
Warranty Parts Ordering and Tracking Policy

1.0 Objective & Intent

This policy establishes a standardized, auditable procedure for ordering and tracking warranty replacement parts to minimize cash flow leakage, reduce liability from unfulfilled warranty obligations, and ensure accurate cost allocation between manufacturing and service departments. By enforcing a strict part-number-based ordering workflow and real-time inventory tracking, the company aims to prevent unauthorized parts disbursements, reduce the risk of duplicate or fraudulent warranty claims, and maintain compliance with Canadian consumer protection laws and provincial lien regulations. The policy directly impacts the company's ability to recover warranty costs from suppliers, maintain accurate job costing, and protect against inventory shrinkage.

2.0 Operational Scope

This policy applies to all departments involved in warranty parts fulfillment, including the Service Department, Production Planning, Inventory Control, Purchasing, and Accounting. It covers all replacement parts ordered under a valid warranty claim, whether initiated by an internal service technician, a dealer, or a direct customer. The policy governs parts ordered from original equipment manufacturers (OEMs), third-party suppliers, and internal stock transfers designated as warranty replacements. It does not apply to parts ordered for paid service calls, customer-purchased upgrades, or non-warranty repairs.

3.0 Compliance & Data Security

All warranty parts orders must be processed through the company's approved ERP system to maintain a secure, immutable audit trail. Personal information of customers (e.g., name, address, contact details) collected during warranty claims must be handled in strict compliance with the Personal Information Protection and Electronic Documents Act (PIPEDA). Access to warranty records is restricted to authorized personnel only, and all electronic records must be encrypted at rest and in transit. Physical warranty parts must be stored in a secure, locked area with controlled access. Any deviation from this policy must be documented and approved by the Controller or Operations Manager. Regular internal audits will be conducted quarterly to verify compliance and identify potential fraud or data breaches.

4.0 Required Software & Administrative Tools

- ERP System (e.g., Microsoft Dynamics 365 Business Central or equivalent) with inventory and purchasing modules
- CRM Module (e.g., Salesforce Service Cloud or equivalent) for warranty claim intake and customer communication
- SupplyGrid (Ryzen) for real-time material threshold alerts and automated purchase order generation
- Document management system (e.g., SharePoint or equivalent) for storing warranty claim forms and supporting documents
- Accounting software (e.g., QuickBooks Enterprise or equivalent) for cost allocation and supplier recovery tracking
- Barcode scanner and label printer for physical parts tracking

5.0 Step-by-Step Administrative Workflow

1. Service technician or customer submits a warranty claim via the CRM, attaching proof of purchase, photos of defect, and a detailed description. The claim must be logged within 24 hours of the reported issue.
2. Service Manager reviews the claim within 48 hours and either approves or rejects it. Approved claims are assigned a unique warranty claim number and forwarded to Inventory Control.
3. Inventory Control checks stock availability for the required part number in the ERP system. If the part is in stock, it is reserved for the warranty claim. If not, a purchase requisition is created.
4. Purchasing reviews the requisition and, if the part value exceeds \$500, obtains approval from the Operations Manager. Purchase orders are issued to the approved supplier with a delivery date not exceeding 10 business days.
5. Upon receipt of the part, Inventory Control scans the barcode, updates the ERP system, and assigns the part to the warranty claim. The part is physically moved to the warranty staging area.
6. Service Department schedules the replacement appointment within 5 business days of part receipt. The technician signs out the part from the staging area, updating the ERP system to reflect the transfer.
7. After installation, the technician completes a warranty completion report in the CRM, including photos of the installed part and customer signature. The report is submitted within 24 hours.
8. Accounting reconciles the warranty claim within 30 days: costs are allocated to the warranty expense account, and any supplier recovery claims are submitted with supporting documentation.
9. If the defective part is returnable to the supplier, a return merchandise authorization (RMA) is requested and the part is shipped back within 14 days. The ERP system is updated with the RMA number and credit memo.
10. All warranty documentation (claim forms, purchase orders, receipts, completion reports, RMAs) is archived in the document management system for a minimum of 7 years per Canadian record-keeping requirements.

Regulatory & Financial Disclaimer: This document is an administrative template provided for educational and organizational purposes only. It does not constitute certified CPA, tax, or legal advice. The end-user assumes all liability for validating these procedures against local corporate law, Canadian privacy frameworks (e.g., PIPEDA), and Generally Accepted Accounting Principles (GAAP) before operational deployment.