Table of Contents

Overview ......................................................................................................................................... 2
Introduction ..................................................................................................................................... 2
Policy ............................................................................................................................................ 2
Exclusion ....................................................................................................................................... 2
Procedures .................................................................................................................................... 3
Operating Procedures .................................................................................................................. 3
Essential Elements of Receiving Reports ...................................................................................... 3
Receiving Report Alternatives ....................................................................................................... 3
Partial Shipments and Payments .................................................................................................... 4
Timing Requirements ..................................................................................................................... 5
Exemptions From Requirements .................................................................................................... 5
Internal Control ............................................................................................................................... 6
Records Retention .......................................................................................................................... 6
Time Period .................................................................................................................................... 6
Contacts ......................................................................................................................................... 6
DOA Contact ................................................................................................................................. 6
Subject Cross References ............................................................................................................... 6
References ...................................................................................................................................... 6
Overview

Introduction
Receiving reports document the satisfactory receipt of goods, materials, equipment, and supplies. Receiving reports provide an auditable source of verification that goods are received in a manner acceptable to the conditions and requirements of the contract or purchase order prior to the authorization of invoices for payment.

Policy
The following policies apply to receiving reports:

- Receiving reports should be prepared when goods, materials, equipment, and supplies are received. Agencies must provide for a comparable level of confirmation for the receipt of services,

- Receiving reports should be compared with and maintained on file with their respective invoices, purchase orders, and requisitions,

- Agencies should not approve an invoice for payment without first obtaining a receiving report bearing the signature of an authorized individual which verifies the receipt of the items consistent with the conditions and requirements of the contract or purchase order, and

- Agencies should notify vendors of invoicing requirements and instruct vendors to send invoices directly to the agency's designated invoice processing section for payment. Agencies should also notify vendors that invoices not delivered in accordance with agency instructions are not considered to have been submitted in a timely manner and may result in payment delays.

Exclusion
A receiving report is not typically used to document the receipt of services including:

- Personal service contracts for consulting and similar activities,
- Services which do not result in the receipt of vendor invoices (e.g., rent, postage meters), or
- Services which are difficult to measure (e.g., electricity, water, sewer). However, some form of receipt confirmation is required prior to the authorization of payment for services. This service receipt confirmation should contain the essential elements of a receiving report outlined in this topic.
Procedures

Operating Procedures

The agency's receiving official should obtain a copy of the authorized purchase order or requisition prior to receipt approval. The quantity, price, and description of goods, materials, equipment, and supplies received should be comparable to the purchase order or requisition.

Items received should be carefully inspected to ensure they are received in an acceptable condition. Equipment should be tested after installation is complete. All equipment should be tested by a qualified individual to ensure proper operation prior to receipt approval.

Essential Elements of Receiving Reports

Receiving report format and method of implementation are at the discretion of the agency. However, agencies must ensure that the following items of information, at a minimum, are included on receiving reports:

- Date received,
- Date receiving report was completed,
- Vendor name,
- Purchase order or requisition number, if applicable,
- Quantity and description of the items received, and
- Authorized signature verifying that the items were received in good condition.

Receiving Report Alternatives

In lieu of a separate receiving report document, a packing slip, delivery receipt, requisition, copy of the purchase order, or electronic receiving report may be used, provided that all of the required information listed in Subtopic "Essential Elements of Receiving Reports" above, are recorded. If one of these methods is used in lieu of a receiving report document, it must be noted as "original."

If electronic receiving reports are used, the computer ID (signature) of the person who certifies that the items were received should be electronically attached to the receiving report and automated reports substantiating receipt should be retained.

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Procedures, Continued

Partial Shipments and Payments

When shipments are expected to be received before an invoice is presented from the vendor, the receiving report should be held until the final shipment is received and recorded on the receiving report. The signature should not be put on the form until it is to be sent to accounting.

If partial payment is needed, such as when several shipments will be made over a period of time, an agency can create multiple payment vouchers as long as sufficient documentation is kept to compare to the original purchase order and ensure all goods and services have been received. The agency accounting staff will request a receiving report to support the payment. For partial payments, a photocopy of the receiving report should be made and signed by the person who is authorized to certify the receipt of goods or services and clearly mark it “Partial Shipment” and forward that to agency accounting. The receiving report which serves as supporting documentation of the transaction should always bear an original signature, not a copy of a signature.

The receiving unit will also need to make extra photocopies of the receiving report if there will be more than two shipments of goods or services for an order. The original receiving report is always utilized for the final shipment, and the original report should not be signed until the final shipment has been received.

When final payment is made, the description of goods and services should be changed to reflect only the goods/services being paid for by the final disbursement.

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Procedures, Continued

Timing Requirements

To ensure timely payments, the inspection of the items or services received and the completion of the receiving report should be completed as soon as possible, but in no case more than 3 working days after delivery.

If the goods or services are not delivered in accordance with the requirements of the purchase order or contract, the agency must notify the vendor of the defect as soon as possible, but in no case more than 15 days after the receipt of the goods or services. Damaged or otherwise unacceptable materials, goods, equipment, or supplies should be documented on the receiving report and appropriate action taken to remedy the defects.

Exemptions From Requirements

Some procurements usually do not result in the receipt of vendor invoices (e.g., rent, honorariums and postage meters), and some procurements result in the receipt of service that is difficult to measure (e.g., telephone, electricity, water and sewer). In such instances, the receipt and acceptance of that which is being paid for can be controlled without the use of a receiving report.

The following items are exempt from the receiving report requirements.

- Utility bills
- Maintenance agreements (contracts)
- Subscriptions
- Newspaper advertisements
- Stipends
- Honorariums
- Rent
- Lease purchase agreements
- Post Office box rentals
- Postage
- Registrations
- Pre-paid printing
- Credit checks on individuals
- Trash pick-up or janitorial services where no statement is rendered

These exemptions are contingent upon maintaining adequate internal control to ensure that the Commonwealth has received the appropriate value for its expenditure for these particular items. Receipts, acknowledgments, annual contracts, or other related documentation should be kept on file at the agency, as these items will be audited by the Auditor of Public Accounts (APA).
Internal Control

The comparison of purchase orders and requisitions with receiving reports and invoices prior to payment are standard internal control procedures. Adherence to the receiving report procedures will help ensure that goods, materials, equipment and supplies are received in a manner consistent with the terms of the contract or purchase order.

Receiving reports should be authorized by a designated individual who is not also authorized to make payments pursuant to the purchase order or contract.

Records Retention

Original receiving report documentation should be maintained on file in each agency for three years. See CAPP – Cardinal Topic No. 21005, Records and Retention for further guidance.

Contacts

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Subject Cross References

References
CAPP – Cardinal Topic No. 20310, Expenditures
CAPP – Cardinal Topic No. 20315, Prompt Payment