

TITLE: Inspections and Defects		Approved by Auditor: MarthaGalarza
		Admin: Pete Sepulveda Purch: Mike Forbes
		Date Approved –M.F: 7/21/09
Effective Date: 7/24/09	Commissioner’s Court Date Approved: 7/23/09	Page No: 1 of 3

I. PURPOSE

To provide guidance needed to properly inspect and process any defects discovered during or after Inspection.

II. SCOPE

This policy applies to all employees

III. GENERAL

Although inspection of goods received is not a function of Purchasing, the Buyer should be informed of any negative results of inspection so that appropriate action can be taken with the supplier.

IV. SPECIFICATIONS AND QUALITY

Accurate specifications help to assure receipt of proper quality and service. Quality buying involves buying supplies, materials, goods, or services of a grade sufficient to fulfill, but not exceed the requirements for which the goods are intended. Purchasing attempts to secure the best quality for the intended purpose and is expected to work with other departments to obtain adequate specifications that are:

1. simple, clear, and exact so that a supplier cannot evade any provisions;
2. capable of being checked, including a description of the inspection methods to be used, where applicable;
3. reasonable in tolerances;
4. capable of being met by several bidders;
5. flexible, to encourage suppliers to suggest cost-saving alternatives or substitutes.

V. RESPONSIBILITIES

The Buyer is responsible for ensuring that specifications are sufficient to allow receiving and/or users to inspect goods upon receipt.

TITLE: Inspections and Defects		Approved by Auditor: MarthaGalarza
		Admin: Pete Sepulveda Purch: Mike Forbes
		Date Approved –M.F: 7/21/09
Effective Date: 7/24/09	Commissioner’s Court Date Approved: 7/23/09	Page No: 2 of 3

VI. DEFECTIVE EQUIPMENT

General

Rights to recover loses and damages suffered as a result of defective equipment, materials, and workmanship exist at the outset, either by “operation of law” or by reason of “express” contract provisions. Our rights may arise by “operation of law” in the following ways” :

1. warranties created by law rather than by expression of the parties;
2. negligence on the part of the supplier or manufacturer of component part;
3. violation of an express statutory duty.

Duty to Inspect

Under the uniform Commercial Code (UCC), a merchant-buyer has no statutory duty to inspect goods on arrival. Failure to inspect goods at time of arrival may preclude the right to reject the shipment in its entirety, even though it does not constitute a waiver of the right to claim breach of warranty upon a subsequent discovery that the goods are faulty. Most suppliers have sought to impose a duty to “inspect upon arrival” by inserting clauses in the contract stating that all claims must be made within ten (10) days after arrival of the shipment. Such clauses normally are interpreted by the courts to apply only to claims for defects readily apparent upon arrival.

with respect to nonapparent defects, so-called guaranty clauses may be found that expressly warrant against defects for one year and, thereby, limit the seller’s liability to a one-year period, rather than the usual four-year period imposed by the law, in the absence of an express agreement.

Receiving and Inspection Policies

Sound receiving and inspection policies mark the starting point for preserving the County’s rights against suppliers and are essential to successful prosecution of claims for shortages or damages to shipment. Early detection of defects or obvious failures to comply with specifications often permits us to secure a replacement at the supplier’s expense and puts us in a more favorable position if a claim develops.

Shortage and/or damage should be called to the attention of the supplier or the carrier at the earliest opportunity. Tardy claims are usually suspect and there is no risk of losing our rights because of a short nonclaim clause in the “bill of lading” or the “supplier’s form.”

TITLE: Inspections and Defects		Approved by Auditor: MarthaGalarza
		Admin: Pete Sepulveda Purch: Mike Forbes
		Date Approved –M.F: 7/21/09
Effective Date: 7/24/09	Commissioner’s Court Date Approved: 7/23/09	Page No: 3 of 3

VII. DEFECTS NOT REASONABLY DISCOVERABLE ON RECEIPT OF SHIPMENT

In certain types of goods a defect or fault is not reasonably discoverable on receipt of shipment.
For example:

1. goods received in packages that are not opened until needed;
2. goods shipped in sealed packages or containers;
3. defects that do not appear until the goods are put into service.

When the defect appears prompt action may be essential to remedy the malperformance or other deficiencies.

Purchase contract documents often contain obscure limitations against charging the supplier for cost of repairs attempted without advance approval. While it is clear that we should not hold up all efforts to begin work merely to preserve our rights against the supplier of a defective minor part, it is equally clear that upon discovery of the defective minor part we should give the supplier prompt written notice and advise him or her that we will take independent action if he or she fails to respond by a stated time with instructions or assistance. Where remedial work must begin before the supplier’s response could reasonably be expected, prompt notice to the supplier usually will protect us against accidental loss of rights against the supplier.

VIII. NOTIFICATION POLICIES

The printed language on our purchase order is intended to minimize the risk of loss of rights. However, we will not always be able to obtain contracts on exactly the terms that we desire, so it is important to develop notification policies to cover situations where the discovery of a defect creates an emergency with respect to the scheduled start-up of work and will permit maintaining maximum rights against the supplier while minimizing delay and cost.