

# RECEIVING MERCHANDISE – BACK ORDERS

POLICY No.: **IM-010**

SUPERSEDES No.:

EFFECTIVE DATE: **JULY 1, 2002**

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## I. PURPOSE

To establish a uniform method of identifying back ordered merchandise and completing the receiving process once merchandise is received.

## II. SCOPE

This procedure shall apply to all back ordered merchandise.

## III. GENERAL

A back order occurs when a supplier is unable to ship or deliver a complete order and the supplier plans or agrees to ship the outstanding items at a later date.

Do not automatically process a partial payment on an order that is not complete. Often, when a vendor creates a back order situation, the vendor sometimes does not intend to complete the shipment because of various circumstances such as item has been discontinued and no more supply exists, etc.

Before you process a partial payment, call the vendor and determine whether the balance of the order has been back-ordered. If not, adjust the purchase order totals to the amount actually shipped and received, canceling the balance. If a back order is due, process a partial payment. Failing to verify the vendor's intention to complete the order may result in not receiving needed materials, the creation of additional paperwork, and loss of service to the community.

## IV. RECORDING A PARTIAL SHIPPED ORDER

On receipt of a shipment wherein the supplier has back-ordered an item, the Town employee receiving the partial order will ensure that the following steps are taken: (The Entry Letters refer to the identified section of the sample form following this section.)

1. The supplier packing slip will be marked as follows:
  - a. A circle shall be place around the partially shipped item and the quantity received.
  - b. Place the date received and received b signature on the packing list.
  - c. Make a copy of the partial shipment packing slip.
2. The receiving report will be prepared and distributed in the following manner:
  - a. Enter on the receiving report areas specific for damaged and back ordered items the item number from the purchase order designated for the partially shipped merchandise.
  - b. Enter the description of the partially shipped item in the appropriate area.
  - c. Record the quantity backordered.

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- d. Place any pertinent comments needed regarding the partial shipment.
- e. Make a copy of the receiving report.
- f. Attach the original supplier's packing slip and the copy of the receiving report to a copy of the original purchase order and forward the paperwork to the Accounts Payable Division for processing and partial payment.
- g. Retain the copy of the supplier's packing slip and the original receiving report for completion upon receiving the completed order.

## V. RECEIPT OF FINAL SHIPMENT

Upon receiving the remaining back ordered merchandise the following steps will be taken: (The Entry Letters refer to the identified section of the sample form following this section.)

1. The receiving report will be marked as follows:
  - a. Perform the normal inspection of merchandise.
  - b. Sign the receiving report in the appropriate area at the bottom of the receiving report.
  - c. Give position title.
  - d. Mark the date back ordered merchandise was received.
  - e. Attach all corresponding paperwork to original purchase order and forward to Accounts Payable Division for processing.