

Section 2.31

Inspection, Testing & Acceptance

Testing

All goods are subject to inspection and testing by the state. Authorized agency personnel shall have access to a contractor's place of business for the purpose of inspecting contracted merchandise. Tests may be performed on samples obtained by request of the agency or taken from regular shipments. When products tested fail to meet or exceed all applicable specifications, the costs of the sample used and any testing performed shall be borne by the contractor.

Goods which have been delivered and rejected in whole or in part may be, at the state's option, returned to the contractor at contractor's risk and expense or disposed of in accordance with TPASS rules or applicable statutes. The contractor may request that goods be held at contractor's risk for a reasonable period of time for later disposition at the contractor's expense.

Latent defects may result in revocation of acceptance of any product.

TPASS may also arrange for testing and inspection of goods and services before they are purchased. Other state agencies may test and inspect goods and services before purchase under standard industry testing methods, or they may contract for testing. TPASS may inform agencies and vendors about available private testing facilities.

To request an inspection contact the TPASS Contract Management Office at tpass_cmo@cpa.texas.gov

If an ordering entity experiences any problem with a commodity on term contract at any time, it should immediately report the problem to the TPASS Contract Management Office.

Shipment Inspections

Agencies must inspect all shipments received against orders and report any discrepancies to the contractor and, when required, to the carrier/transportation company. A contractor may be required to pick up any merchandise not conforming to specifications and replace the merchandise immediately.

Check the manifest or bill of lading to confirm the correct numbers of containers/packages specified have been delivered. When possible, note shortages on the carrier's shipping documents prior to the departure of the driver and on all other receiving documents required by the agency.

If the items on the manifest do not match the PO, the shipment may be refused or, if accepted, immediately contact the contractor for instructions for handling the incorrect items.

For assistance in resolving issues for orders processed through the TPASS TxSmartBuy; Managed or a One-Time Open Market contracts, contact the TPASS Contract Management Office at tpass_cmo@cpa.texas.gov.

Damages:

Upon delivery examine the outside of the containers for damage:

- **No Visible Damage**
If there is no visible damage, accept the shipment and maintain a copy of the manifest/bill of lading with the receiving document.
- **Minor Visible Damage**
Record any damage to the shipping containers on the carrier's shipping document and ensure that it is signed by the delivery person before the shipment is accepted. Recording minor damages to containers provides added documentation in the event that there is concealed damage.

- **Severe Visible Damage** The process for severely damaged containers differs depending on whether the order was shipped F.O.B. Origin or F.O.B. Destination. See the Carrier Shipping Terminology heading below for more information on F.O.B.

For **F.O.B. Destination**, if the shipping containers are damaged enough that it is probable that the contents are also damaged, you may:

- Reject the entire shipment
- Accept the entire shipment
- Accept part of the shipment and reject the damaged containers

TPASS strongly recommends accepting the entire shipment or accepting a partial shipment with rejection of the damaged containers to prevent unnecessary delay of required goods. If all or part of the shipment is accepted, contact the contractor to obtain replacement instructions for the damaged items. If the contractor abandons the merchandise (fails or refuses to pick it up), consult your agency's legal counsel regarding disposition.

If the entire shipment is refused, record the reason for refusal on the carrier's shipping documents and notify the contractor that the shipment was refused and needs to be reshipped due to severe damage.

For **F.O.B. Origin**, if the shipping containers are damaged enough that it is probable that the contents are also damaged, accept the shipment and then record the damage on the carrier's freight bill. Your agency is responsible for filing freight claims with the carrier.

- **Concealed Damages**

It is critical to immediately inspect all containers for exterior and/or concealed damages and make notations. Concealed damage may not be evident and will be discovered after unpacking the containers. The carrier and the contractor must generally be notified within 15 days of receipt to be held responsible for concealed damages; however this can be modified by the agency or the respondent through the contract.

Complete the Receiving Report

Generate a complete receiving report in accordance with your agency's specific receiving procedures following these best practices.

Retrieve a copy of the PO or receiving document. If the document cannot be located, contact your purchasing department to verify that the shipment is intended for your agency and continue the receiving procedure. If you are certain that the shipment is not intended for your agency, refuse the shipment.

Compare the Shipment to the Purchase Order (PO) or Receiving Document

Locate the purchase order number on the shipping documents and after immediate inspections of the shipment and after the containers are opened, check the following against the PO:

Quantities and Unit of Measure

Compare the quantity and unit of measure and note any shortages or overages.

Quantity Overages

An agency is not obligated to pay for amounts over the stated quantity on the order unless they are allowed in the terms and conditions of the contract. If overages are accepted by the agency, a Purchase Order Change Notice should be processed.

An example of overage allowances is printed products. Customarily, there is an allowance for up to 10% over or under in a delivery and it is at the discretion of the agency to accept.

Quantity Shortages

Contact the contractor immediately to determine if the shortage is to be considered a partial shipment. Provide a written request with a timeline for the balance to be delivered. The contractor cannot be held responsible for shortages not reported within 15 days from receipt. If by mutual agreement the shortage is considered complete, a Purchase Order Change Notice should be processed.

Items Ordered

Compare the following with those listed on the PO or receiving document with the packing slip:

- Detailed descriptions
- Brand name and model number received with the brand name and model number on the PO or receiving document.

Record all discrepancies on the packing slip and/or the receiving document and immediately inform the agency purchaser or contract manager.

A contractor may be required to pick up any merchandise not conforming to specifications and replace the merchandise immediately.

Substitutions are only acceptable if they are pre-approved by the agency.

Inside Delivery: If the PO specifies “Inside Delivery,” it is the sole responsibility of the contractor to deliver to the exact floor and room number on the PO. If there is a problem, contact the contractor immediately.

Pallets: If the PO requires the shipment to be palletized but is not, contact the contractor and request it to palletize the shipment at the agency location at no additional cost. If the agency agrees to accept the non-palletized shipment and additional charges are on the purchase order, process a Purchase Order Change Notice and forward to your Accounts Payable, making a notation for accounts payable to exclude the charges from the payment.

Resolve Discrepancies

The role of the agency’s purchasing department is to:

- Document discrepancies
- Notify the contractor of the discrepancies in writing and follow up telephone notifications in writing to include instructions on what action the contractor should take and the deadline for that action. Give the contractor the opportunity to make the shipment good.
- Without exception, payment should not be made on individual line items until they meet all specifications.
- If there is a shortage, notify the contractor in writing and have it ship the items at its expense or by mutual agreement consider the order complete and process a Purchase Order Change Notice.