- Open any damaged packages and check the extent of damage to the contents.
- Check that nothing is missing from any packages which seem to have been **opened**, or which do not contain full weight or quantity.

In a situation like this, what should you do if you find that the number of packages is wrong?

First, you had better convince yourself and the driver that there really is something wrong. Count them again together. Is the number still wrong? If there are too many packages check to see if any are addressed to another shop. If there are too few, ask the driver to check that all your packages have been unloaded.

Still the wrong number? Note the difference and ask the driver to certify it on the Delivery Note.

	Qty
bags of sugar	12
drums of paraffin	4
cartons of groceries	<del>34</del> 32 B. Jones
Received:	_____

Continue to check

After the delivery man has left you should continue to check the details according to the packing slip. The supplier trusts you to report both shortages and over-deliveries without delay.

! Why is it not advisable to start moving goods from the receiving area before everything has been checked?

# CHECK WHAT YOU ORDERED

"Well, I've checked that we've got everything stated on the Packing List" said the assistant.

"That's good," said the manager "but did we really order small tins of margarine? And where is the coffee?"



They looked at the Packing List: 'Margarine tins 200g', that agreed with what they had received. Coffee was there too, but that line had been cancelled and somebody had made a note "out of stock". "I remember ordering 500g tins of margarine" said the manager "and our coffee will be finished before we get the next supply."

So far, you have learned to check the deliveries so that you don't lose any money on damaged or missing goods. However, that is not enough. You must also check that you get the goods you ordered. It is important to take action both when you receive goods which you did not order and do not need, and when you do not get goods which you did order.

Keep a copy of your order and compare it with the list of goods received.

# CHECK WHAT YOU PAY

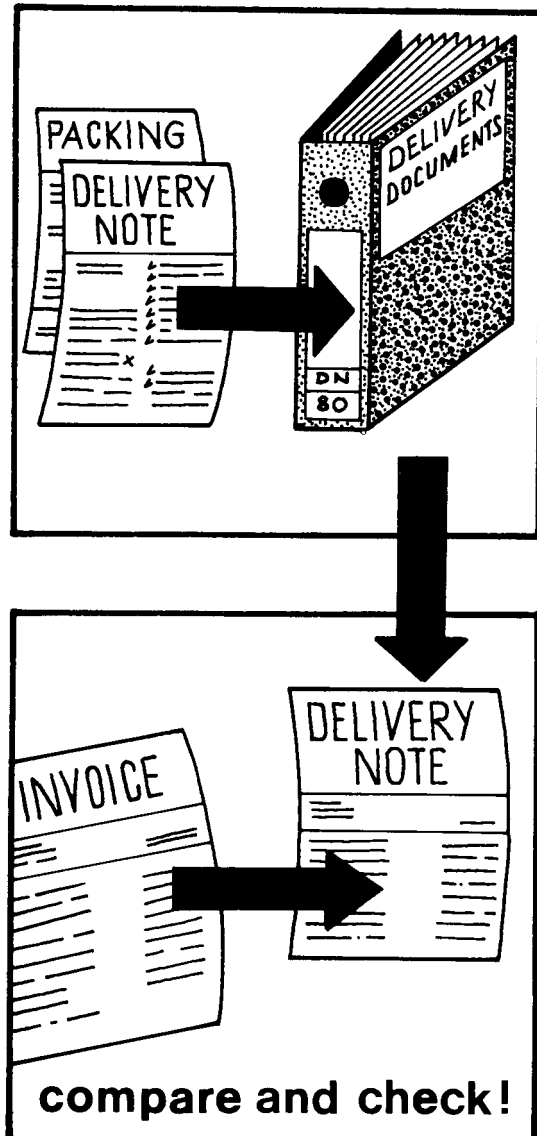
If you pay cash on delivery, the prices are probably shown on the document which accompanies the goods and which is used for checking on arrival. However, prices may also be stated on a separate bill. This is always so when the goods are invoiced. In any case, before paying, you should check four things:

**1. Have you received the goods you are being charged for?**

You must compare your notes from the check done on arrival with the bill.

Therefore, a copy of the Delivery Note (and the Packing List if any), showing all your tickings and comments about missing goods and damages, should be kept in the office.

It is a good idea to keep all documents from the check done on arrival in a separate file or box while waiting for the invoice to come in.



When the invoice arrives, you must check, line by line, that the goods you are charged for agree with your notes about what you received. In particular, you should check very carefully that your remarks about missing and damaged goods have been considered.

## **2. Have you been charged the correct prices?**

If you have got current price lists, you can check that the prices in the bill are correct. If you have no price lists, then somebody who is familiar with the prices should check that they are reasonable.

There are some common mistakes that you should watch out for:

- The retail price may be charged instead of the wholesale price.
- The ordinary price may be charged although a special discount rate had been agreed.



How would you make sure you remembered about an agreed discount price?

## **3. Are there any special payment conditions?**

Do not forget to check that you have got all the agreed advantages.

- Who is to pay for the freight? You, or the supplier?
- Do you get any bonus for buying big quantities?
- Is there any discount for cash payment?

#### **4.** Are the calculations correct?

Not only the adding up, but all the other calculations should be checked. Make sure that the price and the quantity for various units are not mixed up, e.g.:

2 boxes Tuna Fish @ T\$72.00 per box = 144.00

or

24 tins Tuna Fish @ T\$ 6.00 per tin = 144.00

#### Correction of mistakes

If you find something wrong with the invoice, you should notify the supplier. Depending on what you agree, the mistake could be corrected in one of the following ways:

- You make a correction on the bill and pay the correct amount.
- You withhold payment until you receive a new, correct invoice, or a credit note.
- You pay the amount stated in the invoice, and the supplier deducts the extra amount paid from the next invoice.
- The supplier promises to replace the missing or damaged goods.

Only in the first case is the matter settled immediately. In all the other cases you have to keep all the documents in the "pending" file.

## "CHECK-OUT"

To prove to yourself that you have fully understood this Element, you should now go through the following questions. Mark what you think is the correct answer to each question. The first question is answered as an example. If you have problems with a particular question, go back and read the corresponding chapter again. Your teacher will later check your answers.



- 1 Who will lose money if nobody discovers that there are some goods missing on delivery to a co-operative shop?
  - a the supplier
  - b the delivery man
  - c the co-operative society
  
- 2 If you collect goods at a wholesale depot, when should you start checking for damages?
  - a when they are taken out of the depot
  - b when they are loaded on the truck
  - c when they are placed in the receiving area in the shop
  
- 3 Where should the receiving area be situated?
  - a outside the back of the shop
  - b in the store close to the back door
  - c in the store close to the selling area
  
- 4 A shop assistant is told to receive goods, but is busy with a customer when the delivery man arrives. What should he do?
  - a leave the customer and attend to the delivery man
  - b ask the delivery man to wait a moment and finish with the customer as quickly as possible
  - c ask the delivery man to start unloading and take the time needed to deal with the customer.
  
- 5 When checking that the correct goods are delivered, one should:
  - a unpack all bulk packages
  - b open packages that do not carry full information about the contents
  - c rely on what is stated in the delivery note or packing slip



- 6 Which of the following commodities should always be unpacked and checked?
- a sugar
  - b tinned corned beef
  - c drinking glasses
- 7 How should the delivery note/packing slip be ticked?
- a tick each line as soon as the commodity stated on it is checked
  - b when all the goods have been checked, put a tick at all the lines that are correct
  - c tick each line as a corresponding line is found on the invoice
- 8 What should the receiver of the goods note on the delivery note/packing slip?
- a every item that differs from what has been received
  - b only the missing items, if any
  - c only the damages, if any
- 9 Who should usually certify discrepancies found when the goods are being checked?
- a the chairman of the society
  - b a co-operative officer
  - c the delivery man
- 10 When should a commodity be moved from the receiving area?
- a as soon as it has been checked
  - b when the whole consignment has been checked
  - c when the consignment has been paid for
- 11 How can you check if all items ordered have been received?
- a by looking for cancelled lines on the packing slip
  - b by comparing the ticked parking slip and the copy of the order
  - c by looking for empty spaces in the display of goods
- 12 How can you check that the goods invoiced have been received?
- a by asking the man who received the goods
  - b by checking the goods
  - c by looking at the delivery note/packing slip

# COMPLEMENTARY EXERCISES

To complete your studies of this topic you should take part in some of the following exercises which will be organised by your teacher.



## PRACTICAL GROUP ASSIGNMENTS

- 1 Prepare a check list of what to do when goods are received in a co-operative shop.

Make a study tour to a selected shop:

- 2 Study how the goods are received or ask the staff what system of checks they use. Compare with your check list and write a report giving your recommendations.
- 3 Find out how many discrepancies were discovered in the previous month and how they were corrected. If possible, check if the invoices have been corrected accordingly.
- 4 Study the various documents used for ordering, receiving and paying for the goods. Note the names of the documents and how they are used and kept.