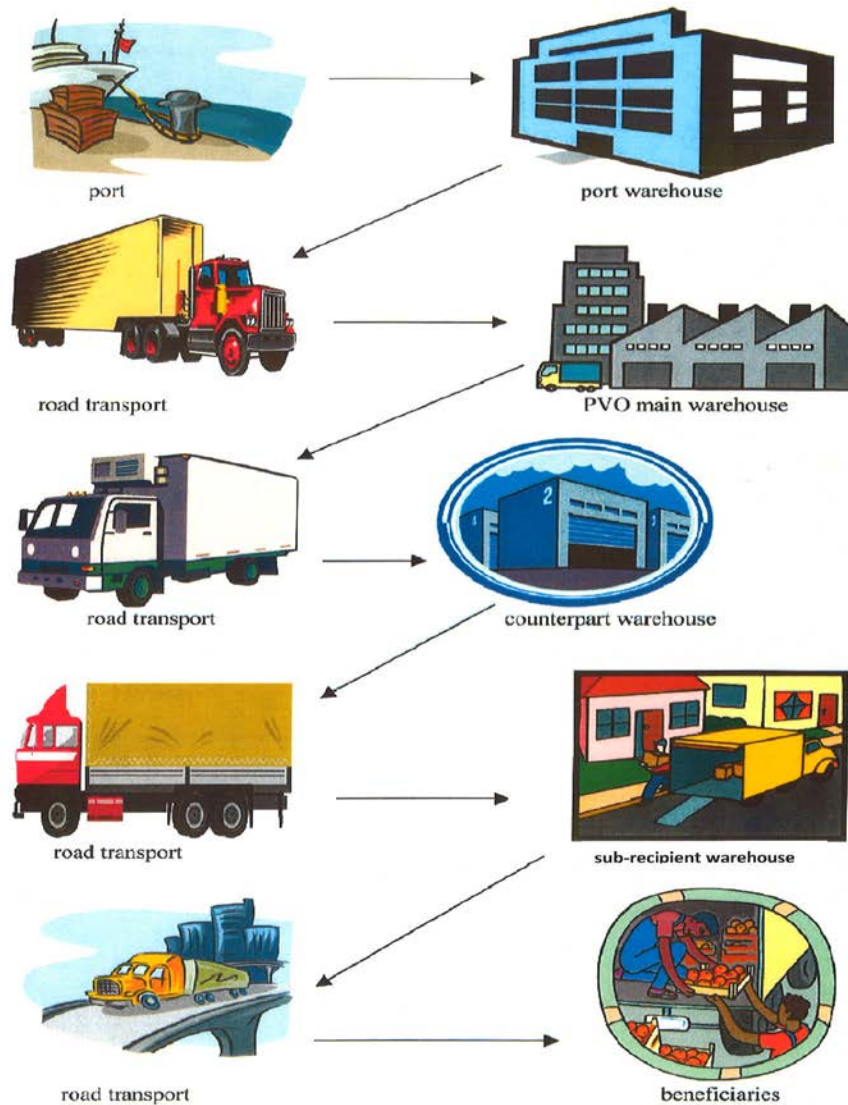


SECTION C/Phase 3b: Logistics Planning

Distribution planning:

Distribution planning starts before arrival of the food assistance cargo and ends after distribution to the ultimate beneficiary, planning for efficient operations at each node of the distribution chain.

Courtesy of Debra-Lynne Edwards



PHASE 3b: LOGISTICS PLANNING

The Council of Supply Chain Management Professionals (CSCMP) describes logistics management as “the governance of supply chain functions. Logistics management activities typically include inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management ... and management of third party logistics services providers.”

Logistics is also described (*MDC, LogLink/LogisticsWorld, 1997*) as “the science of planning, organizing and managing activities that provide goods or services.”

In the context of the manual, logistics planning is ensuring that proper dispositions and arrangements are in place to deliver the food commodities in good condition to their intended beneficiaries in a timely, secure, well-organized manner, and in sufficient quantities.

Staffing

Logistics planning team members will ideally include: 1) a food accountant (for master shipping ledgers), 2) the logistics manager (to coordinate hiring of clearing agent, surveyor, for representing CRS at the Port of delivery), and the transport of commodities to primary destination and, 3) the warehouse or store manager for preparing for receipt of the expected commodities.

Logistics Planning at CRS

To ensure that the logistics are in place to manage the movement of commodities from the source of procurement to the beneficiaries, the flowchart below (**see Figure 6**) provides guidance on the sequence and timing required for the system to work. It is important that these items be considered as a “system” for managing food aid programs, much like a value chain or commodity chain. Although certain staff may have direct management responsibility for specific areas of this system, it is important that all staff have a general overview of the program they participate in.

Phases of Logistics Planning

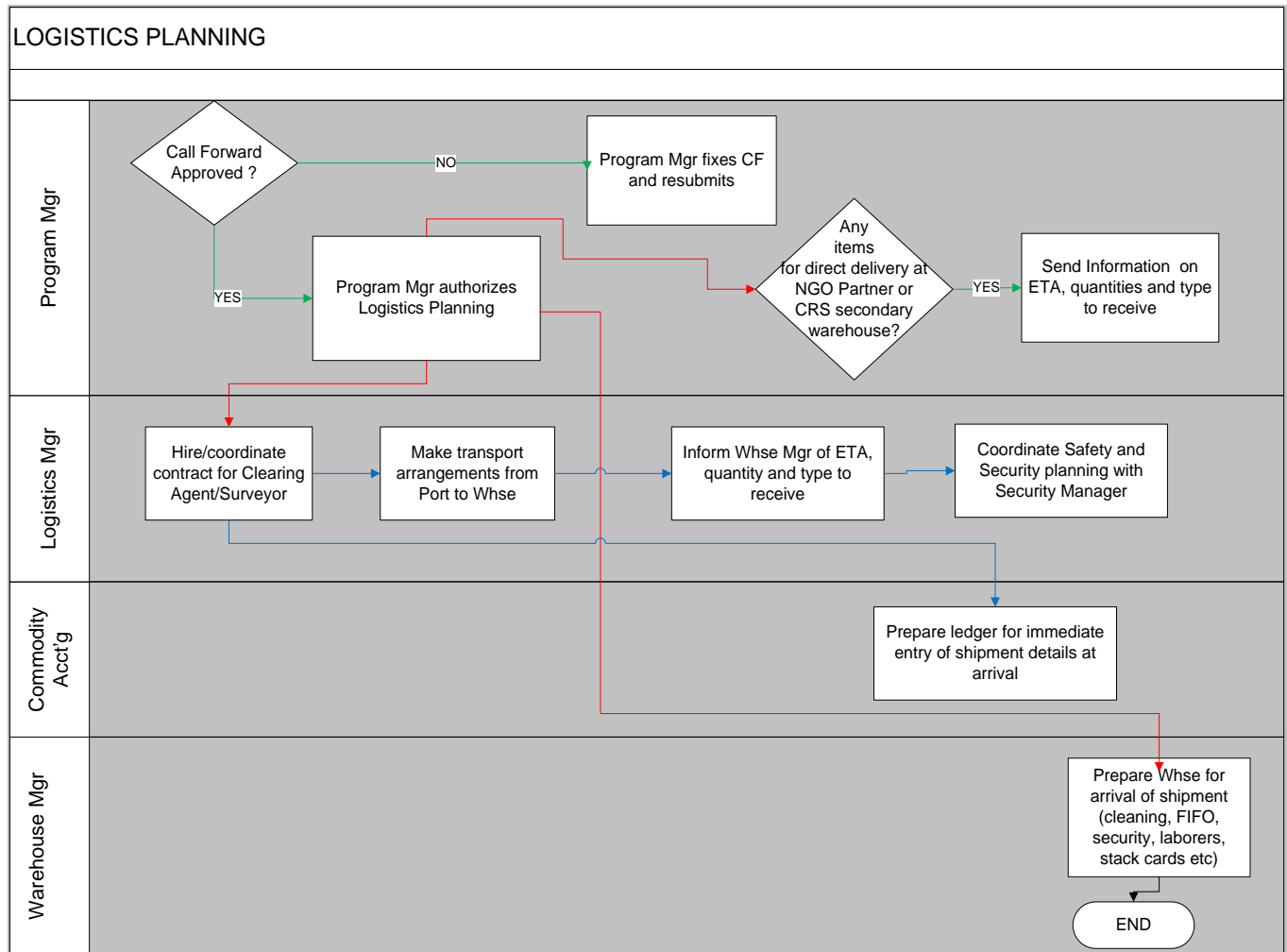


Figure 5: Phases of Logistics Planning

Logistics will assess a combination of CRS and service providers' capacity and availability of services in preparation for:

1. Master Shipping File/Ledger

After the Sales Order/CF processes, the Master Shipping File/Ledger is the next step in the paper trail of commodity accountability for a country program, and will be ready prior to the arrival of commodities at the warehouse.

Accuracy and Proper Tracking

Accurate information in the master shipping ledger is essential for the proper tracking of commodities. Generally, the commodity accountant is the person that maintains the master shipping ledger.

The master shipping file/ledger is a record of all arrivals by commodity, carrier, etc., and will include the following information:

- Vessel
- Voyage #
- Arrival
- Name of Commodity
- Date
- Shipment/Packing List #
- Total Weight
- Marine Losses
- Port Losses

- Quantity
- Cost of Survey
- Cost of Reconstitution
- Total Losses

Other information may be considered as necessary to monitor commodity accountability. The end balance in the file/ledger contains the data that will be transferred to the warehouse ledger and used for proper tracking of commodities.

2. The Individual Shipment File

The country office must prepare and maintain an individual shipment file for each shipment. The file should contain all the documents obtained or accumulated on a specific shipment, especially information obtained during the port off-loading activity. This file should also contain all the backup documentation for the information contained in the master shipping file/ledger. The logistics officer or equivalent position should maintain the individual shipment file. The individual shipment file should have one sheet on the top **or** left side of the file with **complete reconciliation** of the shipment transaction with the B/L quantity: all together, the amount discharged, moved to partner, port loss, and marine loss will match the B/L quantity.

The country representative or designated staff should compare the information contained in the master shipping file/ledger with the individual shipment file. Any differences or missing items should be corrected or recorded immediately.

3. Coordination with the Clearing/Freight Forwarding Agent (CFA)

Upon receiving the shipping documents, CRS routinely sends an application to the host-country government for duty-free delivery. CRS will then hire the services of a clearing agent to ensure that commodities move from ship to warehouse in a safe and timely manner ([see sample contract in attachment 6a p.125](#)). CRS then sends the duty-free documentation, original B/L, packing list, and other required documents to the clearing agent prior to the ship's arrival, to ensure necessary clearance and documentation from the port authority, and that customs and others are in order. The clearing agent does not take possession of the commodities and is not generally responsible for documenting losses, which is the responsibility of the independent surveyor. In other words, the clearing and forwarding agent is responsible for shipment clearance, liaising with port authorities, and filing the bill of entry with port authorities.

Duty free only applies for commodities received for distribution and in some exceptional cases, for monetization commodities.



4. Arrange for Ex-Tackle Survey

It is the responsibility of the country representative or designated staff to ensure that an independent surveyor is contracted to perform an ex-tackle survey. An independent surveyor means a surveyor different from the shipper's surveyor ([see sample contract in attachment 6b p.125](#)). CRS' independent surveyor is responsible for performing an ex-tackle survey listing the container number, seal number, and verifying the condition of the container. At de-stuffing, the surveyor will tally the contents of the container.

The surveyor will tally the commodity as it is taken off the vessel. He will carry out a survey of the damaged goods to determine damages on the account of the shipper, which become marine losses. The report will constitute the necessary documentation for CRS to file claims against the shipper for maritime losses.

Upon receipt of the bill of lading, a copy of the B/L must be sent to the selected independent surveyor. Written verification of the receipt of document should be received from the surveyor. It is incumbent upon the country program to be able to prove that it requested and received from the surveyor acknowledgement that the surveyor would perform the survey. A follow up

letter should be sent to the surveyor prior to the arrival of the vessel. Attached to this letter should be a duplicate copy of the bill of lading. It will be the surveyor's duty to identify and report on damaged commodities, and which party is responsible for the damages (carrier, port etc). The

If the commodity is shipped in break bulk (not containerized) it will arrive on rail cars and once it arrives at the port the stevedores (hired by the carrier) unload the rail cars into containers they will have brought alongside.

With few exceptions, when the containers arrive at the port, the carrier will be responsible for de-stuffing them and either load them directly onto a truck or put them in a port warehouse for CRS to make arrangements for pick up of the commodities.

discharge and delivery surveys.

CRS' Relationship with Consultants

In most countries, the cargo clearance process at the port requires the services of a licensed clearing agent. This individual/firm will be responsible for passing documents to customs and port authorities. The agent represents CRS to the port authority and is a key to the rapid clearing of the cargo. The Country Program has probably been using the same clearing and forwarding agent for a long period, and it may be advisable to continue using the same. However, as in any business relationship it is sometimes necessary to revitalize the relationship especially if the level of service is disappointing. The clearing and forwarding agent will also take responsibility for moving the cargo out of the port and to the main warehouses. In some countries the clearing and forwarding agent is responsible for the entire logistics operation, and will send food as far as the distribution sites. Depending on the quality of the service, this can be of great assistance. However, if performance is poor, high losses may occur for which CRS is responsible.

The country representative or designated staff should establish and maintain a good working relationship with the clearing and forwarding agent. The agent should be aware that they give CRS authority to take action if there is substantial delay of shipment that may affect CRS' program and that they will be held responsible for avoidable delays in the same manner that they would be for a commercial cargo. Such clause should be clearly articulated in their contract agreement with CRS.

surveyor contract will enumerate the different information to be contained in the survey report. CRS should demand that a professional company delivers a professional job. CRS should make sure from the beginning that the survey firm understands all the services they are expected to provide, and that these need to be performed with the same professionalism, as they would be in the case of a commercial cargo.

All shipments have a discharge survey. Through Bill of Lading and landlocked countries have both

5. Additional Documents Required for Clearing Commodities

Each country requires certain documentation to be submitted to customs for clearance of cargo. In addition to the Bill of Lading, documents such as phytosanitary and radioactivity certificates may be required. Depending on the country, letters from counterpart ministries, such as the Ministry of Agriculture and others, are required. A country representative or designated staff must be aware of the documents necessary for clearance to ensure that they are obtained and submitted to customs in the time period required. The country representative or designated staff should be aware of which documents are obtained locally and which must be sent by CRS Shipping/FF.

6. Selection of Transporters

CRS staff must ensure that “inland transporters” are properly selected to guarantee the transport of goods from the port to a primary warehouse or NGO partner warehouse. It is important to assess available transporters and/or commercial transporters before starting a bidding process. The bidding process must adhere to the [CRS purchase policy](#). The assessment should consider the following:

- a. Geographical, seasonal, and political constraints
- b. Size of the transporters
- c. Ensuring that the best transporters are selected. Price is important – but security and reliability are very important factors
- d. History of the transporters. Other agencies (like SCF, Mercy Corps, World Vision) should be contacted in order to get an update on transporter reliability
- e. It is best to have more than one transporter available on each route

An important point to consider: some transporters may try to influence CRS’ choice of itineraries or routes without disclosing the true reason for their insistence. Some destinations could be of particular interest to them if they have non-CRS program goods to carry on that particular route. Their transport contract with CRS should prevent such conflicts of interests and include penalty clauses if CRS’ program commodities are mingled with non-authorized goods/commodities and if shipments/dispatches are unjustifiably delayed.

7. Receipt at Warehouse

The country program will prepare the warehouse to receive the commodities. Upon receipt of notice of arrival, the warehouse staff will thoroughly clean and inspect the facility to confirm that it is free of pest and rodents; that the roof doesn’t leak; that the door, locks, ventilation, and lighting function well; and that the facility is clear of trash and debris, old equipment, etc. Laborers will sweep the ceiling, floor, beams, and walls.

If the storage space is rented or borrowed, the country program will inspect the area and ensure compliance with CRS’ standards enumerated above and, if required, see to the necessary repairs and equipment acquisition (**Ref: Section C/Phase 8, #3**) in the following areas:

- Roofs, doors, locks, and lighting
- Pallets or dunnage racks to raise food off the floor
- Partitions, machinery, or other equipment left in the storage areas are cleared out
- Storage area is level and well drained

Before the commodities arrive at the facility, the warehouse manager will prepare the necessary bin cards (for stacking) and the warehouse register for timely recording of items received (**see Section C/Phase 7, #2**), with the following information:

<ul style="list-style-type: none"> • Warehouse: name and code of the facility 	<ul style="list-style-type: none"> • Date: date of reception or dispatch of the commodities
<ul style="list-style-type: none"> • Donor: of the commodities 	<ul style="list-style-type: none"> • DN/WB #: received w/the commodities or of the DN/WB prepared when dispatching from the warehouse
<ul style="list-style-type: none"> • Origin/Destination: origin is the source of the commodities arriving in the warehouse. Destination is the location to which commodities have been dispatched. An entry into the IN column indicates an origin while entries in the out column indicates a destination 	<ul style="list-style-type: none"> • Description: entered by type of commodity by packing specification on the top of the columns used to enter receipts (IN), dispatches (OUT) and balances. • In, Out, Balance, and Damaged: in the ledger, the unit of measure for food commodities is the KG; other commodities are generally entered as units. All receipts at the warehouse of commodities in good condition must have a corresponding entry in the ledger IN column under the corresponding commodity, and all dispatches an entry in the OUT column. On the electronic ledger the balance will total automatically.
<ul style="list-style-type: none"> • Truck Plate #: of the vehicle that either delivered to the warehouse or dispatched from the warehouse 	

Figure 6: Information on a Bin Card

9. Warehouse and Staff Safety and Security

Warehouse staff must be trained in good warehouse management, as this will lead to a safe and secure working environment.

The food program manager and the logistics manager will ensure that all new warehouse employees receive a preliminary training on warehouse safety before they can begin work in the warehouse. This is required to make sure all new workers are aware of the rules and safety regulations that apply to them. The objective is to explain to them the potential hazards in a warehouse and safety precautions and procedures that are important to warehouse safety. As a result, employees will be more aware of these hazards and will pay closer attention to equipment and tasks that could cause accidents (**Ref: Section C/Phase 7, #7**).

SECTION C/Phase 4: Pre-Arrival of Vessel

Preparing for Arrival of the Vessel:

It is strongly recommended that the country program (logistics manager) arrange a pre-shipment arrival meeting with relevant port authorities, the independent surveyor, shipping agent, clearing and forwarding agent, and any other concerned individual to ensure proper coordination among relevant stakeholders.



PHASE 4: PRE-ARRIVAL OF VESSEL

Once the shipment is booked, CRS/Shipping/Freight Forwarder will inform the country program of the estimated arrival date of the ship, the ship's name, the port in the U.S. from which it is departing (port of embarkation), the port of destination, and the cargo being carried. The country program must be aware that split shipments are likely especially for large call forwards/sales orders. The shipments may arrive on multiple vessels over a period of weeks and therefore CRS must be ready for multiple clearances and trucking operations.

Staffing

CRS/Shipping HQ and FF will coordinate with the CP (MYAP) coordinator and other relevant logistics staff regarding the arrival of shipments and ensuing claim process reporting. S/He will also communicate with the warehouse manager regarding the estimated time of arrival of container(s) or the trucks.

Shipping Documents Arrival Time

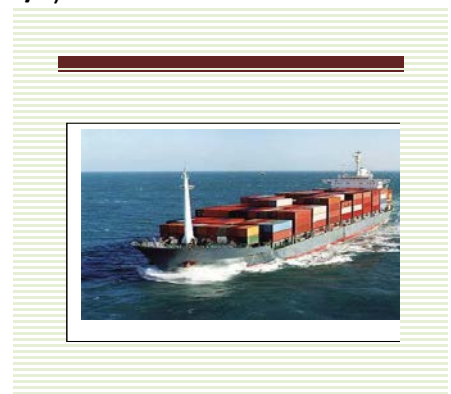
The country program must be aware of the time the documents are expected to arrive, based on the prior history of the program. Countries can have different ordering/shipping times from the US. This will determine when documentation for the shipment ordered in a sales order/CF will begin to arrive. Documents will be sent to the country program after the vessel sails. CRS/Shipping/FF will send weekly updates on arrival.

Once this period has been determined, a country program can gauge when it is necessary to request information from CRS/Shipping/FF on the status of shipments. It is extremely important that a country representative or staff member be aware of these times, as documents can be lost or delayed.

Packing List and Bill of Lading

The Packing List and Bill of Lading (**often abbreviated to PL and B/L**) documents arrive at the same time, and are key documents for tracking the arrival of the commodities.

- The **packing list** describes the type and amount of the commodities on the ship. It contains the entire amount of commodity on the ship, and can include more than one bill of lading. The packing list and the bill of lading are the primary documents for tracking the commodities until they arrive at distribution sites. Each packing list is numbered, using the FY, the country code, and sequential numbers. For example, if a program receives PL 10MW0245, it means that this is the 245th packing list sent to the Malawi country program under FY 2010 funding. The number is assigned by the freight forwarder (CRS Shipping). In this case, PL refers to packing list, not to be confused with PL 480, which is Public Law 480.
- The **Bill of Lading** is proof of a contract of carriage between the carrier (the shipping company) and the shipper. A ship can and often will have more than one Bill of Lading and can even have more than one Bill of Lading for the same commodity. The Bill of Lading is essential for the receipt and clearance of the commodity through the port and customs. The original Bill of Lading will be used for customs and port clearance, so it is essential that the document is received and handled with care.
- The BL establishes the terms and conditions of a contract between a shipper and a shipping company. It serves three (3) purposes:
 - It is a receipt showing how much cargo has been received.
 - It forms part of the Contract of Carriage, along with the Booking Note, showing that the shipping company agrees to transport the cargo from one location to another as stipulated in the BL.
 - It shows title to the cargo. An original BL, duly endorsed, must be presented to the shipping company in order to receive the cargo.



A Bill of Lading contains the following information:

- BL number
- name of consignee (agency receiving the cargo at the end of the ocean voyage)
- name of shipping company
- vessel and voyage number
- port of loading
- port of discharge
- booking and sales order number
- commodity, number of units, and weight
- freight rate (non negotiable only)
- date of issue
- ETA foreign port

Bills of Lading are stamped ORIGINAL or NON-NEGOTIABLE

An original BL is required for customs clearance and to receive cargo from the shipping company. For monetization programs, title to the cargo can be transferred by endorsing the BL to the buyer. When submitting their call forward, CRS should state how many copies of the original and non-negotiable BLs are required.

A non-negotiable BL is a copy of the original and is used for CRS records; it cannot be used to clear customs or to receive cargo from the vessel.

For landlocked countries (countries that do not have a port), CRS may request a through BL. A through BL is one in which the shipping company agrees to transport the cargo from the US port through another port to a USG-approved designated point of entry in a landlocked country.

Landlocked countries have the option of using a through Bill of Lading or using a regular US port to a foreign port BL and to arrange for in-land transportation with a local company. This must be approved at the time of the PREP (**see p. 117**). In each case, the USG will pay all costs. See *Reg.11, 211.4(c) (ii)*.

The country representative or staff must be familiar with the packing list and bill of lading, and ensure that a proper filing system for these documents exists and that the information is recorded in the master shipping file and the individual shipment file.

Additional Shipping Documents Which May be Required

Certain countries require additional documentation such as a radioactivity certificate and certain fumigation documentation or the country program may need a cargo manifest to satisfy a certain requirement. When placing the call forward, the country program is required to notify CRS/Shipping/FF of any requirements such as these and ensure that the documents are received at the same time as the original bill of lading. (**Ref: text box in Section C/Phase 2**)

The country representative must be aware of any additional documentation requirements in the country. This information can be obtained from the clearing and forwarding agent in country, Customs, or the Ministry of Agriculture. The country representative or the designated staff must also notify the CRS/Shipping office of any documentation changes. Failure to obtain these documents can result in serious delays at the port, causing losses or high storage costs.

Other Elements for Follow-Up

It is the responsibility of the CP logistics manager to ensure that the following issues are addressed prior to arrival of the vessel:

- That duty-free importation authorization from the host government is handed to the clearance and freight agent (CFA) for clearance
- That all required documents are submitted to the CFA and surveyor for receiving the goods
- That all concerned parties are informed of ETA of the vessel
- That reconstitution material are available at the port
- Transit warehouse space cleaned and insect free; free of hazardous materials and that sufficient number of palettes are available
- That transporter should be informed to provide sufficient numbers of trucks for direct delivery of commodities from port to destination point

SECTION C/Phase 5: Arrival of Vessel

When the vessel arrives

CRS' assigned staff consolidates the documentation necessary for discharge of the vessel and coordinates the timely presence of the contracted surveyor and clearing agent at the port.



PHASE 5: ARRIVAL OF VESSEL/CARRIER

Staffing

A CRS country program delegate (often the logistics manager, but this varies according to staff available) will represent the CRS country program at the port at all stages of the port operations (demurrage, clearing, surveillance, losses, and claims) and will communicate with the country program office.

CRS/Shipping/FF will have notified country offices that food assistance commodities are to arrive at port. This notification consists of a packing list, a B/L, and on occasion, general correspondence from the shipper or its agent concerning the arrival of the cargo. The country representative or designated staff must ensure that the information is in order for document processing to take place.

Upon arrival of the vessel, the country program will complete the required form of "Notice of Arrival" to be sent to CRS/Shipping and FF within 24 hours.

Although customs clearance and shipping agents may be directly responsible for many of the specific tasks required in port clearance, CRS staff should be on hand at all times to monitor the process and manage any eventualities that arise. A physical presence at the port during all of these activities is essential. The clearing agent and surveyor must also be present.

Responsibility for Costs When Shipments are Delayed

All costs caused by an unnecessary delay in clearing customs are the responsibility of CRS. If there is a delay in the offloading of the vessel and if this delay is caused by the action of the clearing and forwarding or shipping line agent, the cost should be charged to the responsible parties. The CRS country program should thus ensure such clauses are included in the contract agreement between these parties. Because in some countries, ad-hoc extra days are allocated to CRS, it is highly recommended that country programs negotiate with port authorities to get maximum free days for port clearance.

SECTION C/Phase 6: Port Activities

When the Cargo Starts Download Activities:

All CRS representatives and contractual agents must be present for monitoring offloading activities, port clearing, shipment survey, and reporting.



PHASE 6: PORT ACTIVITIES

Staffing

As in Phase 5, the CRS representative at the port monitors all operations and will communicate immediately to CRS management any problem encountered during discharge of the cargo, customs clearance, major damages, port storage, transport to the warehouse, etc. (see Duties of Port Officer in [attachment 4 p.125](#)).

Customs Clearance

The country representative or delegate must obtain the necessary approvals from the local government and process the necessary documents in order for the cargo to clear customs. Each country has different policies and requirements concerning the importation of food commodities, and the country program office must be aware of them. The country representative or designated staff must report all changes in these requirements to the CRS Shipping/FF office. The following are issues to consider when importing food aid commodities.

Timely Clearing of Commodities through Customs

Commodities must be cleared in a timely manner; that is, quickly enough so that any delay beyond the free time allowed by the port authorities is not the fault or responsibility of CRS. Timely clearing will reduce damage to the commodities and help CRS avoid paying for storage at the port (ports have a limited period during which storage fees are not charged). If a delay in customs clearance occurs, it is best to immediately request assistance from the local USAID Mission, or at least, keep it informed. In the case of containerized cargo, timely clearing will help CRS avoid paying for demurrage costs for not returning empty containers to the steamship company before the free period ends.

No Duty or Taxes on PL 480 Title II Commodities

With the exception of commodities that will be monetized, no customs duty or other taxes may be charged on U.S. government donated commodities. Customs duty on monetized commodities is allowable but not required and the country program may request duty-free entry for these as well.

Submitting Documents to Customs

CRS is responsible for submitting to the local government (customs or other government ministries) requests for allowing commodities to enter the country duty free.

Offloading of Cargo:

After the ship has arrived and the cargo is being discharged, documentation indicating the quantity and condition of cargo offloaded will be provided by the Surveyor in his final survey report.

Independent Survey at Discharge (Ex-Tackle Survey)

The independent survey at the time of discharge (ex-tackle survey) documents the quality and quantity of cargo at the time it is discharged at the port. Regulation 11 requires this in order to assign responsibility for losses and damage occurring while the cargo was in the custody and control of the vessel so that claims for such losses may be pursued. The independent survey is accepted as objective and independent of the self-interest of any involved party because a disinterested third party, rather than the carrier or receiver, has carried it out. The independent survey and attached documentation, when sent to CRS/Shipping, must be in English or have an attached English translation. The U.S. government will reimburse the cost of the translation if proof of the cost is included in the documentation.



Inland locked countries must contract for a delivery survey at the primary warehouse in country. Losses and damages will be deducted from the land carrier prior to submission of their invoice to CRS/Shipping/FF but USDA will reimburse for the Surveyor fee. The discharge survey must be submitted with the delivery survey.

Important

The CRS representative at the port will work closely with the independent surveyor to ensure that the reports are complete, timely, and based on direct observation of the cargo at ex-ship's tackle. Ship's tackle is the point at which the cargo passes from being the responsibility of the carrier to being the responsibility of the consignee (CRS). An ex-tackle survey cannot be completed after this point. An exception can occur when cargo is containerized. The contents of the containers are surveyed when they are de-stuffed (emptied). De-stuffing can occur either at the port or at a warehouse near the port. The surveyor should be present when the holds of the ship are opened prior to unloading or when the containers are off-loaded and when they are de-stuffed.

Regulations Regarding Survey of Cargo at Discharge

An independent survey of cargo at discharge, often known as the ex-tackle survey, is required by USAID under *Regulation 11. 9 (c) (1) (U)* at the time the cargo is off-loaded from the ship or at the time the cargo is offloaded at the destination warehouse if it is delivered Through Bill of Lading (see p.45). In the case of containerized cargo, the independent survey is required at the time the containers are de-stuffed. The country program is responsible for obtaining the services of a surveyor and ensuring that the surveyor is present and preparing a survey report at the time of discharge.

Short-Landings

Short landings are the difference between the amount on a B/L and the amount offloaded from the ship. If the B/L indicates 120 fifty-kilo bags of wheat in the shipment, and only 110 fifty-kilo bags are discharged, the missing 10 bags are considered short-landed. Short-landed cargo may turn up at a later time, but should be recorded as a marine loss on the monthly commodity status report. A loss and claims report must be prepared for appropriate write-off from the books.

The short-landed amount will be indicated on the independent survey at the time of discharge. Only the amount indicated on the survey report as short-landed can be accounted for as short-landed, even if the Port Authority (PA) or the clearing and forwarding agent indicate that an additional amount was short-landed. Any amount which is alleged to be short-landed, but not documented in the survey, is treated as an in-country loss. In the case of through bill of lading, the excesses, losses, and/or damages are identified at the time of de-stuffing at the CP warehouses or port of entry. Losses that occurred during inland transportation in those cases are still considered as marine losses.

CRS Responsibilities at Port

While the independent surveyor is responsible for carrying out the survey at end ship's tackle, as required by Regulation 11, CRS is responsible for seeing that the surveyor does the job for which s/he is contracted. The surveyor can also be asked to provide proper guidance to reduce losses and damages at the port (**See General Port Information in CRS checklist in [attachment 5](#) p.125**).

The surveyor can assist CRS in obtaining a port pass, although the clearing and forwarding agent usually does this. The port is the surveyor's work area. He should be able and willing to advise CRS on actions to be taken to ensure that cargo moves through the port with the fewest losses possible and, when losses occur, what actions, statements, or documents are available and needed to substantiate a claim against the liable party. This is the optimal role for a surveyor. Often, the performance is not as efficient as presented, but the surveyor can be helpful to a country representative in learning about the port and problems that can exist. It is in the interest of the country representative to know

and discuss port issues with a surveyor.

The independent surveyor should be present at all times on behalf of CRS to supervise all port operations that consist of offloading, delivery, and everything else. For instance, the surveyor can be given the responsibility of ensuring that appropriate authorities promptly analyze cargos with suspected damage, and for obtaining certificates for unfitness, donations, or short-landings. Surveyors need to be aware that their reports will be utilized to document marine claims against steamship companies. They may be called upon to clarify issues with regard to the discharge report and to furnish depositions for use in litigation of cargo loss and damage claims.

Important

It is the responsibility of CRS to immediately inform the survey company management if their survey staff is not present at the time of off-loading of cargo. If this circumstance arises, the USAID Mission should also be immediately notified.

Marine Loss on Surveys

The surveyor is responsible for indicating marine losses in the survey report. S/He will tally and document the condition of the commodities as they are turned over to CRS and all documented marine losses are treated as a liability attributable to the carrier. Any loss that occurs after that point is the responsibility of CRS to document and file a claim. It is therefore important that the country representative/designated staff take an active role in ensuring that the survey is properly performed at the time of discharge and that such responsibility is included in his/her contract with CRS.

Follow-up on Claims

In cases where commodities have cleared customs and entered the port area, and it is reported on the independent survey at the time of discharge (ex-tackle survey) that losses or damages have occurred or an amount of food greater than the B/L amount has been delivered, or losses and damages have been noted in the port which are not included in the survey report, the country program, through the surveyor, must determine what occurred and document any shortage, excess, or damages. Losses found in the port for quantities that were not listed on the survey report are considered port losses and a claim should be filed against the port for these losses.

When the ship is off-loaded, the survey report and observations of CRS staff may indicate that short-landings or excess landings have occurred, or damaged commodities have arrived with the shipment. Upon identification of a short-landing, excess landing or receipt of damaged commodities certain steps must be taken to properly account for the difference. Upon identification of a short-landing or receipt of damaged commodities, CRS is required to file a Notice of Intent to file a claim. This notice is handed to the vessel agent; otherwise the burden of proof that commodities were short landed or damaged falls on CRS. If the notice is given to the vessel/vessel agent that commodities were not received in sound condition, the burden of proof then falls to the vessel.

The Notice of Intent is required as per *Reg.11, 211.9-c-(II)(a)*. The country program is responsible for sending documentation to CRS Shipping/FF, enabling them to prepare marine claims against the carrier. For port losses, other procedures are necessary. Failure to properly report and treat short-landings and port losses may render CRS responsible for the value of the commodities, despite the

fact that CRS may be in no way responsible for the loss. In the case of damaged commodities, it is essential that CRS follow certain procedures for their re-bagging or reconstitution and for the disposal of commodities unfit for human consumption. If the prescribed procedures are not followed, the USG may file a claim against CRS.

Follow-up on Short/Excess Landing of Commodities

After determination of a short or excess landing, or receipt of damaged commodities from the ex-tackle survey, the delivery survey, or observation, it will be necessary to record the amount of loss/gain or the amount of damaged commodities received in the master shipment ledger/file.

Only short-landings as reported on the ex-tackle survey can be reported as a short-landing. Any shortage or damages which are believed to be the result of a short-landing or damage that occurred on ship, but were not reported on the ex-tackle survey, must be treated as an in-country loss which occurred at the port. When a survey records commodities that are actually received by CRS as short-landed, it is allowable to request an amended survey.

USDA allows a certain tolerance weight for each bag, as explained in this statement: “The FGIS (Federal Grain Inspection Service) tested commodities state that the average net weight of the sampled bags in a lot must be no less than 98% of the marked net weight. The sampled bags are weighed and as long as the average is equal to or greater than the marked weight, they pass.” Therefore, if a bag is sealed it is presumed to contain the stated weight. There are exceptions; for example, if a bag is half full it should be inspected by the surveyor. If a bag is not opened and is found to be short weighted, this is included in the survey report.

Damaged Commodity

Commodities are damaged if the bag or carton is torn; has holes; is stained by water, oil, or any other liquid; or is in a condition where it is believed that the commodities may not be fit for human consumption. This includes instances where the commodities are infested by insects and may require fumigation. If packaging (bags or tins/jerry cans) shows signs of damage and its weight is less than the prescribed amount, this packaging is considered damaged. The amount should be included on the survey as damaged. If, for any reason it is believed that a commodity is damaged, it should be segregated from the other commodities and an investigation to determine damage must take place. If damage is found, the commodity can be sent to the warehouse.

It is extremely important that the commodities CRS distributes be fit for human consumption. The Country Representative must ensure that all individuals handling commodities immediately report all circumstances where it is believed that the commodity has become unfit. The CRS surveyor should take random samples of all commodities suspected of being unfit and samples should be sent to a qualified laboratory for testing (**See Surveyor Checklist in [attachment 7 p.125](#)**).

When unfit commodities are found during offloading, Reg. 11 states that USAID and local authorities should be present, if possible, to witness the unfitness of the commodity.

Re-bagging/Reconstitution of Marine Damages (Ref: Rebagging section in Phase 9):

Re-bagging/reconstitution (both terms are used) is the repackaging of commodities from a damaged container/bag to a fit container/bag. USAID will reimburse the first \$500.00 of the cost of re-bagging

commodities without advance approval. For costs greater than \$500.00, advance approval must be received from the USAID mission in writing. A copy of this letter must be sent to CRS/Shipping/FF. The CRS Country Program should maintain on hand an adequate number of tins/bags to be used for re-bagging/reconstitution if the need arises. The amount of the supply maintained should be adequate to cover the average need as determined by prior experience. It is, however, strongly suggested that on a FY basis, country programs request the Mission to grant permission to exceed the \$500.00 rule in order to assure that all commodities are re-bagged as quickly as possible and thus prevent commodities from becoming unfit.

When re-bagging/reconstituting takes place, a form to track and provide proof of the events that occurred should be completed. The form should indicate the number of damaged bags received and actual weight. The form should then indicate the number of fit bags that were bagged, actual weight, and the amount of the commodity that was not fit for human consumption. All commodities should be re-bagged to the original weight of 50 or 25 kgs. A scale should always be available during re-bagging, as estimates are difficult to prove when filing a claim. Lastly, the form should indicate the quantity of the commodity lost, if any. This is determined by deducting the amount of the commodities re-bagged and the amount in possession determined to be unfit for human consumption from the amount of the commodity which would have been in the bags before they were damaged. Be sure that the contract with the surveyor requires them to re-bag these commodities.

When damaged commodities are found, a scale should be used to weigh the commodities to resolve any dispute. In all circumstances, special care should be taken to ensure that a trustworthy individual has monitored the activity and signed the report. A scale should be available at each warehouse location among the other warehouse equipment.

Storage at the Port in Transit Area

Port transit warehouses are prone to losses, pilferage, and thefts; thus, CRS will avoid storing commodities at the port storage as much as possible. It is, however, sometimes necessary to store commodities at the port. If storing commodities at the port is a host-country requirement and customs formality, CRS will store the minimum quantity possible. Should storage become necessary, the clearing and forwarding agent and the surveyor should be asked for assistance in improving security for the stored commodity. If possible, CRS should maintain a staff presence at the port as long as commodities are present, to help prevent any incidents or to immediately report any incident that occurs. While the commodities are at the port, CRS is responsible for ensuring (when feasible) that they are stored properly in a secure warehouse. CRS must account for all commodities and to make claims against the PA for losses that occur there; otherwise, they will be the responsibility of CRS. A delivery survey will be necessary to document claims against the port.

A delivery survey is similar to the independent survey at time of discharge, except that this survey occurs at the port exit gate. The cost of the survey is reimbursable by the USG upon presentation of the completed survey and paid invoices. The USG, however, will only reimburse the cost of a delivery survey if an ex-tackle survey was performed.

Transport out of Port to Destinations

Direct Delivery

CRS must arrange for transport of commodities out of the port area. As CRS must account for any loss caused by the transporter, a system of waybill (delivery/receipt orders) is necessary. If substantial losses usually occur at the port, CRS can arrange for a port delivery survey to be performed when the commodities leave the port area. If the commodities are directly loaded from the ship onto trucks to be transported out of the port (direct delivery) the ex-tackle survey will suffice. A direct delivery means that commodities are received directly from a ship and placed onto trucks which then immediately leave the port area.

- i. Direct delivery requires having all clearance documents completed and approved before discharging of the ship. Arrangements for an adequate number of trucks to receive the commodities will have been made beforehand. In some cases, the containers are taken directly from the port to the containers freight station (CFS) or taken directly to the destination for de-stuffing.
- ii. Waybill (**see [attachment 8](#), p.125**) records essential information that the delivering party and receiving party are accountable for, based on the waybill information that they sign. The waybill indicates the amount, type, and condition of the commodity that the person has signed for. The waybill (usually including several copies) indicates the destination of each copy (port copy, transporter, warehouse, dispatcher, book copy, etc.). The waybill also indicates where the different stakeholders should sign. The person receiving the commodities should, in addition, record amounts received in good condition, amounts damaged, and amounts lost, supported by qualifying remarks. Properly recording the information will allow CRS to make claims against the transporter for any loss. The person signing for commodities s/he has not received will be accountable for the loss. It is essential that the warehouse manager carefully document amounts received prior to signing a waybill. Should a loss be discovered later, CRS will no longer be able to file a claim against the transporter, as it will have received “proof” of delivery.

Waybills and Bills of Lading

There are several types of waybills the country program needs to be aware of:

Supplier/Carrier WB (through a TBL contract): when a shipping company is contracted to deliver commodities through bill of lading (TBL), they use waybills to deliver the shipment to destination (landlocked countries)

Transporter’s WB: to record delivery of shipment from port to CRS’ warehouses

Dispatch or delivery note (DN): to record dispatches from a CRS warehouse to implementing partner warehouse

- iii. For landlocked countries, CRS must arrange inland transport from the port of arrival to the primary or secondary warehouse. While the contracting of inland transporters follows the usual CRS guidelines for procurement of all goods and services, certain aspects are unique to procuring inland transport. An inland contract must be sent to CRS/Shipping/FF who will initiate payments from HQ. The section below describes the practice of requesting a “Through bill of Lading” (TBL). Loss occurring within a TBL contract should be claimed in accordance with

Reg. 11, 211.9(2)(ii)C, which requires that a claim be filed against the carrier for ocean and inland loss; when paid, CRS will retain the first \$200.00 + 10% up to a total of \$500.00 and the balance will be sent to USAID/Washington. All USAID shipments for landlocked countries will be on TBL (see below).

Through Bill of Lading (TBL)

A through bill of lading is used for delivery of commodities to landlocked countries to a location approved by USAID/USDA, which may or may not be a primary warehouse. The shipping company is then responsible for safe delivery of the commodity to its destination and is responsible for any losses until it arrives at the location within the distribution country as specified on the TBL. Additional costs charged by shipping companies to the donor are often offset by a decrease of port losses. Agreements with shipping companies should be detailed and include a timeline and penalty clauses for undue delays, and clauses for payment until delivery. TBL shipments are subject, like any other cargo, to customs inspections by local government agents who will subsequently place a new customs seal on the container to signify clearance of the cargo.

In some cases, use of a TBL has resulted in time management efficiency, cost savings, and increased commodity control, as opposed to non-TBL deliveries. Although the experience of CRS has, in some cases, shown advantages in terms of both cost and commodity control obtainable under a TBL, CRS can also consider non-TBL when a donor insists on it.

Documentation to Send to CRS/Shipping

A survey including hand stroke tally, unfit certificates, invoices etc. is required by the CRS Shipping Office. It should all be sent at one time, together with the appropriate survey reports so the CRS Shipping Office receives it within 5 months from the date of sailing. If a country program cannot obtain the survey report or documentation within this time period, immediately notify CRS/Shipping and provide an explanation.

Summary of Port Activities

ACTION	DOCUMENTS	RECORDS	REPORTS
1. Arrival Of Shipment	*Packing List *Bill of Lading *Arrival Correspondence for Shipper	Master Shipping List Shipment Files	Commodity Import Statistic Report
2. Discharge of Cargo			Certificate of Foreign Receipt
3. Independent Survey of Cargo at Discharge	*Survey Report and * Invoice for Survey Report		Certificate of Survey Fee Paid
4. Customs Clearance	*Written request to host country agency for duty free entry *Customs Declaration *Customs Receipt		
5. Follow-up Claim Action in case of: Short-landing Damaged Commodities Repacking Disposition of Unfit Commodities Excess Landing	*Certificate of fitness for human consumption *Invoice for Re-packing if fit *Certificate of Disposition if unfit *Certificate of proceeds of sale and receipt	Chart for Reporting Status of Submission of Documentation for Marine Losses	Notification to Shipper (CRS/Shipping) Loss Advice Report of Damaged Commodities Claims Progress memo HQ/Ship Invoice & Authorization to CRS/Shipping to USDA for reimbursement Report/Receipt to CRS/Shipping
6. Storage at port in transit area. (in case of loss or damage in port storage see in-country losses on Warehouse Chart)	*Delivery Survey *Receipt for Storage		Include in Monthly or Quarterly Inventory Reports (see Warehouse Reports a) and j)).
7. Pick-up by transporter for delivery to central or regional warehouse	Delivery/receipt Order		

Figure 7: Port Activities

SECTION C/Phase 7: Warehouse Receipt

Warehouse and Warehousing

The Business Dictionary defines warehousing as: “Performance, administration and physical functions associated with storage of goods and materials. These functions include receipt, identification, inspection, verification, put away and retrieval for issues,” all functions that CRS performs on a regular basis at its warehouses.

At any warehouse, there must be space available for working, ventilation, a space of at least one meter (1.5 m is better) between the stacks and walls, space to store materials and equipment for cleaning, and space to store materials used to repackage food. Moreover, as per the Office of Food for Peace, USAID *Commodity Reference Guide* http://www.usaid.gov/our_work/humanitarian_assistance/ffp/crg/, warehouse space required is based on the total volume of food and the different types of food to store.

Because CRS works extensively through local sub-recipients, the term warehouse does not only define the CRS primary warehouse. A sub-recipient storage space, even if it doesn't fully comply with the commercial definition for a warehouse, is also considered a warehouse as long as it is an area where food is stored.

Similarly, a rented space at the port, for example, where CRS stocks food in transit is also considered a warehouse and will be identified as the port warehouse.

PHASE 7: WAREHOUSE RECEIPT

Whenever commodities pass from one place to another, a record of receipt must occur. Without documentation of the receipt, it is not possible to account for any losses or surpluses that occur. Without this record, CRS cannot determine responsibility for a loss and, therefore, will become responsible. This section describes procedures for receipt of food commodities (in-country transactions (swapped or borrowed), imported, locally or regionally procured, etc): acknowledgement, recording, and reporting. These procedures are necessary regardless of who is operating the warehouse.

Staffing

Under the supervision of a warehouse manager, CRS CP warehouses are generally staffed with a warehouse assistant, security agents (contracted or domestic), a handful of permanent laborers who are at times assigned supervisory duties in various areas such as unloading, stacking, rebagging, etc. It is also the responsibility of the warehouse manager to coordinate with the security manager to ensure that warehouse staff and any other CRS staff with access to the warehouse is adequately trained in warehouse safety and security and made aware of potential hazards at any warehouse PRIOR to starting implementation of warehouse activities.

Prior to receiving food assistance commodities, CRS managers will have taken steps to ensure that appropriate actions will have been taken to minimize incidents, accidents, and other hardships to CRS' staff and goods stored at the warehouse.

I. Warehouse Safety and Security

1. Housekeeping Guidelines

Food aid programs often take place in economically and physically difficult environments, including conflict zones and sites of man-made and natural disasters. Often, they are areas with extreme heat or high humidity. Food aid commodities are a valuable resource for vulnerable people in these situations. Care must be taken so that the commodities remain healthy and secure. Prevention of incidents and accidents begins with good housekeeping. Good housekeeping leads to a safe warehouse environment. To keep a warehouse safe requires awareness, anticipation and common sense. The warehouse manager should ensure:

Safety:

- Maintenance of clutter-free environment: walking areas inside the warehouse and its surroundings are free of boxes, materials, electric cords, tools, and equipment against which people may stumble and fall
- Removal of garbage, debris, dirt, and oily materials that are a potential fire hazard. There should be enough trash cans inside and outside the warehouse for easy disposal of such items.
- Daily emptying of trash cans in covered outside bins
- To the extent possible, the warehouse is kept free of rodents and other pests to protect warehouse workers and stored commodities
- Prohibition of smoking in the warehouse; **post no-smoking signs**
- A clean washroom available to all staff and workers should be required to wash their hands before handling commodities, particularly if they are engaged in re-bagging activities

Security:

- The warehouse is provided with a first aid kit and that assigned employees have a basic knowledge of how to use it
- The warehouse is equipped with fire extinguisher(s) (see more below)
- The warehouse is regularly visited by a safety inspector who provides a written report and that the inspector's recommendations are promptly addressed
- To the extent possible, each warehouse has multiple exits and that visible exit signs are posted in the warehouse in order for staff to recognize where they can exit in case of emergency
- Emergency phone numbers are posted and visible to all warehouse staff

2. Safety: Specific Recommendations

Several areas of warehouse safety to discuss with all warehouse employees include:

- a. *Loading/off-loading area (equivalent to a docking area)*. Whether outside the warehouse or on the warehouse terrace/arcade, this is where all goods are delivered to or shipped. The warehouse floors must be carefully cleaned before and after each loading and unloading activity. When trucking operations are conducted inside the warehouse, the warehouse manager should ensure that the areas in contact with the trucks' tires are immediately and thoroughly cleaned with disinfectants at the end of the day when delivery operations are over.
- b. *Forklift*: Although very few CRS warehouses are equipped with forklifts, it is important to remember that only certified forklift operators should be allowed to use them. (For more on forklifts, **see Section C/Phase 8**). Scheduled maintenance and quick repairs of forklifts prevent fluid spills (fuel, oil, coolant, etc.) from contaminating the warehouse floor and stored goods.
- c. *Stacks*: If commodities are improperly stacked, they may endanger warehouse staff. It is recommended that when removing bags from the stacks workers start from the top row first. When stacking materials, height limitations should be observed as much as possible depending on warehouse size and commodity quantities. Stacking of bagged commodities should not be more than 25 to 30 layers high and not more than 16 layers high for cartons of vegetable oil. (The stacking recommendations are imprinted on the boxes).
- d. *Falls, helmets, or hard hats*: Falling objects can injure staff. To mitigate effects of falling objects, it is recommended that employees be provided with hard hats and required to wear them during warehouse operations. Injuries to workers due to falling or slipping can be prevented if warehouse staff follows the housekeeping guidelines prescribed above.
- e. *Ladders*: CRS warehouses must have ladders. Fiberglass ladders are stronger than metal (which are aluminum) and are therefore recommended. All ladders need to be inspected on a weekly basis and after they have been damaged. Metal ladders are susceptible to the same wear as fiberglass. All types of ladders, whether wooden, metal, or fiberglass, should be checked frequently for possible defects resulting from extended wear and necessary repairs and/or replacements must be made.
- f. *Evacuation plan and fire extinguishers*: The CP Security Manager will make sure that all program staff with access to the warehouse should be familiar with the warehouse section of the CP Safety and Security plan. All food program staffs with access to the warehouse must know the location of the fire extinguisher(s). The CRS security manager will ensure that warehouse personnel have read the warehouse evacuation plan and are trained in fire safety.
- g. *Lighting and security* – The CRS logistics manager must ensure that adequate lighting is provided in the warehouse and in the outside areas adjacent to the warehouse. Warehouse guards and/or other security measures must be used to protect the staff and the warehouse contents, particularly in insecure areas.

3. Security: Specific Recommendations

When tons of food commodities are stored at a warehouse in a food-insecure environment, some people will want their “share” of the food. They will steal if given the opportunity. Security at warehouses involves, among other things, prevention of internal and external theft.

a. Internal:

- i. The security and warehouse managers will assess areas of the warehouse more vulnerable for theft (for example unloading and loading areas) and will devise measures to prevent them such as hiring or contracting Security Guards and including adequate responsibilities in their contracts.
- ii. Security employees can be either CP staff or outsourced from a security agency.
- iii. All security and warehouse staff must be trained in internal security. Training and education of employees and management must be mandatory. Training should be continued and updated throughout employment (more than just one or two days). Everyone with cause to work in the warehouse (from drivers and laborers to managers and food accountants) should be trained in safety and security. The warehouse and security managers should integrate safety training into regular operational procedures to ensure that handling and stacking, use of fire extinguishers, and CRS evacuation plans are part of the employee's regular training program:
 - a. The logistics manager will ensure that all new warehouse employees, including day laborers, receive training on warehouse safety before they can begin working in the warehouse
 - b. The logistics manager will identify firefighters and fire experts and communicate their information to warehouse staff and other relevant office staff
 - c. Copies of the safety measures described in this guide should be posted in the warehouse. All warehouse employees should be informed of the requirements and obliged to comply with them.
 - d. Warehouse employees should be encouraged to voice safety and security concerns to CRS' management and to make recommendations for improvements
- iv. Security of goods in a warehouse should also include tools, materials and equipments in addition to the food. The Warehouse Manager will maintain an inventory of ALL tools, materials and equipments at the warehouse and entrust responsibility for their security to a designated warehouse staff
- v. In addition to iv. above, computers, files and records must also be addressed in a warehouse security plan. Accidents, indiscretion and possible falsification may happen when reports and records are left open and exposed to non-authorized personnel. As much as possible, CRS authorities should provide a protected space with keys and locks to the Warehouse Manager for protection of the warehouse records. This space or office will be constructed to allow for continued oversight of the warehouse by the Manager through resistant “glass walls” at all times even when there is no significant activity happening at the warehouse.

b. External (See Section C/Phase 9: Dispatching to Sub-Recipients)

II. Preparing for Receipt of Commodities

The warehouse staff is a vital link in providing food to program beneficiaries. They play an important role in the receipt, handling, stacking, inspecting (quality and security), and dispatching of the food before it arrives to its intended beneficiaries.

Prior to the delivery of a consignment to destination, the logistics manager will inform the warehouse manager of the quantities and type of commodities to expect in addition to other special requirements or atypical circumstances regarding the consignment. The warehouse manager will use this information to prepare for receipts through measures such as hiring additional security and day laborers as necessary, and obtaining the required handling equipment as follows:

- Clean and disinfect the warehouse both outside and internally (site must be clear and free from bushy vegetation, litter, combustible substances, and other garbage)
- Assess the capacity of the warehouse facility and allocate adequate space for different types of stocks (the warehouse should know in advance the type and quantity of commodities expected in order to prepare and organize the storage facility)
- Assess capacity of laborers, availability of laborers, and assign unloading supervisor, tallyman, and stacking supervisor
- Verify that warehouse equipment (scale, forklift, sheeting bags, plastic containers) (**Section C/Phase 8**) and supplies necessary for reconditioning of damaged commodities are available
- Ensure adherence of internal control systems for risk management of commodity transactions within the warehouse (fraud, theft, mishandling of commodities by workers causing spillage/losses etc.)

1. Receiving Commodities at Warehouse

When commodities are received at a CRS or sub-recipient warehouse, the warehouse manager and her/his assistant must:

- Take great care to accurately count the total number of units such as bags and cartons being received
- Note and describe any damages

The warehouse staff, including the laborers, must:

- Be careful not to stack torn bags or punctured tins together with those received in good condition
- Separate torn bags from those which are wet or seemingly contaminated with rodents, fuel, oil, another chemical substance, or insect infestation

The warehouse manager or person designated must:

- Acknowledge receipt of all commodities
- Sign a copy of the transporter's waybill ([see attachment 9 p.125](#)) in a place indicated on the waybill (WB) or Goods Delivery Note (DN) (**see section on waybills below**)

The person at the warehouse receiving the commodities must:

- Receive a copy of the original waybill, which includes the section signed by the receiver. This is to act as a backup copy in case of a dispute over what was signed for. This copy acts like any receipt, so it is important that this waybill copy be handled with care.
- Ensure, in order to avoid any possible confusion, that the job titles of the individuals responsible for delivering and receiving the commodities be designated on the WB.

Waybill

The waybill is the document which records all information of the commodities offloaded from the port for delivery to and receipt by CRS' warehouse or to another indicated destination. A waybill (WB) should contain the following information:

- WB number
- Date of the WB
- Type of commodity to be delivered
- Quantity, in units (bags/cartons) and weight in (MT)
- Destination and person responsible at destination point
- Shipment/consignment number (Bill of Lading or Packing List reference)
- Name of driver delivering the goods
- Truck plate number

The CRS' port representative, the truck driver and the receiving party at destination warehouse will sign each the waybill confirming quantities delivered; the warehouse manager will note any discrepancy such as damage, loss, shortage. Normally, a waybill comes in 5 copies. Copies 2, 3 and 4 are handed to the truck driver for distribution as indicated below.

- Copy 1: is retained by the CRS' representative at the port
- Copy 2: is signed and kept by the recipient warehouse
- Copy 3: the original, is signed by the recipient warehouse and handed back to the truck driver. This copy which will contained signatures of the CRS representative at the port, the truck driver's, the recipient warehouse will be submitted to CRS' offices for payment along with the trucking company's invoice
- Copy 4: is retained by the trucking company for their records, and
- Copy 5: remains in the WB's book.

2. Determination of Shortages at Time of Receipt. See [Link for How to Guide on Commodity Management](#) (Internet Ref. #21, p. 123)

DAMAGE CONTROL = LOSS PREVENTION = DEBT MANAGEMENT

At the time of receipt into a warehouse all commodities must be inspected to determine shortages, damages, or unfit commodities. Upon discovery of shortages, damages or unfit commodities, certain actions must be taken to report shortage, to make claims against the responsible party, to repackage or reconstitute damaged commodities, to dispose of unfit commodities. These actions ensure proper

and timely accountability. CRS reports losses on a quarterly basis using the DMCR (damaged, missing, commodity report) and the CSR (commodity status report), except in the case of “large losses.” While USAID does not define large losses, USDA defines a large loss as USD \$5,000.00 or more. Therefore, CRS will apply this value to also constitute a large loss for USAID-donated commodities.

How to determine shortage of expected commodities?

The first step is to establish the quantity by which commodities are short, if any. At this stage, short quantities are the difference in the number of bags or tins that left the port and the number received at the warehouse.

Remember

Reg.11,211.9(c)(iv) requires that an ex-tackle (discharge) survey be conducted on all commodities. A delivery survey is required for landlocked countries. However, USDA will not reimburse the cost of a delivery survey without a discharge survey being submitted. CRS landlocked country programs must conduct both discharge and delivery surveys on all shipments.

Shortage/Damage and Responsibility of Transporter

Acknowledgement of receipt must be in writing in ink and should be obtained by the transporter. It is the responsibility of the transporter to prove that the commodity was delivered without shortage and in good condition to the designated location within the appropriate time period. In case of doubt on amount/weight of deliveries, the bags or cartons will be verified as called for either on the CRS scale at the warehouse or visually in the case of cartons. CRS can refuse to pay transporters that do not have signed copies of waybills and can, if necessary, claim against the transporters for commodities that the transporter had previously signed for at the port but not accounted for at the time of delivery. **See copy of transporter loss report in [attachment 10 p.125](#).**

CRS’ Responsibility While Receiving Commodities

CRS will make sure to stipulate this particular clause in its transport agreement with the Transporter. CRS also recommends country programs to highlight the most critical clauses of the contract in the back of the waybill. It is the responsibility of the authorized person receiving the goods on the warehouse to:

- Ensure s/he is signing for the amount actually received as opposed to amounts consigned in the waybill
- Ensure that warehouse workers immediately report any damaged package
- Ensure that warehouse workers identify sound and damaged commodities and build separate stacks for those suspected commodities
- Note on the document any losses, damages or other differences that are counted
- Write qualifying remarks which will help CRS to determine the claim action. The contents of the remarks and wordings should be clearly stated as to avoid any possible confusion.
- Have damaged goods reconditioned as soon as possible

Useful Tips

1. In certain instances, a transporter may try to convince the individual signing the delivery note that they do not have to indicate losses. Remember that ALL losses/damages must be indicated on ALL copies of the WB and will include qualifying remarks that will help CRS to determine the magnitude and condition of losses.
2. In some cases, it can happen that a truckload indicates a shortage or a surplus of goods from the amounts consigned on the DN. In many cases, one truck will short-land a specific amount that is then offset by an excess-landing from another truck or vice-versa. The Warehouse Mgr will carefully indicate amounts received from each truck and wait for complete delivery from all of the trucks before determination of a shortage or surplus (surpluses are extremely rare).
3. In other cases, there may be a difference between the CRS DNs and Port documents. The Warehouse Mgr will carefully compare the CRS WB against the Port documents. If numbers do not reconcile, both transporter and warehouse manager will sign on documentation of actual quantity received, to initiate the claims process.

3. Recording Receipt of Commodities

Receipts need to be recorded promptly so that the warehouse inventory records include all commodities received. The receipts must be entered in a warehouse ledger and on stack/bin cards. This should be done no later than the day of receipt. Waybills must be maintained on file in the warehouse and should be checked at the time of physical inventories.

4. Reporting Receipt of Commodities

Receipt of commodities at a warehouse must be immediately reported to the CRS country program office. CRS should never pay a transporter without confirmation of delivery by a warehouse. As such, a system needs to exist to confirm receipt. The signed waybill, which the transporter receives at the warehouse, is the only legitimate CRS document used to back up issues of food and confirmation of delivery. All bags/tins identified as damaged at the time of receipt of commodities will be kept separately. The damaged goods will be reconstituted within 24 hours of receipt in order to prevent further losses/damages. It will also permit CRS to quickly make claims against transporters.

A claim will be filed against the transporter as per *Reg.11, 211.9(d)(2)*, which requires that a claim will be filed against the transporter for the loss and when paid, CRS will retain the first \$150.00 and the balance will be sent to USAID/Washington.

5. Acknowledgement of Receipts

Regardless of who owns and operates a warehouse, the CRS country program should require all warehouses to adhere to a basic system of acknowledging receipts. It is extremely important that acknowledgment of receipts is recorded with the date and person receiving.