

**THE DEFENCE LOGISTICS SUPPORT CHAIN MANUAL  
JSP 886**

**VOLUME 3  
SUPPLY CHAIN MANAGEMENT**

**PART 320  
EXCESS AND UNDER - DELIVERIES AGAINST  
CONTRACTS**

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<b>AMENDMENT RECORD</b>		
<b>Amendment Number</b>	<b>Amendment Date</b>	<b>Details of Amendment</b>

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## **SECTION 1 - MM 91 - EXCESS AND UNDER - DELIVERIES AGAINST CONTRACTS**

### **PURPOSE**

1. The purpose of this leaflet is to specify that the Ministry of Defence is not obliged to accept or pay for quantities of equipment delivered, which differ from those ordered. Bill paying authorities are only permitted to sanction payment after consignees have confirmed receipt. Payments are only be made for quantities acknowledged by consignees and Range Managers are to monitor performances to ensure that no excess or under-deliveries occur.

### **ADVICE OF OVER-DELIVERIES**

2. Range Managers will be advised of over-deliveries against a contract or order in one of the following ways:-

- a. Advice from the contractor or the procurement authority.
- b. Generation of Outputs Q008/Q049 from the Central Computer System.

3. The Range Manager is responsible for deciding whether the over-delivery is to be accepted. Where the over-delivery is advised by the Central System Computer outputs, records are to be checked to confirm that an over-delivery has occurred as some of these outputs can be generated by simple recording errors. The Range Manager is to seek advice from Multi Discipline Group (MDG) Engineering and Budget Staff to establish whether the excess quantity can be accepted and afforded. In arriving at such a decision, account is to be taken of such factors as:

- a. Additional funding requirements.
- b. The stock surplus which would be generated by acceptance of the excess quantity.
- c. The storage implications of accepting the excess quantity.
- d. The disposal/inspection implications if a Lifer item is involved.
- e. Any contract clauses which permit or specifically prohibit over-deliveries.

### **ACCEPTANCE OF OVER-DELIVERIES.**

4. If the Range Manager decides to accept the over-delivery, formal approval will be needed at the appropriate level of delegated financial authority. A formal amendment to the level of commitment may not always be necessary and, in some instances, a letter to the contractor accepting the over-delivery will suffice. The Budget Manager will advise whether formal contract amendment action is necessary, but the contract amendment or acceptance letter is to be copied to all recipients of the original contract or order.

### **ADVICE OF UNDER-DELIVERIES**

5. Range Managers will be advised of under-deliveries by contractors or consignees. Part-deliveries are normally acceptable, but there are special procedures for indicating that a particular consignment only partly fulfils the order. Unless these procedures are

followed, a potential under-delivery can be forecast. After advice that an under-delivery is likely to occur, the Range Manager is to contact the contractor and establish the precise reason for the proposed under-delivery. A decision is then be made on whether the under-delivery can be accepted. This decision may be influenced by the contract conditions which either permit, or specifically prohibit, under-deliveries. In any case, an under-delivery is never be accepted if:

- a. The under-delivery will necessitate further purchase of the item within the Interval between Orders.
- b. The contractor holds another current contract for the same item at a higher price.
- c. A Contractors' Minimum Batch Quantity has been agreed and ordered.

### **ACCEPTANCE OF UNDER-DELIVERIES**

6. The Range Manager is responsible for deciding whether the under-delivery is to be accepted. A formal amendment to the contract may not always be necessary as, in some cases, a letter to the contractor will suffice. The Budget Manager will advise whether an official amendment is required but, in any event, the contract amendment or acceptance letter is to be copied to all parties who received copies of the original contract or order.

### **REJECTION OF EXCESS OR UNDER-DELIVERIES**

7. Should the Range Manager decide to reject the excess or under-delivery, he is to advise the contractor accordingly and arrange the return of any excess quantities already delivered. He is to consult the Contracts Officer and Project Branch on how the contractor is to be advised, and the consignee, on how the excess is to be returned.

### **ADJUSTMENTS OF RECORDS**

8. The Range Manager is responsible for adjusting the contract records on the Central Computer System following any decision to accept excess or under-deliveries. Amendments are to be made using Transaction Code (TC) ACQ. In the light of advice from contractors, it may also be necessary to record or amend the Contractor's Minimum Batch Quantity (CMBQ); such amendments are to be carried out using TC APZ.