


➔  CARE Food Manual (CARE , 1998, 355 p.)



(introduction...)



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Introduction



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(introduction...)



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(introduction...)


















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

















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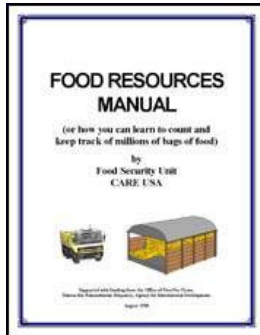
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by
**Food Security Unit
CARE USA**

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August 1998

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ALMIS #4551

Date: September 20, 1995

To: ALL CARE USA Country Offices
CI Member Countries Using U.S. Government Food Resources

From: Marc Lindenberg

Subject: Food Resources Manual



This Almispublishes CARE USA's minimum standards and guidance on managing and accounting for food resources. The manual was prepared by the Food Security Unit and is applicable to all countries that utilize food resources in their programs. It fills an important gap in our efforts to efficiently manage hundreds of millions of dollars of resources that have been entrusted to us by donors. Until now, country offices have developed their own systems and procedures. While systems have served individual program interests and have been effective, in most cases, it has also become clear to me that organization-wide standards are necessary, and I expect there to be compliance. Internal auditors will use this manual when conducting food audits.

Each country office is receiving one manual for the country office and additional manuals for regional or other sub-offices. If the number is not sufficient please arrange to make photocopies.

While the manual is effective the date of this Almis, I am requesting country offices to submit comments or suggestions for changes to the manual by December 31, 1995 to the Food Security Unit. They will revise the manual, if necessary, between January 1 and March 31, 1996, and during the last quarter of FY 96 arrange to have the manual translated into French, Spanish and Portuguese.

This manual has been developed through the efforts of many people in and outside of CARE. Now that we have a basic set of minimum standards, it is my belief that we can even more effectively program these resources.

CARE

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ALMIS #4600

Date: November 30, 1995

To: All CARE USA Country Offices
CI Member Countries Using U.S. Government Food Resources

From: Marc Lindenberg

Subject: Food Resources Manual - Submission of Reports



On September 20, 1995 Almis #4551 published the CARE USA Food Resources Manual. The manual sets forth CARE - wide minimum standards and guidance on managing and accounting for food resources.

The manual requires the following quarterly reports to be submitted to regional managers and the Food Security Unit in Atlanta, C.I. members who program U.S. food resources, and donors no later than forty-five (45) days after the end of a quarter:

Commodity Status Report Reference Chapter 10

Receipts Report Reference Chapter 10

Consolidated Quarterly Report Reference Chapter 10

Loss Report Reference Chapter 8

Recipient Status Report Reference Chapter 11

The quarterly reports are consolidations of required monthly reports on commodity

receipts and dispatches and distributions to beneficiaries. Preparation of quarterly reports, therefore, should be straightforward.


In the past, reports similar to these were required only for country offices programming United States PL 480 Title II food resources. CARE's policy now is to have all offices using food resources from any source to prepare the above reports. As part of our effort to manage, more efficiently, the millions of dollars of food resources entrusted to us by donors, we must make sure that reports on these resources are complete, up-to-date and submitted on a timely basis to headquarters, other C.I. members, and donors.

If you have any questions about the reports, please contact the Food Security Unit in Atlanta.

Thank you.



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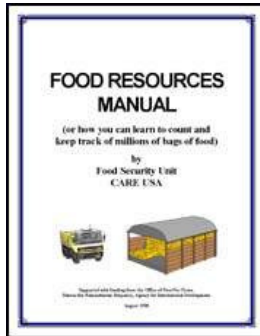
➔  **Chapter 7 - Storage and Handling**

 **(introduction...)**

















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Chapter 7 - Storage and Handling



Figure

I. Introduction

In this manual "warehouse" designates any area where food is stored. It may be a large structure with a roof, walls and a floor, a school or health post, a tent, or even an open area. It may be at a port or at a program site. Whatever the size and location of a warehouse, CARE must insure that the food resources can be received, adequately stored and dispatched for use in projects.

Currently warehouses are managed:

- By CARE staff at national, regional and local levels in CARE-owned or leased warehouses
- By national, regional and local government counterparts, mostly in their own warehouses

- **By community leaders or other community groups in their own warehouses or small stores at distribution sites.**

During emergency situations (especially start-up periods), meeting the basic requirements discussed in this chapter may not always be possible. Inform the donor in writing of any necessary limitations and obtain agreement or approval of all waivers in writing. Also inform the appropriate CARE International member. See *Agreements and Contracts* for more information about seeking waivers from donors.

II. Selecting Food Storage Facilities

A. Criteria

In choosing appropriate warehousing, consider the following:

- **Companies and agencies already experienced in logistics with storage facilities available for loan or hire, such as port(s), railroads, agrobusinesses or commercial distributors**
- **Location and accessibility to rail, road, and sea or river, with ample space at warehouses for trucks to turn around and unload**
- **Location on high ground (if area floods) and terrain which is hard packed and does not become soft and muddy in rains**
- **Storage capacity in total square meters (See *Determining Warehouse Capacities/Storage Plans* below.)**

- **Structural layout and condition (roof, walls, fences)**
- **Security, including locks for doors; grates on windows; guards, if feasible and necessary. Warehouse compound should be enclosed by a security wall and, if possible, have perimeter lighting.**
- **Handling equipment, for main, large warehouses, e.g., forklifts, stacking conveyors**
- **Labor availability, both permanent and day labor for carrying bags or containers of food on and off stacks and performing reconstitution activities.**

B. Types of Warehouse Space Available

Assessment should begin with an inventory of all facilities that may be available for storage of food at primary, secondary and distribution sites. In all cases, leasing arrangements or contracts for warehouse services must be in writing. See *Agreements and Contracts*.

1. Commercial

If commercial storage space is available, CARE should do an analysis of rental charges, and where appropriate, review rates with donors. Some country offices prefer not to rent warehouse space because of restrictions on the schedules of warehouse staff, limitations on use of equipment, incompatible systems for accounting and infestation control, and difficulties in collecting claims. However, these issues are usually negotiable if the warehouse is otherwise suitable.

Agrobusinesses and commercial distributors may have warehouses that can be made available temporarily for a short-term operation. Agricultural warehouses are often located close to rural production areas, while commercial distributors are generally in urban and town centers.

2. Government and Counterpart Storage Facilities

In many countries national, provincial, or local government stores are available. Encourage host governments and counterpart organizations to provide warehouse space at no cost before the project begins. If warehouse space must be rented or leased from the government, monthly fees should be nominal.

Local community leaders or associations can provide rooms in schools or churches, or village huts, in addition to local stores.

3. Transit Warehouses and Sheds

Some clearing and forwarding agents operate large transit warehouses for receipt, consolidation, and dispatch of cargo. Railroads often operate transit sheds to facilitate the loading and discharge of goods. However a transit shed is not a warehouse. It is meant for short-term storage only, and charges generally accrue on a daily or weekly basis. Transit sheds can be very expensive over extended periods of time.

Many different people may have access to transit sheds. CARE food could be stored together with non-CARE material, increasing the potential for loss or damage.

4. Open Storage

In emergency situations in remote regions, food may have to be stored on open ground without cover or security, thus more vulnerable to spoilage and theft. In these cases, finding high ground is critical. Open storage should be considered temporary.

5. CARE Owned and Managed Warehouses

a. Construction of Storage Space

Where there is insufficient or inadequate private or government warehouse capacity, country offices may have to consider constructing temporary or permanent warehouses.

Permanent structures should be built after all other possibilities for obtaining warehouses have been explored and usually only for long-term, emergency operations. In general, CARE should not be in the business of constructing and managing its own warehouses.

This will require the approval of CARE USA Headquarters, regional managers and donors where CARE USA is the lead member. Where U.S. Government food is programmed by another CI lead member, the Regional Manager at CARE USA Headquarters and U.S. Government donors must also approve any construction.

b. Prefabricated Warehouses

If building materials are not available locally or if time is a factor, especially in emergencies, use prefabricated storage facilities or even tents. A variety of

prefabricated warehouses (e.g., Rubb and Viink Halls) with total capacities from 350-400 MT are available.

C. Determining Warehouse Capacities/Storage Plan

The amount of warehouse space required is based on the total volume of food and the different types of food. Information in this section is adapted from Part VI, Storage Specifications of the *Commodity Reference Guide*, Office of Food for Peace, Agency for International Development, January 1988.

Multiplying the length x width x height to the building eaves gives the gross volume in cubic meters, but a warehouse will never use all available space for food. There must be space available for working, ventilation, a space of about one meter between the stacks and walls, space to store materials and equipment for cleaning, and space to store materials used to repackage food.

General Guidelines for Determining Storage Space

- Allocate space for each type of food by shipment number, and all non-food materials and supplies related to food programs. If necessary, use chalk to mark the stack location on the warehouse floor.**
- Allow sufficient space for easy access to the stacks for inspecting, loading and unloading. Stacks should be one meter from the walls, with another meter between stacks.**
- Allow space for storage of cleaning materials and supplies.**

- **Allocate areas for damaged food by shipment number.**
- **Allow sufficient space to repackage damaged food and place it in separate stacks by shipment numbers.**

Thus, while a small warehouse may have a gross cubic volume of 150 cubic meters, when taking into consideration the space between stacks, walls and the space between the stack and the eaves, its usable volume is only 48 cubic meters. In addition, non-food items and office space may take up another 15% or 20% of the usable additional space.

The following illustrations show gross dimensions of warehouses and how this volume is used when stacks of food are stored.

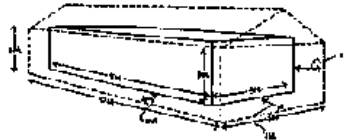


Figure 1: Warehouse with one stack of grain.



Figure 2: Warehouse with two stacks of grain.

Once usable volume has been determined, the next step is to calculate how much food can actually be stored in the warehouse. Use the following rules of thumb to

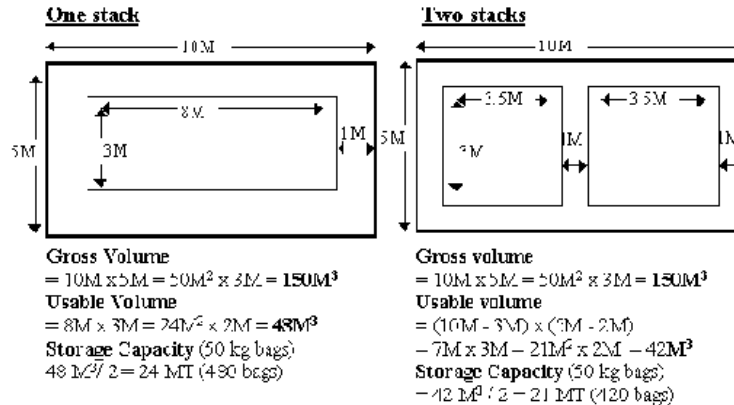
estimate the usable space needed for different types of food:

- **One metric ton of grain or pulses (twenty 50-kg bags) requires approximately two cubic meters of storage space, whether the twenty bags are end to end or stacked in layers.**
- **One metric ton of processed food, such as corn soya blends (forty 25-kg bags), will take up slightly less storage space because the bags are less bulky. There is less air and the grains are ground up.**
- **One metric ton of oil (44 cartons with six tins each) requires approximately 1.4 cubic meters of storage space, whether the 44 cartons are laid out end to end or stacked in layers.**
- **Similar calculations must be done for materials used to reconstitute damaged food, and for other non-food project materials and supplies.**

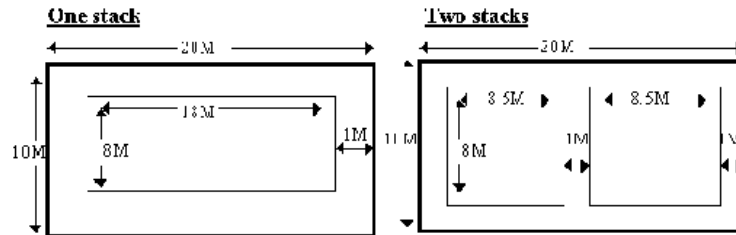
If one MT of grain (twenty 50 kg bags) takes up approximately two cubic meters of volume, the small warehouse described above can hold 24 MT (420 bags) of corn. However, taking into consideration other possible space needs, subtracting another 5%, usable space may be reduced to approximately 68 cubic meters. In this case, the warehouse could only store around 23 MT of corn.

The illustrations below estimate usable stacking space for small, medium, large and warehouses, taking into consideration from 1 to 8 stacks. The illustrations do not take into account additional space requirements described in the above General Guidelines for Determining Storage Space.

Space Utilization - Usable Stacking Volume in Cubic Meters



Small Warehouse (Height = 3M)

**Gross Volume**

$$= 10\text{M} \times 20\text{M} = 200\text{M}^2 \times 4\text{M} = 800\text{M}^3$$

Usable Volume

$$= 18\text{M} \times 8\text{M} = 144\text{M}^2 \times 3\text{M} = 432\text{M}^3$$

Storage Capacity (50 kg bags)

$$= 432\text{M}^3 / 2 = 216\text{MT} (4320\text{ bags})$$

Gross volume

$$= 11\text{M} \times 20\text{M}$$

$$= 220\text{M}^2 \times 4\text{M} = 800\text{M}^3$$

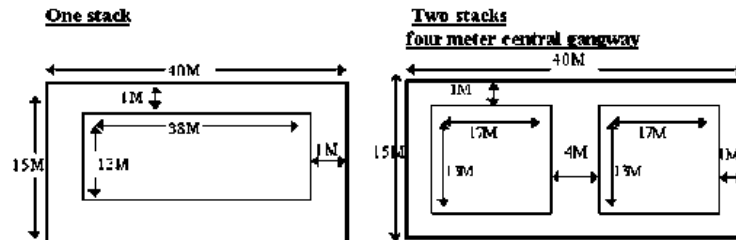
Usable volume

$$= (20\text{M} - 3\text{M}) \times (11\text{M} - 2\text{M})$$

$$= 17\text{M} \times 8\text{M} = 136\text{M}^2 \times 3\text{M} = 408\text{M}^3$$

Storage Capacity (50 kg bags)

$$= 408\text{M}^3 / 2 = 204\text{MT} (4080\text{ bags})$$

Medium Warehouse (Height = 4M)**Gross Volume**

$$= 40\text{M} \times 15\text{M} = 600\text{M}^2 \times 5\text{M} = 3,000\text{M}^3$$

Usable Volume

$$= 38\text{M} \times 13\text{M}$$

$$= 494\text{M}^2 \times 4\text{M} = 1,976\text{M}^3$$

Storage Capacity

$$= 1,976\text{M}^3 / 2 = 988\text{MT} (19,760\text{ bags})$$

Gross volume

$$= 40\text{M} \times 15\text{M} = 600\text{M}^2 \times 5\text{M} = 3,000\text{M}^3$$

Usable volume

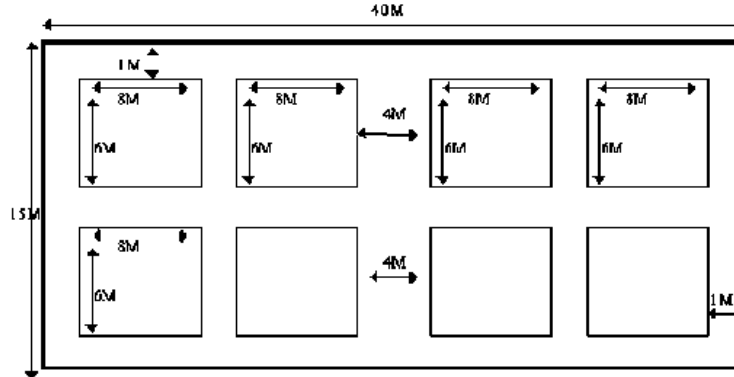
$$= (40\text{M} - 4\text{M} - 2\text{M}) \times (15\text{M} - 2\text{M})$$

$$= 34\text{M} \times 13\text{M} = 442\text{M}^2 \times 4\text{M} = 1,768\text{M}^3$$

Storage Capacity

$$= 1,768\text{M}^3 / 2 = 884\text{MT} (17,680\text{ bags})$$

Large Warehouse (Height = 5M)



$$\begin{aligned}
 \text{Gross volume} &= 40\text{M} \times 15\text{M} = 600\text{M}^2 \times 5\text{M} = 3,000\text{M}^3 \\
 \text{Usable volume} &= (40\text{M} - 4\text{M} - 4\text{M}) \times (15\text{M} - 3\text{M}) \\
 &= 32\text{M} \times 12\text{M} = 442\text{M}^2 \times 4\text{M} = 1,768\text{M}^3 \\
 \text{Storage Capacity} &= 1,768\text{M}^3 / 2 = 884\text{M}^3 \text{ (17,680 bags)}
 \end{aligned}$$

Eight stacks; four meter central gangway

III. Preparing for Receipt or Dispatch of Food

When the storekeeper receives notice that food will arrive, warehouse staff should clean and inspect the area where the food will be stored. Laborers should sweep the ceiling, beams, walls and floors. If necessary and available, use water. Adequate labor and equipment must also be available to move and stack food.

If food arrives without notice, storekeepers should quickly calculate space needs and clean areas before food is placed in the warehouse.

If food is to be stored outside, remove any trash or debris, and make certain that

the storage area is level and well drained.

If storage space is rented, requisitioned or borrowed, inspect the area and arrange to:

- **Repair roofs, doors, locks, and lighting**
- **Acquire pallets or dunnage to raise food off the floor**
- **Clear out partitions, machinery, or other equipment left in the storage areas.**

A. Arrival and Departure of Trucks

Warehouse managers will have to develop procedures to assure smooth dispatches and deliveries. If there is only one loading dock or entrance to a warehouse, trucks arriving at the same time will have to line up to make deliveries or load up. If there are entrances to the front and back, trucks may use the front entrance to deliver food while other trucks are being used to dispatch food from the rear entrance. Wherever possible, warehouse managers should try to arrange for receipts and dispatches of food on separate days to avoid confusion and greater potential for losses or diversions.

In emergencies, food is often dispatched from port warehouses with multiple entrances or to compounds with a number of pre-fabricated warehouses. In these cases, port officer or warehouse managers should develop systems whereby trucks line up outside warehouse or compound perimeters. Drivers are given a gate pass that tells them which entrance or warehouse to go to and how much food to pick up. After loading, storekeepers sign the gate pass. Drivers proceed to an exit and show their signed passes and waybills to warehouse staff at the perimeter exit.

Warehouse staff check the driver off their lists as the truck leaves the perimeter with its cargo. These procedures help to minimize confusion, control the flow of traffic in compounds, and limit the likelihood of diversion.

B. Direct Dispatches to Beneficiaries

In some cases, beneficiaries receive food directly from a warehouse. See *Food Distribution to Sites* for information on how distributions should be managed in these cases. See *Food Receipt and Dispatch* for information on how to document dispatches.

C. Permanent and Temporary Warehouse Labor

A successful warehouse operation depends on the people who work there. In addition to permanent warehouse staff, temporary laborers, often called casual or daily laborers, are employed when food is received or dispatched from a warehouse. They may help with cleaning and other warehouse maintenance tasks. Even though not full-time employees, they must be well trained in food handling and storage procedures, and able to identify damaged packages and infestation. They are also essential in repackaging damaged food.

Country Office Example

CARE Guatemala's warehouse manager identifies those daily laborers who perform well and continues to hire them when temporary workers are needed at the warehouse. Those who do not perform well are not re-hired. The laborers are also trained in stacking and handling food as well as in identifying damaged food

and short-weight packages.

D. Equipment, Material and Pre-Printed Forms

Staff and workers need sufficient equipment, material and pre-printed forms to perform their duties. Needs depend on the size of the warehouse and the volume of food that is received, stored and dispatched. Obviously a small storage room at a health post will not require the same equipment and supplies needed in a large central warehouse. The following is a basic list of equipment and supplies:

- **Pallets on which to stack food**
- **Scales for weighing**
- **Empty containers (bags, plastic gerry cans) and stitching materials for reconstituting food**
- **Pest and rodent control supplies**
- **Cleaning equipment and supplies**
- **Fire extinguishing equipment**
- **First aid equipment**
- **Desks/files for large and medium size warehouse records**
- **Calculator**
- **Pre-printed chemical treatment ledgers**
- **Pre-printed warehouse inventory ledgers**
- **Pre-printed stack and fumigation cards**
- **Pre-printed, pre-numbered Loss and Adjustment Reports**
- **Pre-printed, pre-numbered waybills.**

E. Warehouse Security

1. Theft

The degree of security needed to protect stored food from outside theft depends upon conditions within a country. In some countries a fenced area with security guards may be required; in other countries, a locked warehouse may be sufficient.

Internal Control

Restrict warehouse access to those who actually operate the warehouse, including staff who inspect warehouses. A country office or counterpart manager must designate which staff can possess keys. Country offices should maintain current lists with the names of all persons at the national, regional or local levels in possession of keys. For monitoring purposes, this must apply equally to counterparts and community-based groups.

Only one person should possess the keys to the warehouse at any time. Generally, this should be a person with overall responsibility for the operation of the area where food is stored. This could be the chief storekeeper or warehouse manager if food is stored in separate structures or the person in charge of a health post or community center if food is stored in a room of a building.

Country office senior managers should make it clear to all warehouse staff, including community groups, that the person who possesses the keys is accountable for all losses within the warehouse.

2. Fire Prevention

Warehouse managers or storekeepers must insure that:

- **There are materials and equipment available to put out fires such as fire extinguishers or buckets and hoses, if a water source is available.**
- **Fire extinguishers are inspected regularly to make sure that they work.**
- **Flammable materials such as fumigants are properly stored.**
- **Strict rules that prohibit smoking or cooking in or near the warehouse are enforced.**

IV. Food Storage**A. Open Storage**

If open storage must be used (especially in emergencies):

- **Select a location on high ground that provides for drainage in rainy weather.**
- **Place stacks on pallets, concrete slabs, gravel or sand, wherever possible. At a minimum, place plastic tarpaulin on the ground.**
- **Use pallets and dunnage (loose material) to raise food at least 4 inches off the ground or whatever has been laid over the ground.**
- **Cover food with plastic sheeting, protecting tops and sides, and lash sheeting securely so that it will not blow off.**

- **Dig drainage ditches around the stacks to prevent entry of rainwater.**
- **Protect stacks from theft by using a fence or employing 24-hour security guards.**
- **Insure that stack cards are used and kept up to date. (See below.)**
- **Take daily physical inventories, by a CARE manager or a local counterpart representative, and reconcile physical counts with inventory ledgers.**

Internal Control

CARE managers of open storage must account for food receipts and dispatches, report losses and maintain inventory ledgers as if the food were stored in a building.

B. Height of Stacks

Do not stack 6-tin cartons or pails higher than ten layers, or bags of grain and processed food more than 25 layers. If food is stacked higher, stacks can become unstable especially as food is put on or taken off. In addition, added weight may cause damage to bags or containers of food at the bottom of the stack.

C. Stacking Food

Whenever possible, use pallets to keep food off the floor, and keep stacks at least one meter away from the eaves of the warehouse. This allows air to circulate and helps reduce the risk of infestations. Pallets should be clean, level, and free of projecting nails or splinters. When pallets are not available, such as at the

beginning of an emergency operation, try to place food on wooden planks, woven mats or plastic sheeting. Keeping food off the floor is essential.

Guidelines for Stacking

- Be sure there is easy access to food that has been stored the longest so that it will be dispatched first.
- Store separate shipments of the same food in separate stacks. If this is not possible, place food remaining from a previous shipment on top of newly arrived food so that it can be dispatched first.
- Set the first layer of the stack carefully on the pallets -- this layer is fundamental for maintaining uniform stacks. (See Figure 3 below.)
- Bond or interlace layers bags of grain or processed food to construct the stack. (See Figure 4 below.)
- Line up bags or containers of food with the edge of a pallet. (See Figure 5 below.)
- Place the same number of bags or containers on each level to make counting easy.
- Leave at least one meter between each stack, and between the stacks and walls to facilitate inspections, inventory counts and fumigations. Leave at least one meter of circulation space between the top of the stack and the eaves. (See Figure 6 below.)

- Stack cartons or tins of oil in their upright position.
- Limit stack heights to avoid crushing food on the bottom and excessive floor loading. Do not stack bags of grain or processed food higher than 25 layers, nor containers of oil higher than 10 layers. (See Figure 7 below for an example of a well constructed stack which also can be used like a staircase to easily put food on and take it off.)
- Lift bags and containers and do not throw them.
- Create separate stacks for food in original packages, damaged packages, repackaged food, food suspected and/or declared unfit, and sweepings.
- Take physical inventories by counting from the floor. Climb to the top to observe that the stack is whole and no food has been taken from the center.

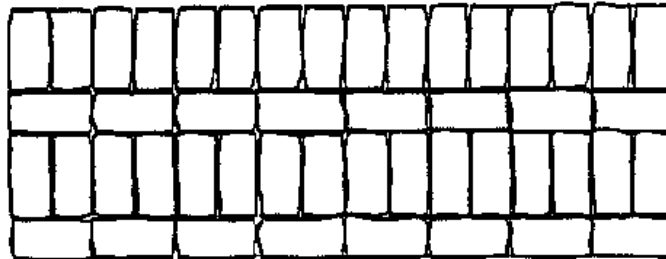


Figure 3a: Correct Stacking Sequence -- Bottom layer as seen from above

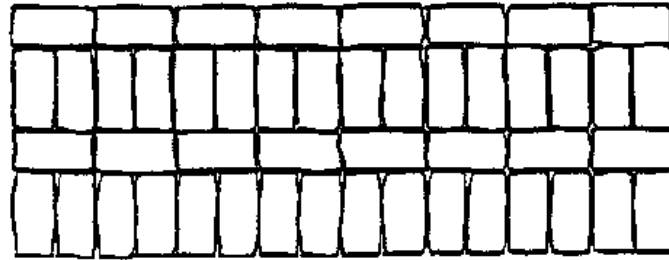


Figure 3b: Correct Stacking Sequence -- Top layer as seen from above

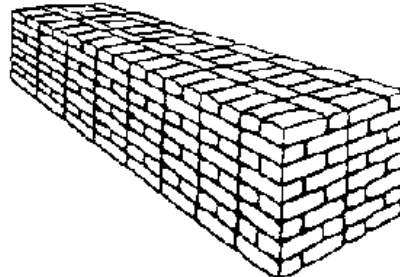


Figure 4: Bonded or interlaced stack

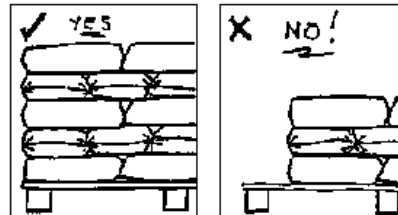


Figure 5: Stacking on pallets

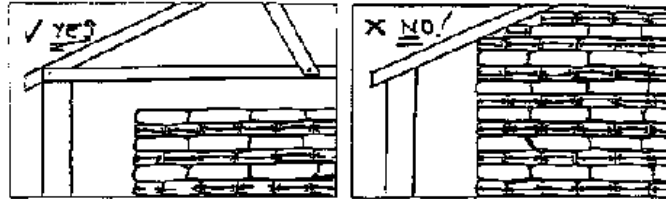


Figure 6: Stacking food to eaves

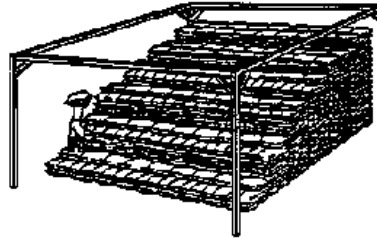


Figure 7: Staircase Stack

D. Stack Cards

Each stack of food must have its own stack card. Stack cards record the receipt and dispatches of food on and off the stack and allow the warehouse manager or storekeeper to assess balances quickly without having to physically count. See *Inventory Accounting and Reporting* for information on how to keep stack cards.

E. Physical Counts

Internal Control

Warehouse managers and storekeepers take physical inventories as part of their

warehouse managers and storekeepers take physical inventories as part of their routine responsibilities. These inventories and reconciliations, however, are not the same as independent inventories and reconciliations taken by independent persons for the country office. See Internal Control, Inventory Accounting and Reporting, and ALMIS 4496 -- the *Commodity Accounting Manual*.

1. Physical Inventory is the True Balance

The warehouse manager or storekeeper must insure that food balances shown on stack cards and in warehouse inventory ledgers reconcile with actual amounts of food in the warehouse. The actual amount of food counted in the warehouse is the TRUE balance.

If the physical counts, stack cards and ledgers do not reconcile and there is no justifiable reason for discrepancies, the person who has been delegated the duty of keeping the keys to the warehouse can be held liable for the value of any differences.

2. Physical Inventory Schedules

There is no set rule specifying when warehouse managers or storekeepers should take physical inventories and reconcile them with warehouse inventory ledgers. In warehouses where there is a lot of activity, inventories may be taken daily, weekly or bi-weekly. In other warehouses where there is not much activity, the warehouse manager or storekeeper may conduct physical counts monthly.

However, for purposes of better control, country offices should require that warehouse managers or storekeepers, at a minimum, carry out physical inventories

at the end of each month. This will facilitate reconciliations with warehouse inventory ledgers and preparation of monthly Commodity Status Reports. (See *Inventory Accounting and Reporting* for more information on recordkeeping, inventories and preparing Commodity Status Reports.) More frequent inventories detect more quickly any differences between actual stock levels and stack cards, and warehouse inventory ledger balances.

3. Reconciling Physical Inventories, Stack Cards, and Warehouse Inventory Ledgers

Normally, each stack is identified by location, shipment number and food type. (See an example of a Physical Inventory Form below.) The physical count is listed by shipment number and for each type of food. Counts should equal balances on stack cards and in warehouse inventory ledgers.

Where there are differences between counts and ledgers, warehouse managers and storekeepers must prepare and submit a Loss and Adjustment Report to an authorized person. Only when the Report is approved can the warehouse manager or storekeeper record the difference as a loss (or excess) in the warehouse inventory ledgers.

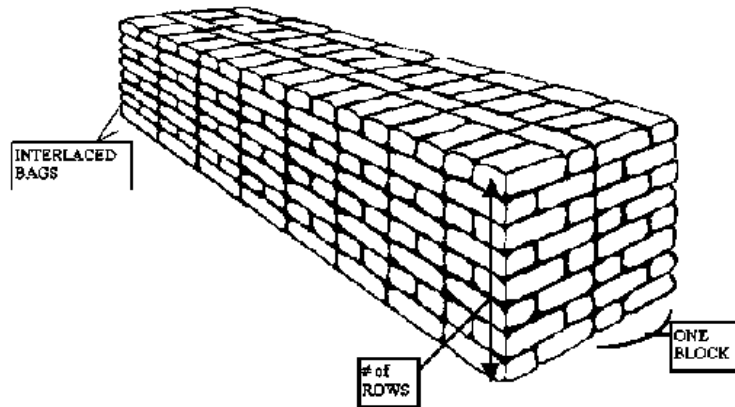


Figure 8: Counting a stack

To take the physical count of one section of the above stack (figure 8): A. add up the number of bags on the two rows completely interlaced (24 bags); B. count the number of blocks (2) at the end of the stack; and add up total number of rows in the stack - top to bottom (8). The stack has $(24 \times 2 \times 8) = 384$ bags.

Document the physical count on a form, similar to the one below and enter the physical count information for each stack on each respective stack card.

Note any differences between counts and stack card balances and briefly explain on the stack card. The Physical Inventory Form and Stack Cards will provide support documentation for physical inventory information entered in warehouse inventory ledgers.

PHYSICAL INVENTORY FORM

Warehouse Location _____

Month/Year: _____

Shipment #	Donor	Type of Food	Original		Damaged		Repackaged		Suspected Unfit		Declared Unfit		Sweepings		Total	
			Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs
															0	0
															0	0
															0	0
															0	0
Total			0	0	0	0	0	0	0	0	0	0	0	0	0	0

Remarks*: _____

Name: _____ **Signature:** _____

Title: _____

File: Warehouse Monthly Physical Inventory

***This section should be filled out when there is a difference the physical count and warehouse inventory ledger. Reasons should be given for any differences. When**

Loss and Adjustment Reports are prepared, the numbers of the report should also be included.

Document losses on the Loss and Adjustment Reports. See Losses and Claims for additional information.

4. Filing Physical Inventory Reports

Warehouse managers and storekeepers must maintain a file which contains monthly physical inventory reports. They may be included in a shipment file or kept separately, but they must be available for inspection by field monitors or other persons carrying out warehouse inspections.

Country offices should determine whether they also want to have warehouse managers and storekeepers submit reports to their Food and Logistics sections.

V. Routine Procedures

A. Maintenance and Cleaning

Keeping warehouses well-maintained and clean is critical to insuring that the maximum amount of food is available for distribution to program beneficiaries.

1. Maintenance

Warehouse managers and storekeepers must periodically examine the warehouse for structural deficiencies.

- **Repair leaking roofs.**
- **Seal cracks in the warehouse floor, wherever possible.**
- **Close any openings in the eaves, walls or foundation where birds or rodents can enter.**

2. Cleaning

Keeping warehouses clean reduces dust, cobwebs, bird droppings and the risk of insect and rodent infestation. The warehouse manager or storekeeper should develop a cleaning plan which assigns specific duties to warehouse staff. The following table provides one example for a cleaning plan.

Warehouse Cleaning Plan

Daily	Weekly	Monthly
Clean spillage as it occurs. Sweep the floor and dispose of the sweepings according to guidelines in <i>Losses and Claims</i>	Sweep walls and sides of stacks thoroughly. Clean debris in the area surrounding the warehouse.	Sweep roof beams. Clean ventilators.

B. Warehouse Inspections

Warehouse managers or storekeepers should assign someone to inspect warehouses routinely with the focus on cleanliness, maintenance of the structure, and proper storage and accounting practices. The following table lists areas of the warehouse to be inspected and evidence that may indicate problems. For an inspection checklist see Attachment, which is taken from CARE's *Commodity*

Storage and Handling Manual, 1992.**Guidelines for Warehouse Inspections**

Area to be inspected:	Inspect for:
Outside the warehouse	Cleanliness Condition of roof, walls and windows Security--fences, guards, locked doors and windows
Inside the warehouse	Condition and cleanliness of ceilings, floors and walls Adequate ventilation Placement of rodent baits/traps Presence of hazardous substances such as chemicals and pesticides Presence of fire extinguishing equipment, dates not expired
Food storage area	Distance between stacks, and between stacks and walls Interlaced or bonded stacks Use of pallets free of exposed nails or wooden splinters which may tear bags Segregation of damaged food Insect infestations -visual and sounds Rodent or bird infestations Stale food which has been stored too long Leaking, stained or discolored containers, bulging or rusting cans and caking of food within bags Germination of grain in sacks Short-weight containers

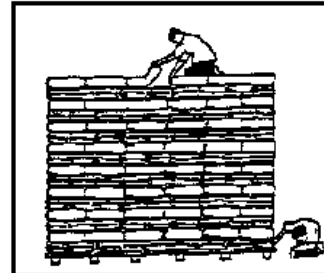
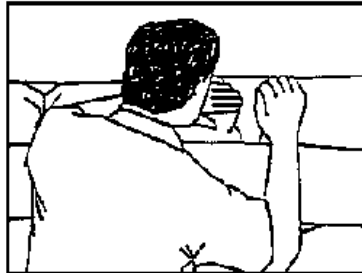
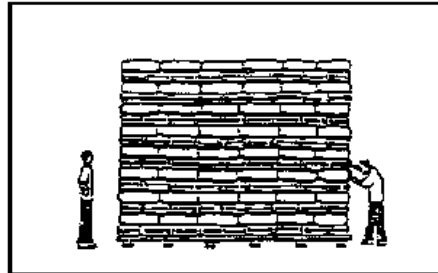
Warehouse office area	Cleanliness Adequate shelving Adequate lighting Condition of office equipment
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C. Preventing Damage and Loss

Internal Control

Continually inspect food for damage. If damage is discovered, segregate the damaged from good packages. Depending on the type of damage, reconstitute, fumigate packages or dispose of the affected food in accordance with prescribed procedures. See *Losses and Claims* for information on repackaging or disposing of unfit food and *Inventory Accounting and Reporting* for recording transactions.

When inspecting stacks, climb to the top and spot check bags or containers underneath top layer, and from the side carefully look in between bags or containers.



Figures 9a, 9b, and 9c: Inspection of Stacks - (From CARE's Commodity Storage and Handling Manual, 1992)

Take action based on the guidance listed in the following table. The terms repackaging and reconstitution are used interchangeably.

Controlling Damage to Food

Type of damage	Evidence of damage	Methods of control	Action necessary
Short-	Bags appear slack.	If bulk shipments, increase	Repackaging or assign a new

weight containers	Containers are not as heavy as normal when lifted. Weighing a random sample of bags and containers indicates short-weight.	vigilance of bagging operation at port. Increase security in storage areas and during transport.	weight to the containers. Prepare Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Leaking, broken or torn bags or containers	Spilled food in transport vehicle. Food spills from containers during unloading. Bags are torn and containers are dented or crumpled.	Handle properly--do not throw, stack too high or use hooks Contact donor if packaging material/container appears inadequate.	Repackage food fit for human consumption. Inspect sweepings and either reconstitute or dispose of sweepings declared unfit for human consumption. Prepare Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Wet, stained or moldy bags or containers	Containers are wet to the touch or dripping. Containers are discolored Unusual smell (moldy or chemical) Caking of food.	Ship in waterproof holds or in adequately sealed cargo containers. Keep under cover when stored outside. Transport using tarpaulins. Insure adequate air circulation.	Inspect and reconstitute food fit for human consumption; dispose of food declared unfit for human consumption. Food dampened by rain may be dried and reconstituted. Prepare Loss and

		Do not store past expiration date on container. Refer to USAID Commodity Reference Manual and other donor guidelines on storage period for food.	Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Bulging or rusted tins	Rust on outside of container, especially near seams and lids. Shape of container is bulging and distorted.	Do not store in direct sunlight Do not store past expiration date on container or longer than four months.	Inspect and reconstitute food fit for human consumption; dispose of food declared unfit for human consumption. Prepare Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Rodent or bird infestation	Rodents or birds in the warehouse Excrement on the floor or stacks Gnawed bags or containers Footprints in dust Nests	Cleanliness and maintenance are critical to preventing infestations. Keep both the outside and the inside of the storage facility clean and free of debris. Close holes or openings in walls, floors and ceilings. If possible place screens over	Inspect and reconstitute food fit for human consumption; dispose of food declared unfit for human consumption. Prepare Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.

		windows and ventilation openings. Cats are effective in controlling rodents. Traps can be set along the interior walls of the warehouse, at each side of every outside door, and in rafters. Insure that no poisons or traps are accessible to the cats.	
Insect or moth infestation	Flying insects Live or dead insects or larvae on the floor Traces of insects or larva in dust Grain bags have small holes and excessive dust Noise heard inside the bag Irregular holes in the grain or beans Strong odor	Cleanliness is critical to prevent insect infestations. Keep both the outside and the inside of the storage facility clean and free of dust and debris. See CARE's Commodity Storage and Handling Manual, 1992 for more information on fumigation.	Inspect and fumigate ; dispose of food declared unfit for human consumption. Prepare Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Sweepings	Loose food from slack or torn bags	Keep bags of food from being handled roughly or	Frequently sweep floors to keep them clean.

	<p>on warehouse floors Loose food on warehouse floors after reconstitution</p>	<p>moved too many times. Instruct laborers to avoid as much spillage as possible during the reconstitution of food.</p>	<p>Reconstitute all food that may be fit for human consumption. Determine if sweepings are unfit. Prepare Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.</p>
--	--	---	---

D. Disposal of Empty Bags or Containers

Empty bags or containers of food may have a high resale value, depending on the type of container and market conditions in the country where the program is located. Each country office should establish guidelines and procedures for the disposition of empty containers in accordance with donor requirements. Although not specifically mentioned in donor regulations, a country office may choose to set aside some empty containers which can be used for future repackaging of food.

Whether bags and containers are donated or sold, the creative uses by beneficiaries is endless. Oil tins can be used or storage for flower pots, gallon oil tins can be cut up to make oil lamps, funnels, watering cans, card files, even fences. They can even be fashioned into little guitars. These make excellent presents and music. Tin cans can also be used as siding for houses. As you know, aluminum siding was very much in vogue in the USA in the 1960s. Bags also can be used for storage, mats on floors and in some cases they are even used for

clothing by cutting out holes for arms and the head.**1. Sale of Bags or Containers**

The sale of empty bags or containers should be coordinated among country office logistics, finance and administrative procurement staff. Before deciding whether or not to sell, program managers must determine if the benefits exceed the costs.

Factors to Consider in Selling Bags or Containers

- Value of bag or container in relation to the value of the food it contained. For example, in some countries the value of a pail that contained vegetable oil may be equal to 1/3 of the value of the oil.
 - Value of empty containers in general. In some countries empty sacks have a relatively high value, while in others the value is nominal.
 - Distance from a viable market or the likelihood that potential buyers will come to warehouses to pick up bags or containers.
 - How does sale affect local production of bags and containers?
 - Costs involved in selling empty bags or containers-- transport back to central store, labor, advertising, management, and inventory recordkeeping.
 - Experience of staff to manage sales.
-
- Donor requirements and agreements with donors to sell.

Establish a tendering process similar to that used for the sale of food unfit for human consumption. Soliciting competitive bids minimizes the possible appearance

of impropriety and maximizes the price for the empty bags or containers. The policies and procedures set forth in CARE USA's *Procurement Manual for Overseas Operations*.

Obliterate donor markings on the containers with paint or a marker. Seeing containers in local markets whose markings have not been obliterated can create a wrong impression. If it is not feasible to obliterate the markings, notify the donor and reach an agreement in writing about how to proceed.

2. Proceeds from Sales

Deduct the costs incurred in selling the bags and containers from sales proceeds. Country offices and counterparts, as applicable, must follow all requirements set forth on the *CARE Overseas Financial Manual* when receiving and distributing proceeds received from the sale of empty bags or containers.

CARE Ethiopia Example

CARE Ethiopia has maximized the sales value of empty bags and containers and uses the proceeds to finance projects. CARE trucks, which normally return empty from secondary to primary warehouses, are loaded with empty bags and containers on the return trip. Once a sufficient stock is accumulated, bids are solicited from potential buyers and the award is given to the highest bidder. Potential buyers are invited to examine the bags and material prior to making their bid. A security deposit is required by those submitting bids. This helps to insure that the buyer is serious about the commitment and will take delivery at the time stipulated in the offer. CARE Ethiopia also requires the buyer to take

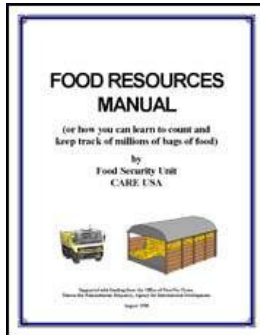
delivery "as is." In other words, the buyer cannot select some bags and containers and reject others but must take the whole lot.

3. Inventory Controls



















Controls must be put in place to insure accountability so empty bags or containers are not misappropriated. The same principles and guidelines for managing food in this manual apply.



















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Chapter 8 - Food receipt and dispatch



Figure

I. The Waybill

A. Purpose

The Waybill is the primary document for the receipt and dispatch of food into and out of all warehouses.

Internal Control

The waybill is analogous to a combined bank check used to withdraw money from a bank and deposit slip to put money in. Waybills must be completely filled out and signed by warehouse managers or storekeepers dispatching food, transporters and receivers of food. Keep blank waybills in a secure place with access limited to the person authorized to prepare the waybill. The country office must determine which office (finance or administration) should order the pre-printed waybills, which often come in blocks of 50 or 100. In coordination with the Logistics Office, a block of waybills will be distributed to the CARE or counterpart port officer or clearing and forwarding agent, and managers of primary and secondary warehouses. Procedures must be developed to keep regional and sub-regional warehouses supplied with waybill forms and to keep track of which waybill numbers have been sent to which warehouses. For example, if there are projects in three different regions, the pre-numbering on the waybill could also include a code for each region and sub-region.

Whether CARE or its counterpart arranges for the transport of food from warehouses, warehouse managers or storekeepers should use a CARE waybill to document the dispatch and subsequent receipt of food. If a counterpart insists on using its own waybills, negotiate an agreement that the counterpart's waybills will contain all the information required in the CARE waybill. If they do not, manually

write the information on the waybill prior to signing it. Try, however, to minimize the use of non-CARE waybills.

B. Information on the Waybill

1. General

CARE's pre-printed, pre-numbered waybills capture information on the donor source, shipment numbers, origin and destination of the dispatch, the transporter, standard weight of unit of food, the type and amounts of food being sent, packages of food received damaged, and the routing of waybills for recordkeeping purposes. A country office may include additional information on the waybill that pertains to the specific country situation.

2. Project Number

Tracking information on the actual amount of food being distributed to projects is important to management. At any given time, managers should be able to determine how much food has actually reached project sites. The CARE waybill also includes a reference for Project Numbers (PNs). This section should only be filled out when food is actually dispatched to a distribution site. The PN on the waybills provides the source documentation for preparing management reports on these distributions. See *Inventory Accounting and Reporting*.

The following are some examples of when to fill in the PN section of the waybill.

Examples

- 1. Food is dispatched from a primary warehouse to a secondary regional warehouse. In this case, the PN section would not be filled in because inventory has just been moved from one warehouse to another.**
- 2. Food is dispatched from a primary or secondary warehouse by a transporter arranged for by CARE or a counterpart to a distribution site. Here, the warehouse manager or storekeeper of the dispatching warehouse should fill in the PN number as the food has been moved out of CARE's warehouse inventory to the actual project site for distribution.**
- 3. Food is picked up at a primary or secondary warehouse by authorized representatives of the project. They arrange for transport to their project site. The warehouse manager or storekeeper fills in the PN.**

See the following distribution plans and allocation forms for more information.

Internal Control

Document the dispatch and receipt of food on a properly authorized waybill, whether from a primary or secondary warehouse, a storage facility of a counterpart, or an outside storage area. Without proper documentation, responsibility for losses cannot be assigned and CARE could be held liable for the value of lost or damaged food, even if not responsible.

C. Control of Pre-Printed Waybills

Country offices must control access to pre-printed , pre-numbered waybill forms

the same way that they control access to blank checks for cash transactions.

D. Waybill Authorization

Delegate the authority to dispatch food to a warehouse manager or storekeeper or someone higher up in the organization. Before signing the waybill:

- **Insure that the information on the waybill is complete.**
- **Insure that the type and quantity of food loaded on the truck matches both the information on the waybill and the information in the distribution plan for the project.**
- **Insure that the delivery location on the waybill matches the delivery location on the distribution plan or the disposition memo for unfit food.**
- **Obtain the signature of the person taking the food from the warehouse, usually the transporter.**

Once these requirements have been met, sign the waybill and the food can be dispatched.

Internal Control

The transporter must also sign all dispatch waybills to document his agreement with the quantities described in the waybill.

II. Receipt of Food

A. Ways that Food is Received

Food can be received in any one of six ways:

1. Discharged at Port

This occurs when the Bill of Lading names a port as the destination point. The independent discharge survey occurs at port and CARE, its agent or a local counterpart transports the food directly from the port or port warehouses to CARE or counterpart warehouses, using a CARE waybill.

Country Office Example

CARE Ethiopia receives food at the port of Djibouti and contracts with private transporters to move the food to CARE warehouses in Ethiopia. The forwarding agent in Djibouti completes a pre-printed, pre-numbered CARE waybill for each truck dispatched from port. The receiving warehouse storekeeper in Ethiopia fills out the Receipt Information section of the waybill to document the receipt.

2. Through Bill of Lading

A Through Bill of Lading stipulates a delivery location other than the port. The shipper is responsible for transporting the food from the port to the location named on the Through Bill of Lading. Generally, the delivery location is a CARE or counterpart warehouse. The independent discharge survey occurs at the warehouse and not at the port. Although CARE is not responsible for transportation, CARE should ask the shipping company to use a CARE waybill when

the company arranges for transportation out of the port of arrival.

Country Office Example

US Food is shipped to CARE Guatemala on a Through Bill of Lading with the primary warehouse in Guatemala City listed as the delivery location. The shipping company transports the food from the port to the primary warehouse. CARE Guatemala contracts a clearing and forwarding agent to keep the country office advised of the status of the food at port and to facilitate the dispatch of the food from the port. An agent is not mandatory at the port when food is shipped on a Through Bill of Lading, but CARE Guatemala has found that the benefits far exceed the costs. The agent has pre-printed, pre-numbered CARE waybills that he prepares for each dispatch from the port. The warehouse manager in Guatemala City records the receipt of each delivery from the port in the Receipt Information section of the waybill.

3. Received as a Loan or Transfer

With donor approval, food may be loaned or transferred from another NGO, the World Food Program or from another CARE project. CARE will repay loans from future stocks. A transfer is an allocation from one donor program to another and is not repaid.

If CARE arranges for transport, a CARE waybill is used to document the receipt. If CARE does not arrange for transport, the warehouse manager or storekeeper must insure that the receiving information included on the waybill matches that on CARE's waybill. If not, the warehouse manager or storekeeper should write the

information in the Receipt section of the non-CARE waybill and initial changes/additions along with the transporter.

Country Office Example

USAID approves the loan to CARE of 1,000 MT of wheat from another NGO in Ethiopia. CARE arranges for the transport from the NGO's warehouse to the CARE warehouse, using CARE waybills. The receiving warehouse storekeeper uses the Receipt Information section of the waybill to document the receipt of the loan. The same process occurs for a transfer.

In another case, a loan is approved, but the other NGO transports the food from its warehouse to a CARE or counterpart warehouse using its waybills. If the Receipt section of the NGO's waybill is different than the CARE waybill, the CARE or counterpart warehouse manager or storekeeper should make certain that he/she includes on the NGO waybill all the information required for the Receipt Information section of the CARE waybill. Once this is done the warehouse manager or storekeeper and the transporter would sign the waybill.

4. Received as a Repayment of a Loan

Another organization or CARE project repays a loan. If the food is transported on a non-CARE waybill, the storekeeper should include all the information requested on the standard CARE waybill, initial changes and additions, and sign along with the transporter.

Country Office Example

Another NGO in Ethiopia repays 500 MT of wheat that CARE had previously loaned to them. The NGO transports the food from their warehouse to a CARE warehouse, using their own waybill. The receiving warehouse storekeeper notes that the waybill does not contain all the information included on the Receipt Information section of CARE's waybill. She writes the additional information on the waybill, then she and the transporter sign it.

5. Transferred to Another Warehouse

Food is often transferred from one CARE or counterpart warehouse to another warehouse, port warehouses to primary or secondary warehouses, or from primary or secondary warehouses to food distribution sites.

Country Office Example

CARE Haiti receives food at its primary warehouse in Gonaives. Some of this food is then transferred to a secondary warehouse in Bombardapolis. CARE waybills are used to dispatch the food. The Bombardapolis storekeeper uses the Receipt Information section of the waybill to document receipt.

6. Returned to the Warehouse

A truck may not be able to make a delivery due to poor road conditions, or the receiver may not accept some or all of the food due to its condition or for lack of storage space. Food may be returned on the same truck that brought it, or it may be returned at a later date on a different truck. When food is returned, the warehouse manager or storekeeper notes the quantity and condition of the food on

the Receipt Information section of the waybills.

Country offices should pay special attention when food is not returned by the transporter who originally delivered it, especially when food is being returned from distribution sites. Unscrupulous transporters and warehouse managers and storekeepers may attempt to divert some of the food being returned.

First, if food does not reach its destination, all the food is returned. In this case, the warehouse manager and storekeeper of the dispatching warehouse would fill in the Receipt Information section of the waybill and sign along with the driver when the food is returned.

Country Office Example

CARE Haiti dispatches a truck with 100 bags of wheat and twenty containers of vegetable oil to be delivered to ten feeding centers, 10 bags of wheat and 2 containers of oil for each center. The truck carries ten waybills--one waybill for each delivery location. Due to heavy rains, the truck is not able to make deliveries to five feeding centers and returns to the warehouse with fifty bags of wheat and ten containers of vegetable oil. The warehouse storekeeper acknowledges receipt and documents the return of the food on the Receipt Information and the Remarks sections of the waybill for the five centers that did not receive food.

Second, sometimes the food reaches its destination, but all or part of the dispatch is returned immediately to the dispatching warehouse. The food may be damaged or there may not be sufficient storage space in the receiving warehouse.

If food is returned by the original transporter, the person receiving and returning the food should:

- **Fill in the Receipt Information section of the waybill from the dispatching warehouse. Write in the Remarks section of the waybill the number of bags or containers being returned, their condition, and reasons for the return. A copy of this waybill is not returned to the original dispatching warehouse. See Routing the Waybill below.**
- **Prepare a new waybill ¹ to document the dispatch of the food from the distribution site back to the dispatching warehouse. The new waybill should reference the original waybill number. The new waybill accompanies the transporter back to the original dispatching warehouse.**
- **Keep both waybills on file for CARE food monitors or other persons to review.**

¹ If distribution sites do not have blank waybills, they should write a letter containing all information requested on the waybill. It should be signed by the authorized person at the distribution site and the transporter.

When food is returned to the original dispatching warehouse, the warehouse manager or storekeeper should:

- **Sign the receipt section of the receiver's waybill or letter along with the transporter.**
- **Attach the receiver's new waybill or letter to the original waybill. The receiver's**

waybill or letter becomes the support document for the return.

Third, in some cases, food is not returned to the original dispatching warehouse until days or weeks after its delivery. Follow the same procedures as above. The original dispatching waybill will already have been returned by the transporter. The transporter must submit this waybill for payment. The receiver's new waybill should be attached to the copy of the original dispatching waybill on file with the commodity accountant in the country or regional office.

B. Procedures for Receiving Food

1. Unloading

Food is unloaded from trucks or rail cars to loading docks or floors of warehouses and then placed in stacks. In some warehouses a truck may enter the warehouse and the food can be placed directly in stacks. Minimizing the number of times food is handled reduces handling charges as well as damages that occur when bags or containers are repeatedly moved and dropped.

Temporary day laborers usually unload food from the truck to a warehouse. The warehouse storekeeper or a designate must be present to count the number of bags and containers coming off the truck and observe their condition. The transporter should also be present. The receiver and the transporter should reach agreement on the quantity and quality of the food unloaded. If they cannot agree, the transporter is required to note any differences in the Remarks section of the waybill.

All damaged packages must be segregated, repackaged and inspected to determine if the food is fit for human consumption.

The warehouse manager or storekeeper or his/her designate must insure that food is stacked properly. See *Storage and Handling*.

Country Office Example

At CARE Guatemala's primary warehouse in Guatemala City, the truck enters the warehouse and stops next to the area where the food will be stacked. A wooden plank is extended from the truck bed to the floor; day laborers take a container or bag, walk down the plank, and place it on the pallets. As the stack grows in height, the plank is moved onto the stack. The food is stacked like a staircase with the back of the stack higher and the remainder of the stack in different levels, descending from the highest level at the back of the stack to the lowest level at the front. The day laborer then walks up the stairs and places the bag or container on the stack, so each bag or container is only handled only once. The workers and assistant storekeeper look for damaged food as it is unloaded and segregate it immediately.

2. Counting

Count bags or containers of food by type, either with a hand-held "clicker counter" or tally sheets, to keep a running total as food is unloaded.

Internal Control

CARE or counterpart warehouse managers or storekeepers must reconcile the

CARE or counterpart warehouse managers or storekeepers must reconcile the physical count with the information on the waybill and with the count taken by the transporter, prior to signing the waybill. Once the waybill is signed by all parties, it will then be difficult or not even possible for CARE or its counterparts to later claim that a transporter is liable for any damages not acknowledged at the time the waybill was signed.

3. Damaged Packages

Damaged packages are evidenced by:

- **Short-weight bags or containers**
- **Leaking, broken or torn bags or containers**
- **Wet, stained or moldy bags or containers**
- **Rusted or bulging containers**
- **Feces from rodents in bags or containers**
- **Insect-infested bags or containers.**

Segregate damaged food and either:

- **Repackage**
- **Fumigate infested food**
- **Dispose of food declared to be unfit for human consumption.**

See *Losses and Claims* on repackaging and disposing of unfit food.

C. Documenting the Receipt of Food

1. Complete the Receiving Waybill

For information on how to record waybill information on stack cards and Warehouse Inventory Ledgers see *Inventory Accounting and Reporting*. Below are examples of some port transactions followed by sample filled out waybills.

Example 1 -- Waybill # 850

- **29 October -- 1,000 bags are dispatched from port warehouse to warehouse #1 via Waybill # 850.**
- **29 October -- The truck carrying Waybill #850 from the port warehouse arrives at warehouse #1. A total of 975 bags of food are unloaded, of which five bags are torn and leaking, and two are stained and appear to be unfit for human consumption.**

Example 2 -- Waybill #853

- **31 October -- 1,000 bags are dispatched to warehouse #1 via Waybill #853.**
- **31 October -- The truck carrying Waybill #853 arrives at warehouse #1 and unloads 1,010 bags, of which five are torn and leaking, three are moldy, and ten are underweight by five kilos each.**

Example 3 -- Waybill #854

- **1 November -- 1,000 bags are dispatched from the port warehouse to warehouse #1 via Waybill #854.**
- **1 November -- The truck carrying Waybill #854 from the port warehouse arrives at Warehouse #1 and unloads 990 bags.**

CARE WAYBILL**850**

Dispatching Warehouse #: PORT WAREHOUSE Date: 29/10
 Receiving Location: WAREHOUSE #1 Transporter: _____
 Project Number: _____ Truck #/ Trailer #: _____

Dispatch Information:

Commodity	Shipment #	Unit: bag/carton/ drum	Unit: weight kgs.	Good Units		Repackaged Units		Total Units		Total Weight MTs
				Units	Kgs	Units	Kgs	Units	Kgs	
WHEAT	3054	BAG	50	1000				1000		50
										0
										0
TOTAL			50	1000	0	0	0	1000	0	50

Remarks:

PORT _____ 29/10

STOREKEEPER NAME

Signature

Date

STORERECEIVER NAME

Signature

Date

TRANSPORTER

29/10

DRIVER NAME

Signature

Date

Receipt Information:

Commodity	Ship. #	Unit: bag/ carton/ drum	Unit weight kgs.	Units rec'd good		Units short		Units rec'd						Total Receipts	
				Units	Kgs	Units	Kgs	Slack/torn		Wet/stained		Other		Units	Kgs
WHEAT	3054	BAG	50	968		25		5		2				1000	0
														0	0
														0	0
TOTAL			50	968	0	25	0	5	0	2	0	0	0	1000	0

Remarks: TWO STAINED/LEAKING BAGS APPEAR UNFIT. DAMAGED FOOD TO BE RECONSTITUTED. LOSS TO BE DETERMINED AFTER REPACKAGING

WAREHOUSE MGR/WAREHOUSE #1

signed

29/10

RECEIVER NAME

Signature

Date

TRANSPORTER

signed

29/10

DRIVER NAME

Signature

Date

Original	Copy 1	Copy 2	Copy 3	Copy 4
Commodity Accountant	Commodity Accountant	Transporter	Receiver	Dispatch
Finance Section	Finance Section		Location	Location

CARE WAYBILL

853

Dispatching Warehouse #: PORT WAREHOUSE Dispatch Date: 31/10
 Receiving Location: WAREHOUSE #1 Transporter: _____
 Project Number: _____ Truck #/ Trailer #: _____

Dispatch Information:

Commodity	Shipment #	Unit: bag/carton/ drum	Unit: weight kgs.	Good Units		Repackaged Units		Total Units		Total Weight MTs
				Units	Kgs	Units	Kgs	Units	Kgs	
WHEAT	3054	BAG	50	1000				1000		50
										0
										0
TOTAL			50	1000	0	0	0	1000	0	50

Remarks:

31/10

STOREKEEPER NAME Signature Date

31/10

DRIVER NAME Signature Date

Receipt Information:

Commodity	Ship. #	Unit: bag/ carton/ drum	Unit weight kgs.	Units rec'd good		Units short		Units rec'd						Total Receipts	
				Units	Kgs	Units	Kgs	Slack/torn		Wet/stained		Other		Units	Kgs
WHEAT	3054	BAG	50	992		0		5		3		10		1010	0
														0	0
														0	0
TOTAL			50	992	0	0	0	5	0	3	0	10	0	1010	0

Remarks: 1010 BAGS INSTEAD OF 1000 BAGS RECEIVED. DAMAGED AND SHORT WEIGHT BAGS TO BE REPACKAGED. ANY LOSSES AFTER REPACKAGING TO BE CHARGED TO TRANSPORTER

<u>WAREHOUSE MANAGER/WRHS #1</u>	<u>signed</u>	<u>31/10</u>
RECEIVER NAME	Signature	Date
_____	<u>signed</u>	<u>31/10</u>
DRIVER NAME	Signature	Date

Original	Copy 1	Copy 2	Copy 3	Copy 4
Commodity Accountant Finance Section	Commodity Accountant Finance Section	Transporter	Receiver Location	Dispatch Location

CARE WAYBILL

854

Dispatching Warehouse #: PORT Dispatch Date: 1/11
 Receiving Location: WAREHOUSE #1 Transporter: _____
 Project Number: _____ Truck #/ Trailer #: _____

Dispatch Information:

Commodity	Shipment #	Unit:	Unit:	Good Units	Repackaged	Total Units	Total Weight
-----------	------------	-------	-------	------------	------------	-------------	--------------

				Slack/torn		Wet/stained		Other							
				Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs
WHEAT	3054	BAG	50	992		0		5		3		10		1010	0
														0	0
														0	0
TOTAL			50	992	0	0	0	5	0	3	0	10	0	1010	0

Remarks: _____ 10 BAGS NOT DELIVERED _____

WAREHOUSE MANAGER/WRHS #1 _____ 1/11

RECEIVER NAME _____ Signature _____ Date

_____ 1/11

DRIVER NAME _____ Signature _____ Date

Original	Copy 1	Copy 2	Copy 3	Copy 4
Commodity Accountant Finance Section	Commodity Accountant Finance Section	Transporter	Receiver Location	Dispatch Location

2. Authorization of Receipts

The Country Director of a CARE office or its counterpart must delegate the authority for acknowledging receipt of food to a warehouse manager or

storekeeper. Country offices must keep up-dated records (with sample signatures) of all CARE and counterpart staff who have authority to receive food. See Agreements and Contracts.

Internal Control

Everyone who is authorized to sign for the receipt of food must be informed that they may be held responsible for all the food for which they sign, regardless of the actual quantity and quality. They must therefore inspect food and document any damages to packages or missing food prior to signing the waybill.

a. Acknowledging Receipt

Internal Control

Warehouse managers or storekeepers must fully complete the Receipt Information section of the waybill regardless of whether food is received from a primary or secondary warehouse, a storage facility of a counterpart, or an outside storage area. If a CARE waybill does not accompany the food, write the information on the waybill that does accompany the food. Failure to write complete information exposes the warehouse manager or storekeeper, and ultimately CARE, to liability for the value of all losses.

Country Office Example

CARE Haiti uses computer-generated waybills for food dispatched to community feeding centers. As part of the agreement, each center must designate two people

who are authorized to receive food on behalf of the feeding center. Their names are printed in the "acknowledgment of receipt" section of the waybill. At least one must be present to sign or food will not be unloaded at the center.

b. Acknowledging Delivery

When the transporter delivers, unloads and counts food, he must also sign the waybill. The transporter's signature acknowledges delivery of the same quantity and condition of food as the person responsible for receipt. If the transporter does not agree with the receiver's information, he should not sign the waybill but rather should write an explanation in the Remarks section of the waybill.

If the transporter does not sign the waybill and does not write anything in the Remarks section of the waybill, he can be held responsible for any losses from this delivery.

3. Documentation of Damages to Unfit Food

See Losses and Claims for complete information on damaged packages and unfit food. To the extent possible, rebag food which arrives in damaged packages and/or segregate food which is suspected of being unfit at the time it is received. Include the information on the Remarks section of the waybill. If however a large quantity of bags or containers arrives damaged and the transporter cannot wait for the food to be placed in new packages, the warehouse manager, storekeeper or other person must fill out, by categories, the number of units damaged in the Quantity Received Damaged section of the Receipt Information section of the waybill.

It is important that the Remarks section also be filled out, covering repackaging and

It is important that the Remarks section also be filled out, saying repackaging and analysis of suspected unfit food will take place at a later date. The transporter will be notified of losses, and the value of those losses will be subtracted from the transporter's invoice.

When the food is repackaged or declared unfit at a later date, complete a Loss and Adjustment Report, detailing the amount that was lost during repackaging and declared unfit. The Loss and Adjustment Report is used to make adjustments to balances recorded in the warehouse inventory ledgers and to support the extent of losses that are the responsibility of the transporter. Be certain to reference the waybill number on the Loss and Adjustment Report. This will be the basis for the claim against the transporter.

4. Excess Receipts

In some cases more food may be delivered than is listed on the waybill. When this occurs, add the excess amount onto the receiving waybill. In the example of transactions shown above, an excess of ten bags of wheat were delivered to the warehouse via Waybill # 853. However there was a shortage of ten bags on the next delivery made via Waybill # 854. It would appear that ten bags from Waybill #854 may have been erroneously put onto the truck carrying Waybill # 853.

The warehouse manager or storekeeper should wait until all food has been delivered from a shipment to determine if the excess on one waybill cancels the shortage on another waybill.

Helpful Hint

One way to reduce the risk that excess receipts will not be reported by a warehouse storekeeper is to require the transporter to deliver waybills directly to the warehouse manager before food is unloaded. The warehouse storekeeper is thereby not aware of the amount listed on the waybill. The storekeeper documents the quantity and quality of food received and passes this information to the warehouse manager. The warehouse manager then completes the Receipt Information section on the waybill. This procedure requires the storekeeper to count the food and not to rely on the waybill. It also reduces the possibility that a storekeeper would not report an excess receipt.

5. Documenting Receipt of Food Shipped on a Through Bill of Lading

On a Through Bill of Lading, the independent discharge survey and customs clearance are conducted at a designated warehouse outside the port authority. See Port for more information about the additional documentation requirements for customs clearance and the independent discharge survey. See Inventory Accounting and Reporting for information on how receipts would be entered on stack cards and warehouse inventory ledgers.

6. Routing the Waybill

A CARE waybill has an original and four copies. The warehouse manager or storekeeper at the dispatching warehouse completes the waybill and signs it along with the transporter.

- **The original waybill is sent by the dispatching warehouse to the commodity accountant in the finance section of the CARE country, state or regional office**

(Reference Almis #4496 *Inventory Food Commodities - Commodity Accounting Manual*) to record the dispatch in CARE's financial ledgers.

- **Copies one, two and three of the waybill are then taken by the transporter to the receiving location.**
- **Once the Receipt Information and Remarks sections of the waybill are filled out and signed by the receiver and transporter, copy one of the waybill is returned to the commodity accountant in the CARE country, state or regional office, copy two is for the transporter and used for requesting payment, and copy three remains at the receiving location.**
- **The fourth copy never leaves the dispatching warehouse. It is used to support entries recorded by warehouse managers or storekeepers in the dispatching warehouse's inventory ledgers.**

Summary of Waybill Routing

Waybill part	Routed to	Routed when
Original	Commodity accountant in the Finance section in country, state, regional or area office	When authorized for dispatch and signed by transporter who confirms the receipt of food dispatched from the warehouse.
Copy 1	Commodity accountant in the Finance section in country, state,	After receiver and transporter sign waybill acknowledging receipt and delivery of the food at the receiving location.

	regional or area office	
Copy 2	Transporter	After receiver and transporter sign waybill acknowledging receipt and delivery of the food at the receiving location.
Copy 3	Receiving warehouse	After receiver and transporter sign waybill acknowledging receipt and delivery of the food at the receiving location.
Copy 4	Dispatching warehouse	When authorized for dispatch and signed by transporter who confirms the receipt of food dispatched from the warehouse. This copy remains with the dispatching warehouse. It is not taken by the transporter.

CARE-Ethiopia Example

Helpful Hint -- CARE Ethiopia uses multi-colored waybills--each copy is a different color. This makes it easier to identify the source and insure that each copy of the waybill is routed to the appropriate person.

III. Dispatch of Food

A. Distribution Plans for Projects

The decision to dispatch food between warehouses or from warehouses to distribution sites must be based on a distribution plan for each project (by PN) prepared by the CARE or counterpart project manager or other authorized person. The plan, unless otherwise approved by the donor, is based on the ration size for beneficiaries set out in the program proposal approved by the donor.

1. Pipeline Analysis

Project and logistics managers can use an analysis similar to the Pipeline Analyses described in Call Forward and Procurement to determine what stocks are on hand, what arrivals and distributions are anticipated for a designated period, and what will need to be ordered to keep the warehouse or distribution site stores adequately stocked to meet project food resource needs.

Project managers may want to send additional food in anticipation of the rainy season when transporters may not be able to reach project sites.

Depending on the nature and scope of the project, pipeline analyses may be prepared daily, weekly or quarterly. Ideally, project and logistics managers will know actual stock balances in warehouses or distribution sites. However, with frequent distance and communication problems between warehouses and distribution sites, managers will likely have to estimate stock levels to carry out their analysis and make distribution plans.

2. Distribution Plan

a. For Projects

Once the pipeline analysis is completed, the project and logistics managers develop a specific distribution plan for each project (by PN) which authorizes warehouse managers or storekeepers to dispatch food to designated warehouses or distribution sites. Plans will have to take into account storage capacity of receiving warehouses.

Internal Control

The distribution plan provides the warehouse manager or storekeeper with the information about when, where and how much food should be dispatched for a project and the authorization to dispatch it. In order to assure that responsibilities among personnel are segregated and that adequate controls over food inventory are in place, warehouse managers or storekeepers cannot determine where food should be sent and arrange for its dispatch on their own.

CARE/Guatemala Example

CARE Guatemala's food programming section prepares all waybills based on a distribution plan. The program director signs the waybills and passes them to the warehouse manager for dispatch. The warehouse manager reviews the waybill for completeness, verifies the approval signature of the program director and obtains the signature of the truck driver after the food has been loaded on the truck. Food cannot leave the warehouse until the warehouse manager and the driver sign the waybill.

The distribution plan:

- **Names the receiving warehouse, organization or institution**
- **Provides the number of units/kgs to dispatch to each project**
- **Provides a time period for dispatch**

- **Identifies the transporter or person who will pick up the food on behalf of the organization or distribution site receiving it**
- **Includes columns and rows to show dates of dispatches from warehouses and remaining balances**
- **Includes the name and signature of the person(s) authorized to approve the plan.**

Depending on the program, the warehouse manager may also prepare an individual allocation form for each warehouse or site, in addition to a distribution plan. For example, a distribution plan shows 250 bags of corn going to Warehouse B for Project FFW. However, because of limited transport, the bags will have to be moved in three different trips. The warehouse manager or storekeeper prepares waybills for each dispatch and fills out an allocation form as follows:

Date	Project Name/PN	Total Allocation	Waybill #	# Dispatched	Allocation Balance
10/1	PN 22 - FFW	250	150	75	175
10/5	" "	-	154	100	75
10/9	" "	-	160	75	0

Dispatches shown and remaining balances on distribution plans and allocation forms can be reconciled with the warehouse inventory ledgers and serve as a cross-check for the authorized movement of food.

Space on distribution plans or use of allocation forms to show remaining balances

to be moved to other warehouse or distribution sites should greatly help warehouse managers or storekeepers keep track of where and how much food is to be moved for each project (PN).

b. For Loans or the Disposal of Unfit Food

Authorized managers in country offices make decisions about making or repaying loans and disposing of unfit food, not warehouse managers or storekeepers. Country offices will need to develop procedures to keep warehouse managers and storekeepers advised of when loans or transfers of food will be received, loans will be paid back and when and how to dispose of unfit food.

B. Types of Warehouse Dispatches

There are five ways that food leaves the warehouse:

1. For Distribution to Program Participants

This includes food dispatched to counterpart stores at distribution sites as well as food dispatched directly by CARE to program participants.

Country Office Example

CARE Peru dispatches food from its warehouses in Lima to various community centers in the Lima area where it is cooked and distributed to participants. An authorized CARE waybill is used to document the dispatch of food from the warehouse.

2. As a Loan or Transfer

With donor approval, food may be loaned or transferred by CARE or its counterpart to another organization such as an NGO, the World Food Program or another CARE or counterpart project. A loan is repaid from future stock, while a transfer is an allocation from one donor program to another and is not repaid. If CARE or the counterpart arranges for the transport, a CARE waybill is used. If CARE or the counterpart does not arrange for the transport, insure that the dispatch information included on the waybill complies with all the dispatch information required on CARE's waybill, and initial changes/additions.

Country Office Example

USAID authorizes CARE Ethiopia to loan 1,000 MT of wheat to another NGO operating in Ethiopia. The NGO arranges for the transport of the wheat from the CARE warehouse to the NGO warehouse. The CARE warehouse storekeeper completes the Dispatch Information Section of the waybill, and signs and dates the waybill. The transporter also signs.

3. For Repayment of a Loan

Borrowed food is repaid according to the loan agreement approved by the donor.

Country Office Example

CARE Ethiopia's Project #1 repays Project #7 with 500 MT of wheat. This wheat was borrowed from a shipment of Project #7 wheat. The storekeeper completes

the top part of the waybill, Dispatch Information Section, and with the transporter signs and dates the waybill, to document the dispatch of 500 MT of wheat to Project #7.

4. For Transfer to Another Warehouse

Food is transferred from the port to primary or secondary warehouses; primary to secondary warehouses; or from a primary or secondary warehouse to food distribution sites.

5. After Being Declared Unfit for Human Consumption

Food declared to be unfit for human consumption is dispatched from the warehouse for sale, donation or destruction. See *Losses and Claims*.

Country Office Example

Due to inadequate door seals on the containers used to ship wheat to Guatemala, some bags of wheat were contaminated with sea water. After the wheat was declared unfit for human consumption, CARE Guatemala sold it to a buyer to be used for fertilizer. The bags of unfit food were dispatched from the warehouse using CARE waybills.

Internal Control

Warehouse managers or storekeepers are never authorized to dispatch unfit food until they have prepared a Loss and Adjustment Report. Only after the Loss and

Adjustment Report has been approved can warehouse managers or storekeepers dispatch the unfit food and record the removal in warehouse inventory ledgers. See *Losses and Claims* and *Inventory Accounting and Reporting*.

C. Procedures for Dispatching Food

1. Dispatch of Food

Before dispatching food from a warehouse, make certain that stacks are accessible for loading. FIFO (First In First Out) is the best method of dispatching food from a warehouse. Food that was received first is dispatched first, except in the case of reconstituted and damaged food where storekeepers must use their judgment and consider other factors such as spoilage, infestation and shelf life. For example, a storekeeper may decide to dispatch food which has been infested and fumigated before other food that arrived earlier but has not been infested.

Other planning considerations include:

- **Quantity of food in the warehouse**
- **Number of temporary workers required for loading**
- **Number of trucks required for transport.**

See *Food Distribution to Sites* for information on how much food to dispatch food from a warehouse.

2. Loading

Depending on the warehouse, either load food directly from the stack to the truck,

or place it in piles on the warehouse floor and then load it onto trucks. Minimizing the number of times food is handled reduces handling charges as well as damages that can occur when bags or containers are moved or dropped.

Country Office Examples

CARE Haiti dispatches bulgur wheat, fish, oil, and CSB to a feeding center. Normally, a truck delivers to more than one feeding center in a single trip. The food for each feeding center is placed in a separate pile on the warehouse floor. Each center has its own numerical institution code which is written by warehouse staff on the appropriate bag or container of food. The storekeeper must fill out separate waybills for each distribution site. The assistant warehouse storekeeper counts the food by type as it is loaded on to the truck. Food which will be delivered last is loaded first. S/he reconciles the count with the information contained in the waybills with the count of the transporter. If no differences exist, the warehouse storekeeper signs the waybills.

CARE Guatemala dispatches wheat, oil and CSB to regional centers from their primary warehouse in Guatemala City. Normally a truck delivers to only one regional center at a time. Only one waybill is prepared. The truck enters the warehouse and the food is loaded directly from the stacks to the truck. The assistant storekeeper counts the food by type as it is loaded onto the truck and reconciles this information with that listed on the one waybill and the count of the transporter. If no differences exist, the warehouse manager signs the waybill.

3. Counting Food

The warehouse manager, storekeeper or another designated person must count units of food by type as they are loaded onto the truck. Either a "clicker counter" or tally sheets can be used to keep a running total. The physical count must be reconciled with the information on the waybill and with the transporter's count. Resolve any difference in the count prior to signing the waybill.

4. Damaged Food

Warehouse managers and storekeepers must inspect all food as it is loaded onto the truck, and segregate any food for eventual repackaging, fumigation or disposal. Never knowingly dispatch damaged food.

D. Documenting the Dispatch of Food

1. Completing the Dispatch Waybill

Internal Control

Waybills are the primary documents for recording dispatches (withdrawals) of food from warehouses. Waybills must be completely filled out and signed by the warehouse managers or storekeepers and countersigned by the persons receiving food at the time the food is dispatched.

Guidelines for use and control of pre-numbered and pre-printed waybills are discussed in the Receipt Section of this chapter.

Delegate the authority to dispatch food to a warehouse manager or storekeeper or

someone higher up in the organization. Before signing the waybill:

- **Insure that the information on the waybill is complete.**
- **Insure that the type and quantity of food loaded on the truck matches the information on the waybill and that in the distribution plan for the project (PN).**
- **Insure that the delivery location on the waybill matches the delivery location on the distribution plan or the disposition memo for unfit food.**
- **Obtain the signature of the person taking the food from the warehouse, usually the transporter.**

Once these requirements have been met, sign the waybill and the food can be dispatched.

Internal Control

The transporter must sign all dispatch waybills to document his agreement with the quantities described in the waybill.

2. Routing of Waybills

Waybill routing information is found above in the receipt of food section.

3. Documenting Distributions of Food Directly Out of Warehouses to Beneficiaries

Food is sometimes distributed directly from the warehouse to beneficiaries in the early stages of an emergency or where a warehouse is located at the project site. This section covers those cases where food is distributed from enclosed warehouses. Open sites are considered food distribution sites, and waybills are not prepared. Guidelines set forth in *Food Distribution to Sites* apply.

a. Emergencies

When food is distributed directly to beneficiaries during an emergency, project managers or warehouse managers/storekeepers may maintain a list or tally of how many persons received food, how much was given to each person and the total amount distributed. At the end of the distribution, the list would be signed by the project manager and storekeeper and dated. Keeping count in this way is analogous to keeping track of the amount of food loaded onto trucks at the time of a dispatch.

Once the list is totaled, the warehouse manager and storekeeper could prepare the Dispatch Information section of the waybill and the project manager could fill in the Receipt Information section. The list should then be attached to the waybill as the supporting document.

A community leader may also be identified to sign the distribution list and waybill along with the project manager.

The waybill should be routed like any other waybill with the original going to the commodity accountant in the finance section of the country or regional office.

b. Distributions Other than Emergencies

If a primary or secondary warehouse also serves as an actual food distribution site, the procedures and guidelines in Food Distribution to Sites apply. Distributions should be based on authorized beneficiary lists. At the end of a distribution, a warehouse manager or storekeeper prepares a waybill, and fills out the Dispatch Information. The community leader could sign the Receipt Information section.

For all distributions, warehouse managers must record the Project Number on the waybill. This is needed for preparation of Commodity Status Reports.

4. Documenting Distributions by Airlifts

Sometimes in emergencies, food must be airlifted into emergency sites. In these case, a donor like WFP might arrange for the flights, or in some instances, CARE may arrange for airlifts.

a. Donor Arranges Airlift

Arrival at Airfield

When food is airlifted, CARE or counterpart staff should fill out and sign the the Receipt Information section of an airway bill. The person who delivers the food should also sign the document. The donor is responsible for pursuing any claims against the air carrier for losses.

CARE will have flight schedules in advance and must arrange for transport of food

from airfields to receiving warehouses. Copies of flight schedules, with amounts and type of food, should be kept on file with CARE Food and Logistics staff and radioed, faxed or otherwise sent to warehouse managers at the receiving warehouse.

Commodity Financial Accountants in country or regional offices should use the flight schedules in verifying receipt of food at landing sites. This assures that food sent by air is accounted for in cases where there may be direct distributions to beneficiaries.

If food is distributed directly to beneficiaries at the airfield, follow the procedures set forth above on direct distributions to beneficiaries out of warehouses.

Dispatch from Airport

Project managers or other authorized persons at the receiving airfield should prepare waybills which document the dispatch of food from the airfield to the receiving warehouse. The CARE or counterpart manager at the airfield should count with the transporter the amount and condition of food that has arrived, fill in the Dispatch Information Section of the waybill and sign it with the transporter. The amount of food dispatched to the warehouse should equal the amount of food (in good condition and in damaged packages) which came off the plane. The airway bill should be attached to the CARE waybill.

At the warehouse, warehouse managers or storekeepers and the transporter should verify the amount and condition of the food received from the plane, fill out the Receipt Information section of the CARE waybill and sign. All information and

guidance in this manual related to routing of waybills, losses and claims, recording receipts in warehouse inventory ledgers, and preparing Commodity Status Reports apply to receiving food by air.

b. CARE Arranges Airlift

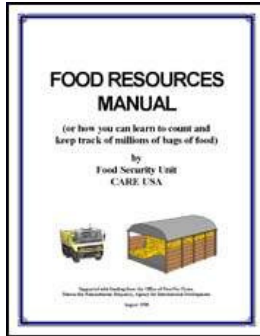
When CARE arranges airlifts, warehouse managers or storekeepers must account for the food moved from a dispatching warehouse to the sending airfield, the receiving airfield and the receiving warehouse. In effect, CARE is accounting for food moved from one warehouse to another using two different modes of transport.


Warehouse managers or storekeepers at the dispatching warehouse will complete the Dispatch Information section of the waybill and those at the receiving warehouse will fill in the Receipt Information section of the waybill.

The CARE waybill and the airway bill are used by the transporter moving food from the receiving airfield to the receiving warehouse. To identify losses attributable to the airline and the transporter, the airway bill must be attached to the CARE waybill.

Warehouse managers or storekeepers and commodity financial accountants will have to determine the amount of loss attributable to the airline and the transporter. The original and copies of the waybill should be routed as set forth above. See Losses and Claims and Inventory Accounting and Reporting.





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➔ **Chapter 9 - Losses and Claims**

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Chapter 9 - Losses and Claims



Figure

I. Care's Loss Policy

Each country office must minimize losses of food resources to the extent possible. Management is responsible for detecting thefts, embezzlement, misappropriations, and other irregularities, and for having competent staff systems of internal control in place to reduce the risk of loss of all food resources. If systems are not in place, food may not reach intended beneficiaries, and CARE may be held liable by donors for the value of the loss, even though someone else is responsible.

CARE must assure that the maximum amount of high quality food reaches the beneficiaries; establish generally accepted practices for managing food inventories; maintain the highest degree of accountability to donors and avoid compromising its reputation.

Reference Attachment, ALMIS #4351, October 10, 1984 - Policy on Losses and Fraudulent Acts.

Systems should be designed to reveal or protect against the following types of activities.

- Any dishonest or fraudulent act which compromises the security of warehouses where food is stored**
- Thefts of food from warehouses, in-transit between ports, warehouses and/or distribution sites, or at distribution sites**
- Establishment of fraudulent lists of beneficiaries, or inclusion of unauthorized individuals on beneficiary lists**
- Forgery or alteration of any document or account belonging to CARE or its counterpart relating to the management of food, and any required reporting including but not limited to agreements and contracts, distribution plans, stack cards, waybills, Loss and Adjustment Reports, warehouse and commodity financial ledgers, commodity status reports and end-use monitoring reports**
- Forgery or alteration of a check, bank draft, or any other financial document relating to the sale or other disposition of unfit food, empty containers or the**

collection of contributions from beneficiaries

- **Misappropriation of funds, food, securities, supplies, spare parts, project materials and equipment, or other assets related to the implementation of projects using food resources**
- **Impropriety in the handling and reporting of money, financial transactions, or bidding procedures**
- **Accepting or seeking anything of material value from vendors or persons providing services/materials to CARE**
- **Destruction or misappropriation of records, furniture, fixtures, or equipment**
- **Failure of CARE or counterpart staff to follow established rules and procedures for managing food assets.**

Reporting to the CARE USA Director of Internal Audit

In addition to and notwithstanding any donor reporting requirements, all losses of food shall be reported, in writing, by the country director or his/her designee, as soon as detected, to CARE USA Headquarters, Director of Internal Audit. The Director will coordinate all required investigations into all losses, with Headquarters and country office staff. To satisfy this CARE reporting requirement, country offices should submit a copy of every Loss and Adjustment Report and other documents as required to the Director of Internal Audit.

II. Liability of Care for Losses

A loss of food may occur due to any act or omission by CARE unless such loss was beyond CARE's control. To determine whether CARE exercised its responsibilities properly, country offices must examine the capacity of counterparts to carry out program activities, the operating environment of the country (infrastructure, security), and usual commercial practices of contractors for services.

While there may be many constraints to carrying out programs using food resources, country offices must assume responsibility for:

- Establishing proper warehouse inventory and commodity accounting systems including procedures that account for losses, pursue claims, and require taking physical inventories**
- Establishing proper storage and handling procedures**
- Establishing procedures to minimize losses and to detect them on a timely basis**
- Routinely inspecting food and storage facilities and remedying deficiencies**
- Entering into contracts for services with reputable individuals and/or companies**
- Including provisions in agreements and contracts with counterparts or contractors for services that define responsibilities and payment of penalties**
- Providing training for all staff managing or monitoring food resources**

- **Properly transporting food**
- **Establishing procedures to register beneficiaries eligible to receive food and assure distributions to beneficiaries**
- **Having in place adequate systems to monitor the activities of CARE and counterpart staff who receive, store and dispatch food from their warehouses and distribute food to beneficiaries**
- **Notifying donors of losses and taking action, on a timely basis, to pursue claims against responsible parties**
- **Notifying local police and other appropriate authorities about suspected or known thefts of food and requesting their assistance to prosecute responsible parties**
- **Closing out audit recommendations (internal and external) on a timely basis.**

III. Categories of Losses

Two broad categories of losses can take place from the time the food leaves the donor country to the time it is distributed to the intended recipient - marine losses and internal losses. The main distinctions between the two are the parties liable for the loss and the method of collecting claims.

A. Marine Losses

After food has been loaded onto a ship in a donor country, a Bill of Lading or Through Bill of Lading is signed by the ship's Master or other duly authorized

person on behalf of the shipping company. The Bill of Lading is the receipt for the goods shipped and certifies the quantity and condition of the goods when loaded onto the ship. Marine losses are those losses that occur from the time the Bill of Lading is issued to the shipping company up to the time the shipping company turns over custody and control of the food to CARE, its designated agent (e.g., clearing and forwarding agent) or its counterparts, at the port or a designated warehouse on a Through Bill of Lading.

The amount of loss is the difference between 1) the stated quantity on the Bill of Lading, and 2) the quantity and condition of the food at the time the shipping company discharges the food and turns over custody and control to CARE.

B. Internal Losses

Internal losses are those that occur after CARE takes custody and control of the food from the shipping company, usually at a port, until the time of distribution to beneficiaries. For example, internal losses may occur while food is under the control of:

- **A port authority (movement from the dock to port warehouse, or a in port warehouse)**
- **A CARE, contracted, or counterpart transporter**
- **A CARE, contracted, or counterpart warehouse**
- **CARE or counterpart staff responsible for distributing food to beneficiaries.**

IV. Minimizing Losses

A. Marine Losses

Although marine losses occur before the food is in CARE's control, CARE can take the following steps to minimize marine losses:

Planning:

- **Receive food whenever possible in containers. The use of containers minimizes handling-related losses by circumventing the use of port labor, and reducing the amount of times the cargo is handled. Containers also provide better protection from moisture and moisture-related damage.**
- **If food is received breakbulk, minimize handling losses through discharge of the food from the ship's hold directly onto trucks or other vehicles at dockside for onward transport. This minimizes port handling and storage.**

Pre-Shipment:

- **Minimize delays in obtaining official documentation, such as the Bill of Lading and other exemption certificates required for port clearances.**

Bagging Bulk Cargo at Port:

- **If labor is done by piece-rate, ensure that there are mechanisms in place to control the quality of the work performed, such as penalties for unacceptable work practices. For example, workers are often paid by the piece, which means they fill, stitch and move bags as quickly as possible with minimal care. This results in poorly stitched bags that leak and the use of stevedores' hooks.**

- **Take necessary steps to detect and correct shortweight and faulty packaging. Variation in bag weight, combined with poor bag stitching can result in large-scale theft, in particular at later stages of the delivery chain.**
- **Ensure that adequate materials, space and labor are available for prompt segregation and reconstitution of damaged food so that as much good food can be saved as possible.**

Claims:

- **Take necessary steps to submit claims promptly, with complete documentation to donors.**

B. Internal Losses

Internal losses can be minimized through the following activities:

Internal Controls:

- **Segregation of duties and responsibilities of managers and staff receiving, storing and dispatching food to reduce the risk of collusion.**

Warehouse Storage:

- **Regular inspection of food and storage facilities**
- **Proper warehouse and warehouse inventory accounting procedures**
- **Carrying out physical inventories on a regular basis**

Transportation:

- **Have clear agreements and contracts.**
- **Use reliable transporters.**

Claims:

- **Processes and remedies for any deficiencies discovered**
- **Sanction policies which hold liable those who have possession of food when a loss occurs.**

V. Types of Losses

When food leaves the custody of one party and is received by another, there may be four results:

- **Food arrives in the same amount and same condition that it left the sending party.**
- **Less food arrives than documented.**
- **More food arrives than documented.**
- **Food arrives damaged, including infested, wet or contaminated.**

This chapter discusses the last three results. See Port and Storage and Handling for more information on damages and types of losses, evidence of damage, methods of control, and actions that can be taken to prevent or minimize their occurrence.

VI. Documenting Losses

A. Marine Losses - Discharge (Ex-tackle) Survey

At the time the shipping company transfers custody and control of food to CARE, its agent or counterpart, most donors require that an independent surveyor be contracted to determine the amount and condition of food received against the Bill of Lading. See Agreements and Contracts for areas to be covered when entering into contracts with independent surveyors, and Port for detailed information on carrying out Discharge Surveys.

Internal Control

Even if not specifically required by a donor, a country office must contract the services of an independent agent for a discharge survey. The discharge survey is the most important document used to fix responsibility for marine losses on the shipping company.

1. Costs of Surveys

CARE or its counterpart must determine if fees are equitable for the services prior to contracting a surveyor. Most donors require and pay for the discharge survey.

For Euronaid food, Euronaid will arrange for a surveyor for both vessel discharge and at the final destination.

For U.S. Government food, CARE is required to engage the service of an independent surveyor for the ex-tackle survey, unless:

- **USAID or the diplomatic post determines, and communicates in writing, that such surveys are not feasible in the specific port area.**
- **Commodity Credit Corporation (CCC) has made other provisions for such examinations and reports.**

The country office should contact the local USAID mission or agricultural attach to determine if surveys are necessary. Discharge surveys are almost always required as they are needed to pursue claims for losses against the ocean carrier.

2. Reimbursement of Fees

If not paid in advance by the donor, discharge survey fees are reimbursable through the CI Headquarters office procuring the food. The country office must submit:

- **Claims statement or advice that no claim will be filed, and the monetary amount of the loss**
- **Original or signed duplicate copy of the survey report and invoices or certified statements showing the amount already paid by CARE. See Attachments for an example of an invoice.**

The costs of the surveys should be written directly into the project proposals, agreements and budgets if the donor does not have a reimbursement policy.

3. Other Documentation

Donors may require other documentation to support marine claims against shipping companies. See Port for a discussion of other reports that may have to be filed along with independent discharge survey report.

B. Internal Losses - Delivery Surveys

For food that is dispatched from port warehouses to a designated inland warehouse, donors and country offices often arrange for the independent surveyor to carry out a Delivery Survey at the time the food arrives inland. The survey is important in fixing responsibilities for losses of food while in the custody of a port authority and during transport. See Port for further information. Donors may reimburse for the costs of delivery surveys in addition to the discharge survey. Costs should be written into project proposal budgets, and included in agreements with the donor.

C. Loss and Adjustment Reports

In addition to Discharge and Delivery Survey Reports filed by independent surveyors, CARE or counterpart port officers, clearing and forwarding agents, and warehouse managers or storekeepers are all required to prepare Loss and Adjustment Reports for receipt of more or less food than stated on Bills of Lading and waybills. See Food Receipt and Dispatch, Inventory Accounting and Reporting and Almis #4496 - Commodity Accounting Manual.

Internal Control

The Loss and Adjustment Report is the supporting document to authorize the

increase or decrease of balances in CARE food inventory ledgers (commodity and warehouse), and the dispatch of unfit food.

1. Guidelines for Preparing Reports

Loss and Adjustment Reports are for:

- **Marine losses - with discharge survey as supporting document**
- **Marine excess landed - with discharge survey as supporting document.**

Internal Losses

- **At port warehouses and during dispatch to inland warehouses with the delivery survey and waybills as the supporting documents**
- **Transport losses - with waybill as supporting document**
- **Warehouse - with physical inventory reports and documents for dispatching unfit food**
- **Unfit food - with Declaration of Unfit Food as supporting document**
- **Internal excess deliveries to warehouses - with waybill as supporting document.**

The following provides guidance on how to prepare Loss and Adjustment Reports by way of example. The examples are taken from Chapter 8 - Food Receipt and Dispatch and Chapter 10 - Inventory Accounting and Reporting. The Reports have been coded to allow country offices to more easily set up data bases that can be

used to prepare Monthly Loss Reports (see section D below).**Example 1 - Loss and Adjustment Report 14****Discharge from ship**

- 27 October, 1994 -- A ship with Bill of Lading #576 carrying 6,000 bags of U.S.D.A. wheat arrives at port. Shipment #3054 is assigned to the shipment by the CARE country office.
- A total of 5,900 bags are discharged from the ship, including 30 torn and leaking bags and five bags which are stained and appear unfit for human consumption.
- The 30 torn and leaking bags are repackaged into 25 bags of food.
- 28 October -- Four of the five stained bags are declared unfit for human consumption by an official of the Health Ministry. One bag is declared fit for human consumption.
- Loss and Adjustment Report #14 is prepared for the repackaged and unfit food and submitted to a designated manager for approval.
- 29 October -- the sub-office administrator authorizes Loss and Adjustment Report #14, documenting marine losses of 109 bags (100 short, five lost after repackaging and four unfit), and the disposal of four (4) bags of unfit food by donation.

Example 2 - Loss and Adjustment Report 100

- 29 October -- 1,000 bags are dispatched from port warehouse to warehouse #1 via Waybill # 850.
- 29 October -- The truck carrying Waybill #850 from the port warehouse arrives at warehouse #1. A total of 975 bags of food are unloaded, of which five bags are torn and leaking, and two are stained and appear to be unfit for human consumption.
- The five torn and leaking bags are repackaged into 4 ½ bags. A public health official declares the two stained bags to be unfit for human consumption. The repackaged and unfit bags as well as the bags that were not delivered (short) are documented on Loss and Adjustment Report #100.
- 30 October -- The suboffice administrator authorizes Loss and Adjustment Report #100 documenting the internal transit losses of 27 bags and 25 kilos.

Example 3 - Loss and Adjustment Report 101

- 31 October -- 1,000 bags are dispatched to warehouse #1 via Waybill #853.
- 31 October -- The truck carrying Waybill #853 arrives at Warehouse #1 and unloads 1,010 bags, of which five are torn and leaking, three are moldy, and ten are underweight by five kilos each.
- 31 October -- The five torn and leaking bags are repackaged into four, and the ten underweight bags are repackaged into nine. A public health official declares that three other moldy bags contain food which is unfit for human consumption. The repackaged and

unfit bags as well as the ten excess bags are documented on Loss and Adjustment Report #101.

- 31 October -- The suboffice administrator authorizes the Loss and Adjustment Report documenting the transit loss of five bags and the excess receipt of ten bags.

CARE LOSS & ADJUSTMENT REPORT

14

Prepare separate Loss & Adjustment Reports for each type of commodity and each shipment.

Storage Location:

PORT

Date:

28/10

Shipment #:

3054

B/L / Waybill #:

576

Date Loss Discovered: 27/10

Commodity Type:

WHEAT

Truck/Trailer #: NAME OF SHIP

Unit (bag/carton/drum): BAG

Donor:

CIDA

Unit Weight: 50 KG

Contract ID #: Donor

Preparer (name): Port Officer

_____Preparer (signature):

	Units	Kgs	Total kgs
1. Excess receipts			
LOSSES			
2. Qty Short (Missing -- In delivery and/or Whse.)	100		5000
3. Qty damaged packages (slack/torn/wet/stained)	30		1500
4. Qty repackaged	25		1250
5. Qty lost (3-4)	5		750
6. Qty declared unfit for human consumption	4		200
7. Total loss (2 + 5 + 6)	109	0	5950

**Person and/or organization possessing commodities at time of loss or misuse:
NAME OF SHIPPING CO.**

Location of loss or misuse:

Marine

Internal ⇒ **Port** **Transit Warehouse:** **CARE** **Counterpart** **Contract**

Description of packages received: **Underweight** **Slack/Torn** **Wet** **Stained** **Infested** **Other**

Details of circumstances under which loss or misuse took place: SHORT LANDING

**UPON DISCHARGE
AND DAMAGE TO BAGS AND STAINING -- CIRCUMSTANCES UNKNOWN -- REF.
DISCHARGE SURVEY**

**Action taken to recover: ___ DAMAGED BAGS REPACKAGED, UNFIT FOOD
CERTIFIED**

**Claim information: CLAIM AGAINST SHIPPING
COMPANY**

This is to certify that the above commodity is unfit for human consumption. (Attach official report)			
		HEALTH OFFICIAL	28/10
Authorized by (name)	Signature	Title	Date
This authorizes the removal of <u> 109 </u> units / <u> 5450 </u> kgs of <u> WHEAT </u> from inventory and the disposal of <u> 4 </u> units/ <u> 200 kgs </u> of unfit food by <u> donation </u> /destruction/burial.			
		SUBOFFICE ADMINISTRATOR	29/10
Authorized by (name)	Signature	Title	Date

Original Commodity Accountant Finance section	Copy 1 Commodity Logistics Section	Copy 2 CARE USA Internal Audit	Copy 3 Preparer	Copy 4 Preparer
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CARE LOSS & ADJUSTMENT REPORT

Prepare separate Loss & Adjustment Reports for each type of commodity and each shipment.

Storage Location: WAREHOUSE
#1

Date: 29/10

Shipment #: 3054

B/L / Waybill #: 850

Date Loss Discovered: 29/10

Commodity Type: WHEAT

Truck/Trailer #: fill in

Unit (bag/carton/drum):
BAG

Donor: CIDA

Unit Weight: 50 KG

Contract ID #: Donor
#

Preparer (name):
Storekeeper

Preparer (signature):

	Units	Kgs	Total kgs
1. Excess receipts			
LOSSES			
2. Qty Short (Missing -- In delivery and/or Whse.)	25		1250
3. Qty Damaged (Total from all categories)	5		250

3. Qty damaged packages (slack/torn/wet/stained)	5		250
4. Qty repackaged	4	25	225
5. Qty lost (3-4)		25	25
6. Qty declared unfit for human consumption	2		100
7. Total loss (2 + 5 + 6)	27	25	1375

Person and/or organization possessing commodities at time of loss or misuse:
TRANSPORTER

Location of loss or misuse:

Marine

Internal ⇒ Port Transit Warehouse: CARE Counterpart Contract

Description of packages received: Underweight Slack/Torn Wet Stained Infested Other

Details of circumstances under which loss or misuse took place: 25 BAGS NOT DELIVERED, 5 BAGS DELIVERED, TORN AND LEAKING BAGS DUE TO POOR HANDLING AND TWO BAGS STAINED AND APPEARED UNFIT STAINED BAGS HAD MOTOR OIL SPILLED ON THEM

Action taken to recover: REPACKAGING -- CERTIFICATION OF 2 BAGS UNFIT

Claim information: CLAIM TO BE FILED -- DEDUCT VALUE FROM INVOICE

This is to certify that the above commodity is unfit for human consumption. (Attach official report)

		HEALTH OFFICIAL	29/10
Authorized by (name)	Signature	Title	Date

This authorizes the removal of 27 units / 1375 kgs of WHEAT from inventory and the disposal of 2 units/ 100 kgs of unfit food by donation/destruction/burial.

		SUBOFFICE ADMINISTRATOR	30/10
Authorized by (name)	Signature	Title	Date

Original Commodity Accountant Finance section	Copy 1 Commodity Logistics Section	Copy 2 CARE USA Internal Audit	Copy 3 Preparer	Copy 4 Preparer
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CARE LOSS & ADJUSTMENT REPORT

101

Prepare separate Loss & Adjustment Reports for each type of commodity and each shipment.

Storage Location: WAREHOUSE #1 Date: 31/10

Shipment #: 3054 B/L / Waybill #: 853

Date Loss Discovered: _____ Commodity Type: _____

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Days Loss Discovered:

31/10

Truck/Trailer #: FILL

IN

Donor:

CIDA

Contract ID #: Donor #

Commodity type:

WHEAT

Unit (bag/carton/drum):

BAG

Unit Weight:

50KG

Preparer (name):

Storekeeper

Preparer (signature):

	Units	Kgs	Total kgs
1. Excess receipts	10		500
LOSSES			
2. Qty Short (Missing -- In delivery and/or Whse.)			
3. Qty damaged packages (slack/torn/wet/stained)	15		750
4. Qty repackaged	13		650
5. Qty lost (3-4)	2		100
6. Qty declared unfit for human consumption	3		150
7. Total loss (2 + 5 + 6)	5	0	250

Person and/or organization possessing commodities at time of loss or misuse:

TRANSPORTER__

Location of loss or misuse: **Marine** **Internal** ⇒ **Port** **Transit Warehouse:** **CARE** **Counterpart** **Contract****Description of packages received:** **Underweight** **Slack/Torn** **Wet** **Stained** **Infested** **Other****Details of circumstances under which loss or misuse took place:** **10 EXCESS BAGS DELIVERED BY TRANSPORTER; 5 BAGS TORN AND LEAKING; 10 BAGS UNDERWEIGHT; 3 BAGS MOLDY/STAINED****Action taken to recover:** **REPACKAGE 13 BAGS****Claim information:** **FILE CLAIM AGAINST TRANSPORTER**

This is to certify that the above commodity is unfit for human consumption. (Attach official report)			
		HEALTH OFFICIAL	31/10
Authorized by (name)	Signature	Title	Date
This authorizes the increase/removal of <u>10</u> units / <u>500</u> kgs of <u>WHEAT</u> from inventory and the disposal of <u>3</u> units / <u>150</u> kgs of unfit food by <u>donation</u> /destruction/burial.			
		SUBOFFICE ADMINISTRATOR	31/10
Authorized by (name)	Signature	Title	Date

Original Commodity Accountant Finance section	Copy 1 Commodity Logistics Section	Copy 2 CARE USA Internal Audit	Copy 3 Preparer	Copy 4 Preparer
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2. Printing and Distribution

Loss and Adjustment Reports must be pre-printed and pre-numbered. Distribution of blank reports should be controlled by the same procedures used to distribute blank checks or blank waybills. For waybills, See *Food Receipt and Dispatch*.

3. Preparation

Staff who are responsible for warehouses or other areas where food is prepared prepare Loss and Adjustment Reports. For example, a warehouse storekeeper prepares the report for losses occurring in a warehouse during receipt and dispatch of food and for any losses discovered during repackaging or when reconciling physical inventories with warehouse inventory ledgers. A commodity accountant in the finance section prepares the report when there are differences between what was dispatched from a warehouse and what was received at a distribution center.

Example

200 cartons of oil were dispatched to a distribution site by a regional warehouse, but only 175 cartons were delivered. The loss was discovered when the transport company submitted the waybill with its invoice for payment. The Receipt Information section of the waybill showed that only 175 cartons were delivered to

the site. The commodity accountant then prepared the Loss and Adjustment Report and recorded the transaction in the commodity inventory ledgers.

4. Authorization

Every Loss and Adjustment Report must be authorized. Other than waybills, this is the only support document used to increase or decrease food balances in commodity and warehouse inventory ledgers. Given the importance of this transaction, persons who prepare the reports should not be the same persons who authorize changes in inventory. To satisfy the principles of internal control, there must be a segregation of responsibilities.

Internal Control

Loss and Adjustment Reports should be authorized by someone outside the logistics section of a country or counterpart office. For example, a project manager or office administrator could authorize reports. This segregation of responsibilities is necessary because the person responsible for managing food inventories has an obligation to report increases or losses to management. Approving the report shows that management is aware of the losses and adjustments and approves changes in inventory balances.

5. Routing

An original and four copies of the Loss and Adjustment Report are prepared and submitted to the person authorized to approve it. Once approved, the person authorizing the report is responsible for assuring that all copies are routed to the

appropriate persons or departments for further action. The table below summarizes routing and shows how the copies are used.

Routing of Loss and Adjustment Reports

Copy	Routed to	Used for
Original	Commodity Accountant in Finance, Country or Regional Office	Adjusting the financial inventory accounting records
Copy 1	Food Logistics section - Country or Regional Office	Preparing CARE and donor commodity and loss reports
Copy 2	CARE USA Internal Audit Department	Monitoring level of food losses worldwide
Copy 3	Person who originally prepared the report, after authorization.	Documenting excess receipts and removing losses in warehouse inventory records.
Copy 4	Remains with person who prepared report	To insure an approved and authorized report is returned. Copy 3 attached to Copy 4.

Because of distance and communication problems, there may be delays in authorizing Loss and Adjustment Reports, returning them to warehouses, and adjusting inventory records. However, the importance of controlling adjustments to inventories outweighs the inconvenience caused by any delays.

D. Monthly Loss Reports

The Monthly Loss Report is a summary of all Loss and Adjustment Reports for the

month by donor. If there is more than one region, each region should submit its Monthly Loss Report to the country office's Food and Logistics section or other authorized managers who then will aggregate the regional reports into a country-wide Quarterly Loss Report.

The report provides managers with more detailed information on losses than are reported on Commodity Status and Quarterly Consolidated Reports. See *Inventory Accounting and Reporting* for information on the preparation and submission of those two reports.

Preparation of Monthly Loss Reports should coincide with closure of warehouse inventory ledgers and preparation of Commodity Status and Quarterly Consolidated Reports. See *Inventory Accounting and Reporting* for details.

The Monthly Loss Report is adapted from a similar report required by AID'S Bureau of Humanitarian Affairs, Office of Food for Peace for PL 480 Title II programs. The format can be used for all donors, with additional columns inserted for codes required by AID. (See *Attachment* - Codes for Commodity Type, Loss Location and Loss Type.)

Monthly Loss Report

Country Office: _____	Date Entered: _____
Donor: _____	Sheet _____ of _____

CARE Ship. #	Loss & Adjust. Rpt.#	Commodity	Donor Contract #	Loss Location Code*	Quantity Lost	Potential Loss but Recovered
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					Kgs	MTs	Kgs	MTs
TOTAL								

Loss Location Codes

- 1 - Lost in ocean transport (includes transits lost with through bill of lading)**
- 2 - Lost during in-country transport**
- 3 - Losses in port warehouse**
- 4 - Losses in CARE warehouse**
- 5 - Losses in counterpart warehouse**
- 6 - Losses in contracted warehouses**

E. Quarterly Loss Reports - Dates for Preparation and Submission

Quarterly Loss Reports should be prepared by CARE country offices no later than forty-five (45) days after the end of each quarter and submitted to CARE USA, other CI members and donors by numbered, transmittal letter. The report should accompany Quarterly Commodity and Recipient Status Reports. In emergencies, reports may be required more frequently, weekly or even daily. See *Inventory Accounting and Reporting* for more on reporting and who should receive reports.

The following table provides specific donor reporting requirements, however, country offices should submit quarterly loss reports in addition to the requirements set out in the table. See also *Inventory Accounting and Reporting*.

Internal Loss Donor Reporting Timetable

Donor	Date
AIDAB (submit to CARE Australia)	<ul style="list-style-type: none"> • Semiannual
CIDA - Bilateral (submit to CARE Canada)	<ul style="list-style-type: none"> • Shipping report - 31 days after shipment has arrived • Interim report - when 50% of food has been distributed
CIDA - Other (submit to CARE Canada)	<ul style="list-style-type: none"> • Final report - no later than 60 days following the final distribution
Euronaid (submit to CI member who signed agreement)	Final report on completion. If a project lasts more than 6 months, submit an interim report.
ODA (submit to CARE Britain)	<ul style="list-style-type: none"> • Every 6 months and within 3 months of project completion • As negotiated in agreement
USAID	Quarterly <ul style="list-style-type: none"> • 1st Qtr. - 15 April • 2nd Qtr. - 15 July • 3rd Qtr. - 15 October • 4th Qtr. - 15 January
USDA	Semiannual Annual

F. Reporting Criminal Activity

If country offices suspect or discover losses due to criminal activity, they must promptly notify, in writing, their regional managers and the Food Security Unit CARE USA, CI members for non-U.S. donated food, and donors. All parties must be kept regularly informed of all efforts to recover the lost food or an equivalent monetary value. Country offices should also contact local government authorities for assistance.

VII. Repackaging

Food that arrives in damaged bags, cartons or containers, or appears infested by insects or other matter should be repackaged. Repackaging insures that food is stored and dispatched in good condition and in standardized weights. In this manual the terms repackaging and reconstitution are used interchangeably.

A. Definition

Repackaging involves taking food from damaged packages (bags, cartons or containers) and filling new ones to the standard weight specified on the Bill of Lading. Any food (grains, processed cereals or liquid) spilled on the floor or on the ground during reconstitution which may be unfit for human consumption must be disposed of as described below.

Losses after repackaging are calculated by subtracting the weight of the reconstituted bags, cartons or containers from the original weight of all the

packages if no damages had occurred. After repackaging, warehouse managers, storekeepers or others must prepare Loss and Adjustment Reports.

B. Procedures

Repackaging needs to take place as soon as possible after the damage has been discovered. Otherwise, the quality of the food could be affected and further losses could result. Also, delays in repackaging food could make it more difficult to pursue damage claims against responsible parties.

- Ensure that adequate space is available for prompt segregation of damaged and/or infested packages of food. Maintain a supply of empty bags, cartons or containers either purchased locally or obtained from the donor at the time the food is shipped. Materials for stitching or taping and adequate labor must also be available.**
- New bags, cartons or containers should have the same donor markings as the original, including the name of the donor and the information that the food was provided as a donation and is not to be sold or exchanged. If marking the new bags or containers will be costly, request the donor to waive this requirement.**
- Repackage bagged food by stitching or taping torn bags, placing the damaged bag inside a new bag, or rebagging the food entirely.**
- Supervise laborers to insure that work is done well, with penalties for unacceptable work practices and incentives for high quality work. If laborers are paid by the piece, they may fill, stitch and move bags quickly, with minimal care.**

- **Food infested with insects or other matter can be passed through a sieve to separate the dust and partially consumed grain from the good food. The food is then rebagged. In cases where large amounts of food are infested with insects or other matter, food may be sent to processors, millers or others who have equipment to efficiently separate out the matter. In these cases, warehouse managers, storekeepers or others must assure that all damaged bags, cartons or containers are fully accounted for before they are dispatched to the processor. A full inventory must be taken upon the return of the reconstituted food. Supporting waybills must be kept on file.**
- **Repackage oil by emptying the contents of damaged tins into clean containers (often plastic gerry cans).**
- **Weigh all repackaged food to insure that the new bags, cartons or containers have been filled to the standard weight of the original package. The standard weight is based on the original Bill of Lading.**
- **Closely monitor repackaging activities to detect and correct shortweight and faulty packaging, and be be vigilant against possible thefts of food during the process.**

Internal Control

Maintain a full and complete inventory of all damaged bags, cartons or containers. Losses can only be determined if all original packages are accounted for. Food that is reconstituted, as noted above, will be weighed against the total weight of the food contained in the original bags, cartons or containers. Any differences will be

the loss. Storage and inventory recordkeeping requirements for these damaged packages must be the same as those for undamaged food.

Example

A warehouse received 200 fifty kilogram bags of corn from another warehouse. Fifty bags were damaged during transport and could not be thrown away or otherwise disposed of before the repackaging of the food was complete. They were kept to assure that losses were accurately determined during reconstitution. Once the repackaging was complete, losses were calculated and documented. The warehouse manager then disposed of the bags in accordance with established policies.

C. Minimizing the Need to Repackage

All steps must be taken to insure there is no act, omission or failure to provide proper storage, care and handling of food. Failure to do so may result in donors not reimbursing for costs of repackaging. If there is a likelihood of damage or infestation which is beyond the control of CARE or its counterparts, donors should be notified.

The following are some examples of proper and improper steps taken to reduce the need to repackage food:

Example 1 - Marine

An ocean carrier discharged 300 bags of CSB in damaged condition on November

18, 1994. At discharge, the surveyor estimated that the damaged bags were missing 1/6 of their contents. The CSB was not contaminated with foreign substances and was not suspected to be unfit for human consumption. The CSB was repackaged into 230 bags on November 20, 1994.

Damages in this situation were properly minimized. The loss of 70 bags of food is well documented and collection of the claim should not be a problem.

Example 2 - Marine

An ocean carrier discharged 300 bags of CSB in damaged condition on November 18, 1994. At discharge, the surveyor estimated that the damaged bags were missing 1/6 of their contents. The CSB was not contaminated with foreign substances and was not suspected to be unfit for human consumption. The CSB was repackaged into 200 bags on December 20.

Damages in this situation were not properly minimized as 33 days elapsed between the time the shipping company's liability ended and the time the food was repackaged. The loss of 100 bags will be claimed and pursued against the ocean carrier. However, such a claim will likely be compromised as much of the loss is likely to have taken place while the food was in the possession of the port authority.

Example 3 - Internal

A transporter delivered 150 bags of CSB in damaged condition on November 16,

1994 to warehouse A. Upon arrival, the storekeeper and driver agreed that the bags were missing about 1/6 of their contents. The damaged bags could only be repackaged after the driver left. Notice of the damage was written in the Remarks section of the waybill. At the time of the delivery none of the damaged bags appeared to contain unfit food. Around December 22, the storekeeper called in a health official because he suspected that some of the CSB was unfit. The health official found 50 bags unfit, and the remaining 100 bags were repackaged into 75 bags on December 28.

Claims against the transporter for the 25 bag loss can not likely be pursued, however, as too much time was taken to repackage the food and determine its fitness, it is not likely the transporter is liable for the 50 bags of unfit food.

D. Repackaging Costs

Repackaging expenses incurred because of damages to bags or infestation caused during ocean transport must be paid for by the shipping company. In some countries, the shipping companies make all arrangements and pay for all reconstitution expenses related to marine damages at the time of the reconstitution. In others, the donor makes arrangements for reconstitution through a contracted agent. In still other countries, CARE arranges for the reconstitution and costs are included as a separate item with claims filed against the shipping company.

Repackaging expenses not related to marine losses should be written into budgets of project proposals and agreements.

Labor and materials must be made available before the arrival of the shipment to ensure that constitution is done promptly and losses are minimized. Repackaging costs include the following:

- **Labor to fill, stitch and stack repackaged bags cartons or containers. Country offices may pay per unit or per day.**
- **Materials purchased for repackaging such as bags, cartons or containers, and stitching material (thread and needles).**

If CARE seeks reimbursement from donors for the costs of repackaging, CARE must follow the donor's guidance:

Euronaid

Euronaid will reimburse for all repackaging expenses up to CARE's main warehouse. These expenses should be specified on the Statement of Inland Transport Form (ITSH) together with the original or certified invoices to Euronaid.

U. S. Government

Country offices must clearly distinguish between repackaging costs incurred because of damage related to marine losses and costs incurred after custody and control of the food has been transferred by the shipping company to CARE, its agents or counterparts. Invoices and other documents supporting repackaging costs should be forwarded to the Procurement Office at CARE USA Headquarters. In accordance with AID Regulation 11, the Procurement Office will submit requests for reimbursement of costs to the CCC in the U.S. Department of Agriculture.

Other Donors

For donors who do not specifically provide for the reimbursement of repackaging costs, costs should be estimated based on past experience and included in the project proposal budget for approval by the donor. The donor should be contacted if the costs appear to exceed the amount budgeted.

E. Approval for Repackaging

Each country office must establish a policy specifying who can approve the repackaging of damaged or infested food. For reconstitution of small amounts, it may be the warehouse manager or storekeeper. However, when costs exceed US\$200, the country office may require the project manager or someone higher to approve repackaging. If there is any question regarding the allowability of reconstitution costs, contact the local donor representative directly and obtain approval in writing.

Euronaid

No prior approval required for repackaging costs.

US Government

The U.S. Government provides for the reimbursement of costs if reconstitution is not due to any act, omission or failure on the part of CARE to provide proper storage, care and handling.

If repackaging costs are US\$ 500 or less, no prior approval is required. Invoices

and other documents to support repackaging costs should be forwarded to CARE USA Headquarters with other marine claims documentation.

If costs are US\$ 500 or more, prior approval must be obtained from the U.S. Agricultural Counselor or Attach (for Section 416 food) or from USAID or the Diplomatic Post (for PL-480 Title II & III food). To avoid delays in repackaging infested food that may damage other food, CARE may request a waiver from USAID or USDA of the prior approval requirement. The written waiver authorization must be forwarded with the reimbursement request.

1. Packages Damaged in Transit

For damage that occurs while the food is in transit, the US\$500 limitation applies to all food that is shipped on the same voyage of the same vessel to the same port of destination, irrespective of the types of food shipped or the number of bills of lading issued.

2. Packages Damaged in Warehouses

For damage that occurs while the food is in storage, the US\$500 limitation applies to each damage situation., e.g., if 700 bags of wheat are damaged in a warehouse due to an earthquake, the US\$500 limit applies to the total cost of repackaging the 700 bags, regardless of whether the food was from different shipments.

3. Submission to CARE USA Headquarters

For U.S. Government food, a Certificate of Marine Reconstitution Costs (See Attachment) should be prepared for costs incurred due to reconstitution of marine

damages. The certificate should be submitted to the Procurement Office with the survey reports and other marine claims documentation. See Filing Claims for Marine Losses). The Procurement Office will include the costs of reconstitution in its claim against the shipping company.

The certificate should contain the following information:

- **Date of reconstitution**
- **Shipment number**
- **Donor**
- **Description of food (wheat, peas, oil)**
- **Packaging unit (bags, cartons, pails)**
- **Number of units reconstituted**
- **Nature of damage causing reconstitution**
- **Costs paid (labor, materials)**
- **Payment reference number**

Other Donors

Country offices should contact individual donor representatives to see if approval is required for reconstitution.

VIII. Food Unfit for Human Consumption

A. Documenting Unfit Food

If food is declared unfit for human consumption, it is considered a loss which is recorded in CARE's warehouse and commodity inventory records and reported to

donors in the same way as other losses. For marine losses, the amount of unfit food must be reported in the independent discharge survey report and Loss and Adjustment Reports. For internal losses, the amounts must be reported on the Loss and Adjustment Report. and, as appropriate, the Independent Delivery Survey Report.

Warehouse managers, storekeepers or others who suspect food may be unfit must promptly notify a government official and request a review and analysis of food.

B. Lab or Other Analysis

For both internal and marine losses, normally only a public health official or an authorized laboratory can declare food to be unfit for human consumption. If no health official is available, an independent chemist or private laboratory may be employed by either CARE or a surveyor to analyze the suspect food.

Samples for marine losses must be:

- **Representative of the total suspect cargo**
- **Drawn jointly by CARE (or the surveyor) and the shipping company agent**
- **Identified as to which samples came from which cargo**
- **Sealed to protect the integrity of the sample**
- **Forwarded to the laboratory or chemist.**

Samples for internal losses must be:

- **Representative of the total**
- **Segregated from any food that is in good condition**

- **Identified as to which samples came from which shipments**
- **Sealed to protect the integrity of the sample**
- **Made available to the health inspector or other person for analysis.**

C. Timeliness of Documentation Regarding Fitness

If the surveyor notes food was damaged onboard the vessel and the food is later declared to be unfit for human consumption, a cause-effect relationship must be established between damage and declaration of unfitness. The key to establishing this relationship is timing.

- **If cargo is damaged on November 20 and the same cargo is declared unfit for human consumption on November 25, the cause-effect relationship is strong and claims can normally be collected for such losses against the shipping company with minimal difficulty.**
- **If the same cargo is declared unfit on December 15, the cause-effect relationship is less strong as the losses arguably may have occurred while the food was in CARE or its counterpart's custody; the possibility of claims collection consequently decreases considerably.**
- **If the damaged cargo is not declared unfit until January 15 and is in CARE's or its counterpart's custody, the cause-effect relationship is likely to be gone and there is little hope of claims collection.**

In the latter two cases, CARE has not promptly or properly minimized damages and must submit a narrative statement explaining why damaged food was not properly

analyzed and/or repackaged on a timely basis.

D. Certification of Commodities Unfit for Human Consumption

Once the food has been inspected and declared unfit, a Certification of Commodities Unfit for Human Consumption (see Attachment) must be completed by the Health Authority or the private laboratory. The form must be signed, including the title of the signer.

The written statement or certification should include but need not be limited to the following information:

- **Name of the vessel, warehouse, or distribution site**
- **Date of discharge from the vessel, arrival in warehouse, or first suspected to be unfit in warehouse**
- **Date of examination of suspect food**
- **Place of examination**
- **Amount (bags, cartons, weight) of food examined**
- **Amount of food fit for human consumption**
- **Amount of food unfit for human consumption**
- **Reason(s) why the food is unfit for human consumption**
- **Advice as to whether food is fit for animal consumption**
- **Advice as to whether food should be destroyed.**

E. Donor Notification Requirements

1. Marine Losses

For marine losses the certification along with other marine loss documentation should be submitted to the Procurement Office CARE USA for U.S. Government donated food and to CARE Britain or Euronaid, or other donors for non-U.S. Government food.

2. Internal Losses

For internal losses, the certification must be kept on file. Notice and requests for approval to dispose or destroy unfit food must be obtained as required by donors.

Summary - Donor Notification Requirements - Unfit Food

U.S. Section 416 Food	U.S. Title II & III Food	Other Donor's Food
Notify Agricultural Counselor or Attach in writing of proposed method of disposition. If the donor does not respond within 15 days, dispose of the food as notified and inform the donor of the action.	Notify USAID if unfit food valued at more than US\$500 will be destroyed. Include the type and amount of food; manner of destruction; local authorities who will witness the destruction; and date when food will be destroyed. If the donor does not respond within 15 days, dispose of the food as notified and inform the donor of the action.	Notify donors on submissions of quarterly loss reports.

3. Delays in Notification

Often food is declared unfit at remote warehouses or distribution sites Unfit food

can be sitting in warehouses for long periods of time while inspections take place and Loss and Adjustment Reports are prepared and authorized. Country offices should discuss this issue with donors and request approval to dispose of unfit food as soon as Loss and Adjustment Reports have been authorized by CARE. Donors can be notified of the disposition of unfit food in Commodity Status, Quarterly Consolidated and Quarterly Loss Reports.

F. Disposition of Food Unfit for Human Consumption

Once food is certified unfit for human consumption and donor approval has been obtained, unfit food should be disposed of in the order of priority shown in the following table:

Disposition of Food Unfit for Human Consumption

U.S. Section 416	U.S. Title II & III	Other Donors
Transfer to an approved section 416(b) program for use as livestock feed.	Sale for the most appropriate use (animal feed, fertilizer, or industrial use) at the highest obtainable price. When the food is sold, all donor markings shall be obliterated, removed or crossed out.	Sale for the most appropriate use (animal feed, fertilizer, or industrial use) at the highest obtainable price. When the food is sold, all donor markings shall be obliterated, removed or crossed out.
Sale for the most	Transfer to an approved Food for	Donation to a

appropriate use (animal feed, fertilizer, or industrial use) at the highest obtainable price. When the food is sold, all donor markings shall be obliterated, removed or	Peace program for use as livestock feed. The Office of Food for Peace AID/W should be advised so that shipments from the U.S. to the livestock feeding program can be reduced by an equivalent amount.	governmental or charitable organization for use as animal feed or for other non-food use.
crossed out. Donation to a governmental or charitable organization for use as animal feed or for other non-food use.	Donation to a governmental or charitable organization for use as animal feed or for other non-food use.	Destruction in a manner preventing use for any purpose.
Destruction in a manner preventing use for any purpose.	Destruction in a manner preventing use for any purpose.	

1. Sale of Unfit Food

Rules and procedures set forth in CARE USA's *Procurement Manual for Overseas Operations* shall be applicable to all sales of unfit food.

a. Solicitation and Receipt of Bids

To minimize the possibility of impropriety and to maximize proceeds of the sale, a public tender should be issued whenever unfit food with a value greater than or

equal to US\$500 is sold. A tender involves soliciting sealed bids, usually through public advertisement (often through a newspaper or the posting of handbills in public places). If the offer cannot be publicly advertised, a sufficient number of parties known to buy damaged food for animal feed or fertilizer must be contacted to obtain the highest price.

In general, notice of tenders should contain:

- **Description and amount of unfit food**
- **Location and date to submit offers**
- **Date bids to be opened and whether they will be opened in public or private**
- **Deposit, if required.**

It is advisable to establish a committee of at least three persons to open the bids in the presence of the others. Ideally, members of the committee should come from offices separate from those involved in managing food resources. For example, a committee may consist of a project manager, financial controller and the assistant country director for administration and finance.

b. Precautions

When food is sold as animal feed or fertilizer, country offices must take measures to ensure that the local organizations do not re-sell the food for human consumption. Some suggestions for ensuring that unfit food is not re-sold include:

- **Inform the local police of the names of the organizations, dates and amounts of food purchased. Police enforcement, combined with clear instructions regarding**

punishment for those found selling unfit food for human consumption , may ensure that the food is not re-sold.

- **Begin a "public relations" campaign which informs the public of the dangers of humans consuming the food.**
- **Have staff periodically go to the market to see if unfit food is being sold.**

c. Proceeds from Sale of Unfit Food

All requirements set forth in the *CARE Overseas Financial Manual*, July 1992 must be followed when receiving and disbursing proceeds received from the sale of unfit food. See *Agreements and Contracts* regarding counterparts.

Proceeds from the sale of unfit food must also comply with established donor requirements. Most donors allow CARE to retain a percentage of the sales proceeds for administrative and other costs related to the sale. Other donors reimburse for actual expenses incurred. This should be negotiated locally with the donor. In order to ensure that food is not purposely destroyed, most donors will only pay expenses for damages when proper efforts have been made to minimize or prevent damage. Examples of improper exercise of responsibility include storing food in a leaking warehouse without taking steps to stop the leaks, not fumigating as required, or transporting food without a tarpaulin during the rainy season.

Accounting For Proceeds Received From Sale Of Unfit Food

Monetized Food	U.S. Section 416	U.S. Title II & III	Other Donor's
Net proceeds	Net proceeds deposited	Net proceeds deposited	Net proceeds

net proceeds deposited in monetization account and used for approved program purposes.	net proceeds deposited with Disbursing Officer, U.S. Embassy, with instructions to credit an appropriate CCC account.	net proceeds deposited with U.S. Disbursing Officer, U.S. Embassy with instructions to credit to CCC A/C 20FT401.	net proceeds held in a CARE bank account pending instructions from donor.
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2. Donation of Unfit Food

There are no specific guidelines by donors on the donation of unfit food to local governments, individuals or organizations, other than food used for animal feed. Country offices need to keep up-to-date information on programs which use unfit food and be satisfied that they are using the unfit food only for animal feed or fertilizer.

Files should be kept of all communications relating to the donation of the unfit food along with copies of waybills which show dispatches to the organizations receiving the unfit food.

3. Destruction of Food Unfit for Human or Animal Consumption

Any food certified as unfit may be destroyed by burning or burying. Local populations may not understand or be aware that the food is unfit for humans and animals. Thus, it could be perceived that CARE is destroying food intended for project participants. If food is buried, there is also a risk that people may later dig it up.

In destroying food, CARE must:

- **Make every effort to ensure that the local population understands that the food cannot be consumed by animals or humans**
- **Make every effort to dispose of the unfit food as discretely as possible.**

Once food has been destroyed, a Certificate of Destruction (see Attachment) must be completed. The attached Certificate can be used as one example. The warehouse manager or storekeeper should keep a copy of the Certificate of Destruction on file with the related Loss and Adjustment Report and a copy should be sent to the Country or regional office commodity financial accountant and the Food and Logistics section for filing with their copy of the Loss and Adjustment Report.

4. Use of Waybills to Remove Food from CARE Inventories

The waybill and the authorized Loss and Adjustment Report are the support documents for removing the unfit food from warehouse inventories. See Food Receipt and Dispatch and Inventory Accounting and Reporting. In cases of sale or donation of unfit food, the Receipt Information section of the waybill would be signed by the person purchasing or receiving the unfit food. When food is destroyed, the warehouse manager, storekeeper and independent person/s witnessing the destruction should fill out the Receipt Information section of the waybill.

IX. Filing Claims for Marine Losses

A. Australia, Canada and Great Britain

Submit the original and three copies of the survey report to the Headquarters

Office of the CI member who procured the food within 45 days of discharge. The CI member should forward the survey report to the donor.

B. European Union through Euronaid

Euronaid insures all goods from the moment they are taken over by Euronaid, up to the moment of delivery of the goods to CARE's main warehouse facility. The purpose of Euronaid insurance is to protect NGOs against financial consequences of shortages, damages or other misfortunes during the transport of goods. CARE will receive an insurance certificate (see Attachment) which states the conditions of the insurance. The CARE country office should review the insurance certificate in order to understand the coverage terms. Country offices are expected to cooperate with underwriters when taking custody of the food.

Country offices must:

- Notify the surveyor (appointed by Euronaid) when cargo is ready for inspection at the port named on the original Bill of Lading, or at the designated warehouse on a Through Bill of Lading or at CARE's main inland warehouse.**
- Provide adequate documentation to hold the shipping company responsible for the shortages/damages in the survey report. This must be done in writing not later than three days after completion of discharge from the vessel.**
- Arrange for a survey of the goods upon delivery at CARE's main warehouse.**
- Sign a Letter of Subrogation to the Insurance Underwriters.**

• **Submit two copies of a Landing Report (see Attachment) as soon as the food is delivered. The report certifies that the survey has been completed and a certain quantity and quality of food has been received at the discharge destination.**

Upon receipt of the survey report and the claim lodged by CARE, the insurance company will assess the amount of the damages and/or losses sustained. Euronaid double checks the calculations and a small recovery fee is deducted for the insurer.

Following acceptance of the assessment by Euronaid, the settlement amount will be credited to the Euronaid Finance Division. Euronaid will then transfer any amounts due CARE to the country office. Claims are usually settled quarterly, however, approval of the claims by insurers can more than a year.

1. Uses of Claims Settlements

It is a requirement of the CEC that the funds obtained from claims collection are utilized for the purchase of food for the same program. Deviation from this must be authorized by the CEC.

2. Reporting on Insurance Claims

When Euronaid transfers the amount received in settlement of the claim to the CARE country office, the following documents are provided: a payment slip, a claim advice and a report on "Use of Refunds from Underwriters for Losses/Shortweights/Damages of Food Aid Supplied by the CEC."

Country offices are also required to submit to the CEC a report specifying the use of claim amounts, to be received no later than six months after the amount has been

credited to the account.

C. United States

1. Transfer of Title to CARE

Title to U.S. government food passes to CARE, unless agreed otherwise, as follows:

Program	Cooperating Sponsor	Title Passes
Title II	Non-governmental	f.a.s. or f.o.b. vessel at U.S. port
Section 416	Non-governmental or governmental	f.a.s. or f.o.b. vessel at U.S. port
Food for Progress	Non-governmental or governmental	f.a.s. or f.o.b. vessel at U.S. port

Claims against shipping companies may be initiated for Title II, Section 416 and Food for Progress food once title passes to CARE and the shipping company is issued the Bill of Lading.

2. Exceptions to Filing Claims for Marine Losses

Claims must be filed against a shipping company for every marine loss EXCEPT:

- **When general average has been declared, i.e., a shipping company causes a deliberate loss or damage to goods in the face of an imminent peril to save a ship or other goods on board. The cost of the lost goods is shared by the owners of the saved goods. (Food Aid Lexicon, FAM, November 1993.)**
- **When the loss is US\$100 or less; or the loss is between US\$100 and US\$300 and**

CARE determines the cost of pursuing the claim would exceed the amount of the claim.

3. Marine Losses Valued at less than US\$300

The CARE country office submits the original plus two copies of the Independent Survey Report to the HQ Procurement office within 30 days of discharge.

4. Filing Claims for Marine Losses in Excess of \$300

Once a discharge survey report is submitted to a country office that establishes there are marine losses, country offices must begin the process of filing, pursuing and collecting claims against shipping companies. See *Port* for additional information on files and ledgers that must be kept for arrivals of food. As CARE may be reimbursed for administrative expenses for claims filed against shipping companies, CARE Finance has established procedures which country offices must follow as claims are being pursued. See Chapter 8 of the *Overseas Finance Manual*. Also, see Almis #3616 - *Marine Claims Procedures for Both CARE Missions and CARE NY*, January 4, 1990 for specific information examples of documents needed for filing marine claims.

The Procurement Office and CARE USA's shipping agent are primarily responsible for pursuing marine claims against shipping companies and filing all reports and documents related to marine claims with AID and USDA. They are also responsible for all communications with country offices regarding additional documentation required for the handling, processing and settlement of marine claims. See **Attachments for an example of a cover memorandum that can accompany all**

marine claims correspondence.

One claim should be filed for each voyage of the same vessel to the same port of discharge. If different types of food are shipped on the same ship and there is more than one Bill of Lading, still file only one claim against the shipping company. The claim will take into account the entire shipment.

5. Computation of Ocean Carrier Claims

Unless otherwise required by the donor, the monetary value of ocean claims can be computed using the following calculation:

- **Determine the local market value of food at the time and place the loss occurred or the FAS value of the shipment from the Bill of Lading.**
- **Add freight and insurance for ocean transport as stated on the Bill of Lading.**
- **Divide the sum by the net number of kgs in the shipment, to get the price per kg delivered.**
- **Multiply the price per kg delivered by the number of kgs lost or damaged.**

The following are additional costs to CARE which may be included in the claim:

- **Special charges authorized by donor regulations.**
- **Any costs incurred by CARE or the donor to reconstitute cargo damaged by the ocean carrier. Include as separate item.**

- **If food is damaged and determined by a competent authority to be unfit for human consumption and then sold or otherwise disposed of pursuant to donor regulations, credit the claim by the monetary equivalent of the NET proceeds of the sale. If the unfit food is donated for some useful purpose, the donor may allow for a credit to the carrier per kg for the amount donated.**
- **Salvage credits for unfit food which is destroyed, if allowable by the donor.**

6. Assignment of Claim Numbers

As specified in the *CARE Overseas Finance Manual*, CARE must assign all marine losses relating to food a claim number in order to track them. Claim numbers are to be assigned as follows: MA - two digit country number - four digit sequential number starting with 0001 for each claim. For example, the 41st claim for CARE-Haiti would be MA - 46 - 0041.

7. Notice of Protest

For losses in excess of US\$300, a Notice of Protest (see Attachment) must be filed with the shipping company within 72 hours after completion of discharge of short or damaged shipments indicating that a loss has been determined and that the company is being held responsible. This requirement is set forth in *Overseas Finance Manual*.

The notice should include:

- **Date of notification**
- **Name of the vessel**

- **Description of the cargo**
- **Estimate of quantity lost or damaged.**

8. Submission of Discharge Survey Reports

Country offices must submit the original and three copies of the discharge survey report by numbered, transmittal letter to the Procurement Office at CARE USA Headquarters within 45 days of discharge. The Procurement Office and CARE's shipping agent will forward the report along with other documentation (see below) to AID and USDA. See Port for information about the content of the survey.

9. Loss Advice

Along with the Discharge Survey Report, country offices must also submit a Loss Advice (see Attachment) in quadruplicate to the Procurement Office. This is required by CARE Finance in the *Overseas Financial Manual*.

The report must contain:

Loss Advice Information

Type	Required information
Shipment information, such as	<ul style="list-style-type: none"> • Discharge port • Vessel/Voyage No. • Bill of Lading No: • Discharge Date • Shipping Company

	<ul style="list-style-type: none"> • Shipment No.
Quantity lost, such as	<ul style="list-style-type: none"> • Food • Quantity per bill of lading • Quantity received • Quantity short • Quantity damaged
Description of loss and circumstances	<ul style="list-style-type: none"> • Unfit • Destroyed • Donated • Salvaged • Reconstituted

10. Claims Progress Memo

The Claims Progress Memo is a report of progress being made in the settlement of marine claims (see Attachment). It must be submitted to the Procurement Office, in quadruplicate, by numbered letter, after any event which relates to a previously reported loss. Upon receipt of the Claims Progress Memo the amount of food previously reported in the Loss Advice will be adjusted based on the new information.

Claims Progress Memos are to be numbered consecutively, by country, in serial number sequence.

11. Summary of Required Claims Documentation

The following Table summarizes the documents that must be submitted to the

Procurement Office. There should be an original and three copies, and any documents not in English must be accompanied by English translations.

Submitting Claims for Marine Losses Valued in Excess of US\$ 300

Responsibility	Report/Document	Submission To	Date
CARE country office	Discharge survey report pertaining to the shipment	Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Notice of protest letter	Shipping company or its agent Copy to CARE-USA HQ Procurement	Within 3 days after discharge of short or damaged commodity
CARE country office	Loss advice	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Outturn reports (tally sheets of the surveyor, see Port Chapter), if available	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of

CARE country office	Shortlanding certificates signed by the port authority, if available	CARE-USA HQ Procurement	discharge Monthly - 10th of each month Within 45 days of discharge
CARE country office	Unfitness certificate or chemical analysis report issued by Ministry of Health, if applicable	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Disposition certificate, if applicable	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Invoice of survey fee	CARE-USA HQ Procurement	Within 45 days of discharge
CARE country office	Invoice or other documents for reimbursement for reconstitution	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Disbursing Officer's receipt for net proceeds of sale of unfit commodities	CARE-USA HQ Procurement	Within 45 days of discharge
CARE country office	Resolution of excess landed quantities	CARE-USA HQ	Within 45 days of discharge

		Procurement	
CARE country office	Copy of bill of lading	CARE-USA HQ Procurement	Within 45 days of discharge

All marine claims records must be retained by CARE for a full six years after settlement.

X. Pursuing Claims for Internal Losses

A. General

Claims may be filed by country offices for the loss or misuse of food against CARE employees, counterpart staff, transporters, owners of commercial warehouses or others. CARE may be liable to the donor for the value of the food unless the donor determines the loss could not be prevented considering normal commercial practice in the country and the difficulties associated with carrying out programs using food resources.

Unless otherwise approved by a donor in writing, CARE must undertake all necessary efforts to recover the food or its value from the person responsible for the food when the loss occurred.

CARE may elect not to pursue claims in the following two instances:

- **The loss on which the claim is based is caused by *force majeure*. In other words, the events causing the loss were beyond the control of the parties responsible and**

could not have been avoided by the exercise of due care. An example would be a flash flood which damages food stored in a community distribution center, assuming the distribution center is not located in a flood plain.

- **The value of the claim is less than US\$500, failure to pursue the claim would not be detrimental to the program, or costs of collecting this claim would exceed \$500.**

The US\$500 limit on filing claims applies to each contract under which the losses occur. For example, if bags of U.S. Government wheat are lost by a trucking company contracted by CARE, the amount of the loss is based on the transport of the entire shipment under the transport contract and not the loss attributable to each individual truck.

B. Coordination between CARE Finance and Logistics Staff

CARE Logistics and Finance staff are usually involved in pursuing claims. Logistics staff may keep the internal claim files and ledgers, and finance will be responsible for receiving payments or deducting claims from invoices or disbursing monies to donors or others. Country offices must establish procedures for regular up-to-date communications between these offices to assure that all necessary steps are being taken to pursue and close out claims.

C. Valuing Claims

Generally, claims should be valued higher than the market price of the food at the time and place of the loss, or the cost of food, insurance and ocean freight (C.I.F.) as stated on the Bill of Lading. All decisions on valuing claims should be agreed to

by donors' local representatives.

Many country offices value the food 10% higher than market price. This serves as a penalty against those responsible for the loss.

D. Pursuing Claims

A *claim letter* must be prepared and sent to the person or organization responsible for the loss (see Attachment). CARE must make reasonable attempts to collect claims. "Reasonable attempts" shall not be less than the follow-up of the original claim letter with three progressively stronger demands at not more than 30-day intervals. If such action does not achieve a satisfactory result, legal action must be pursued in the country where the loss occurred unless:

- **Liability of the third party is not provable.**
- **Costs of pursuing the claim would exceed the amount of the claim.**
- **The third party would not have sufficient assets to satisfy the claim.**
- **Maintaining legal action in the country's judicial system would seriously impair CARE's ability to conduct an effective program in the country.**
- **It is inappropriate for reasons relating to the judicial system of the country.**

Donors must be provided with copies of all claim letters and other relevant claim

information, if requested. If CARE decides not to pursue legal action, the reasons must be submitted to the donor and/or the appropriate CARE International member. Likewise, any settlement for less than the claim value must be approved by the donor.

E. Monitoring the Status of Claims

An internal claims ledger is used to monitor the status of all losses and claims. Below is one format that could be used to keep track claims. The information in this ledger is taken from the Loss and Adjustment Report and the claims letter. It allows management to monitor the status of all internal losses. Prepare a separate ledger and file by donor and by shipment.

Country offices should establish an internal claim numbering system similar to that used for marine claims.

Internal Claims Ledger

Date:

Reporting Period: Donor:

Loss adjustment report #	
Date of loss ad report	
Shipment #	
Type of Food	
Organization / Person Responsible	
1st claim letter:	

1st claim letter:	
Date	
Ref. No.	
2nd claim letter:	
Date	
Ref. No.	
3rd claim letter:	
Date	
Ref. No.	
4th claim letter:	
Date	
Ref. No.	
Date legal action commenced	
Amount collected	
Amount reimbursed to donor	

Amount reimbursed to donor	
Date Claim closed	
Remarks	

F. Reporting Claims Information to the Donor

Provide the donor with copies of claim information. This can best be done by providing a copy of the claims ledger and submitting additional information, as requested.

G. Claims Proceeds

See CARE's *Overseas Financial Manual* and *Almis #4496 Inventory - Food Commodities* with the attached *Commodity Accounting Manual* for information regarding the financial accounting entries required when claims are established and collected.

For U.S. Government food, deduct collection costs such as reasonable legal fees and other collection costs from the proceeds. Remit net proceeds to U.S. Disbursing Officer, American Embassy. For all other donors, report the amounts collected less collection costs. Request permission to use net proceeds for programming activities within the country.

