Company Name: ____________________
SupplyGrid Document · Corporate Policy & Procedure

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Freight Claim Documentation And Concealed Damage Reporting Policy

1.0 Objective & Intent

This policy establishes a mandatory, auditable framework for documenting and reporting freight claims and concealed damage across all inbound and outbound shipments. The primary objective is to protect the company's cash flow by ensuring timely recovery of carrier liability for damaged goods, minimizing write-offs, and maintaining accurate inventory valuation. By enforcing strict documentation protocols, the policy reduces the risk of claim denials, supports insurance subrogation processes, and preserves supplier relationships. Non-compliance directly impacts the bottom line through unrecovered material costs, production delays, and increased freight expenses.

2.0 Operational Scope

This policy applies to all departments involved in receiving, shipping, and inventory management, including the warehouse, production, procurement, and accounting teams. It covers all freight claims and concealed damage reports for raw materials, finished goods, and supplies transported via common carrier, LTL, FTL, or courier. The policy governs both inbound shipments from suppliers and outbound shipments to customers, regardless of the carrier used or the terms of sale (FOB origin or destination).

3.0 Compliance & Data Security

All freight claim documentation must be handled in accordance with PIPEDA, ensuring that personal information (e.g., carrier contact details, customer names) is collected, used, and disclosed only for legitimate claim purposes and retained no longer than necessary. Financial internal controls require that all claims be approved by a manager before submission, with supporting documents (delivery receipts, photos, inspection reports) stored in a secure, access-controlled digital repository. Records must be retained for a minimum of seven years to satisfy audit and tax requirements. Any data breach or unauthorized access to claim files must be reported immediately to the compliance officer.

4.0 Required Software & Administrative Tools

- ERP system (e.g., Microsoft Dynamics 365 Business Central, SAP Business One) with freight claim module
- Document management system (e.g., SharePoint, DocuWare) for secure storage
- Accounting software (e.g., QuickBooks Enterprise, Sage 300) for tracking claim receivables
- Email archiving tool (e.g., Mimecast, Proofpoint) for carrier correspondence
- Photo documentation app (e.g., Fieldwire, Procore) with timestamp and GPS metadata
- Carrier portal access (e.g., FedEx Ship Manager, UPS CampusShip, LTL carrier websites)

5.0 Step-by-Step Administrative Workflow

1. Upon delivery, the receiving team must inspect the shipment for visible damage before the driver leaves. Note any damage on the delivery receipt and obtain the driver's signature. If damage is visible, refuse the shipment or accept it with a

clear notation.
2. For concealed damage discovered after the driver departs, the receiving team must immediately isolate the damaged items and take dated, time-stamped photographs from multiple angles showing the packaging and damage. Do not dispose of any packaging or damaged goods until the claim is resolved.
3. Within 24 hours of discovery, the warehouse supervisor must complete the Freight Claim Intake Form (FC-001) in the ERP system, including the carrier name, PRO number, shipment date, PO number, item descriptions, and estimated damage value.
4. The accounting team must then create a claim file in the document management system, attaching all supporting documents: delivery receipt, photos, inspection report, and the intake form. The file must be named using the convention: Claim_YYYYMMDD_CarrierName_PRO#.
5. Within 48 hours of discovery, the procurement manager must submit the claim to the carrier via the carrier's designated portal or email, attaching the claim file. For claims over $1,000, the CFO must approve the submission.
6. The accounting team must record the claim as a receivable in the accounting software under a dedicated 'Freight Claims' account, with a due date set to 30 days from submission. If the carrier does not respond within 15 business days, a follow-up email must be sent with a copy of the original claim.
7. If the carrier denies the claim or offers a partial settlement, the procurement manager must escalate to the CFO within 5 business days. The CFO may authorize a formal appeal or negotiate a settlement. All denials must be documented with the carrier's written reason.
8. Upon claim settlement, the accounting team must reconcile the payment against the recorded receivable. Any shortfall must be written off only with CFO approval. The claim file must be updated with the settlement details and closed.
9. Monthly, the operations manager must generate a Freight Claim Summary Report from the ERP system, listing all open and closed claims, total value, recovery rate, and aging. This report must be reviewed in the monthly operations review meeting.
10. Annually, the internal audit team must perform a random audit of 10% of closed claim files to verify compliance with this policy. Findings must be reported to the CFO and used to update training materials.