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| <b>ANNEX 6D</b> | <b>SUPPLIES ACCEPTANCE CERTIFICATE FORM</b> |
|                 | <b>(SG001)</b>                              |

*Procurement officers should refer to Chapter 6.4 in conjunction with this Annex.*

The following guidance is based on the terminology and concepts used in the ASDEFCON suite of tendering and contracting templates.

## **GUIDELINES FOR USE OF THE SUPPLIES ACCEPTANCE CERTIFICATE**

### **When to Use the Supplies Acceptance Certificate**

A contract should state the instrument that is to be used for formal acceptance of supplies. The Supplies Acceptance Certificate is intended for use in contracts where supplier certification and Commonwealth acceptance are a requirement. A specific example is where items are to be receipted at a storage facility.

The Supplies Acceptance Certificate or derivatives are used when agreed between the Commonwealth Representative and the supplier. Generally, Defence acceptance of commercial-off-the-shelf products does not require the use of the Supplies Acceptance Certificate.

### **Supplier Certification**

The Supplies Acceptance Certificate provides for an authorised representative of the supplier to certify that the supplies conform in all respects to the conditions and requirements of the contract. Provision is also made for the supplier to record details of any non-compliance with the terms and conditions of the contract. Any non-compliance with contractual requirements must be approved by, or on behalf of, the Commonwealth Representative prior to acceptance. The details of any non-compliance must be recorded on the Supplies Acceptance Certificate or its Annex. When an Annex is used, this is to be referred to in the body of the Supplies Acceptance Certificate and is to be signed by a representative of the supplier and by an authorised officer on behalf of the Commonwealth.

### **Commonwealth Acceptance**

The Supplies Acceptance Certificate provides for formal acceptance of supplies without prejudice to any remedies that the Commonwealth may have under the contract when the supplies do not conform with the requirement or do not comply with the terms and conditions of the contract. This qualification of acceptance is not intended to create any additional rights for the Commonwealth under the contract but rather to notify the supplier that acceptance by the Commonwealth will not extinguish any existing rights.

The Commonwealth Representative is responsible for accepting the supplies but may delegate signing the Supplies Acceptance Certificate to others. Such delegation must define any discretionary authority to approve/accept any deviations from the contract requirements. Before accepting the supplies the officer performing acceptance is to take all reasonable steps, appropriate to the nature of the supplies, to determine that the supplies fully conform to the requirements of the contract. This will include, but not be limited to, the sighting of objective evidence that all technical, functional and performance requirements have been met.

### **Preparation of the Supplies Acceptance Certificate**

The supplier should prepare the Supplies Acceptance Certificate and sign Section 1, Supplier's Certification, prior to offering the supplies to the Commonwealth. The person appointed by the Commonwealth Representative to accept the goods or services on behalf of the Commonwealth should ensure that the Supplies Acceptance Certificate has been correctly completed. Use of an appropriate Defence computer generated form similar to the Supplies Acceptance Certificate is also acceptable.

All data entry boxes on the Supplies Acceptance Certificate are to be completed or marked Not Applicable (NA) before the Supplies Acceptance Certificate is signed on behalf of the Commonwealth

and a copy forwarded to the supplier's representative. Commonwealth copies of a completed and signed Supplies Acceptance Certificate are important contractual documents and should be filed properly for record and audit purposes.

### **Importance of the Supplies Acceptance Certificate**

When the supplier advises that the supplies are ready for acceptance, the Quality Assurance Representative is required to advise the buyer whether or not all quality audit and quality surveillance tasks have been satisfactorily completed and whether or not there are any outstanding supplier quality management actions.

It should be noted that the buyer is responsible for determining the acceptability of the supplies, based on input and reports from the buyer's agents of which the Quality Assurance Representative is one. Determining the acceptability of the supplies is a buyer responsibility which cannot be delegated because the buyer has full knowledge of contract requirements and other relevant information. Once the buyer has determined the acceptability of the supplies the delegate should sign the Supplies Acceptance Certificate, which signifies that the supplies have been assessed as acceptable. Supplies are generally accepted on an exception basis (that is the supplies will be assessed as acceptable unless agents' input and reports indicate that they are not acceptable).

### **Results of Acceptance**

When the Supplies Acceptance Certificate has been signed by both the supplier and the person authorised by the Commonwealth Representative to accept the supplies on behalf of the Commonwealth, the supplies are accepted by the Commonwealth in accordance with the contract. The immediate consequences of acceptance will depend on the terms and conditions of the particular contract but may include commencement of the warranty and maintenance periods and transfer of title to the Commonwealth. Risk of loss or damage to the supplies will reside with the supplier until the supplies have been delivered to the Commonwealth.

If the Commonwealth takes delivery of the supplies for inspection and/or testing purposes to verify compliance with the contract, signing of the Supplies Acceptance Certificate by the Commonwealth is to be withheld until satisfactory completion of all such inspections and/or tests. Such inspections/tests are to be conducted promptly and the supplier advised of acceptance or non-acceptance as soon as possible. Most standard contracts specify time periods within which the Commonwealth is required to either accept or reject supplies and advise the supplier.

When specified in the contract, a completed Supplies Acceptance Certificate is necessary to support a supplier's claim for payment. The Supplies Acceptance Certificate is not to be used for progress payments to a supplier unless contingent upon delivery of goods or services.

### **Part or Qualified Performance and Non-Conforming Supplies**

Acceptance by the Commonwealth of part delivery of a contract should not be made unless provided for in the contract. If part-delivery is not provided for in the contract, the person authorised by the Commonwealth Representative to accept delivery on behalf of the Commonwealth should consult the Commonwealth Representative for approval to accept part-delivery. The details should be entered appropriately on the Supplies Acceptance Certificate.

When the supplies offered for acceptance do not conform to the requirement, or a condition of the contract required for their acceptance has not been met, the supplies are not to be accepted without approval from the Commonwealth Representative. Two possibilities exist where:

- the supplies can be made to comply by post delivery action. This will generally comprise rectification of minor defects or omissions, or the incorporation of an agreed modification. In such cases, the supplies may be accepted on condition that the necessary work will be carried out post delivery. Details of the non-compliance and the conditions attached to acceptance are to be shown on the Supplies Acceptance Certificate or its Annex. When an Annex is used, this is to be referred to in the body of the Supplies Acceptance Certificate and is to be signed by a representative of the supplier and the officer authorised to sign the Supplies Acceptance Certificate on behalf of the Commonwealth; and

- the supplies cannot be made to comply by post delivery action but the Commonwealth Representative has decided to accept the supplies. In such cases, the Commonwealth Representative must indicate that it is fully aware of the non-compliance and clearly state that the supplies are to be accepted in the non-complying state. Details of the non-compliance are to be shown on the Supplies Acceptance Certificate or its Annex. When an Annex is used, this is to be referred to in the body of the form and is to be signed by a representative of the supplier and the officer authorised to sign the Supplies Acceptance Certificate on behalf of the Commonwealth.

#### **Progress and Milestone Payments**

Where progress or milestone payments for staged delivery are provided for in a contract, a separate Supplies Acceptance Certificate is to be used for each progressive stage of delivery. Columns 5 to 10 of the Supplies Acceptance Certificate will show the delivery status of the contract at the date of signature.

#### **Cancelled and Non-Completed Contracts**

When a contract has been officially cancelled or terminated prior to completion, the supplier may need to be paid for the work performed. The use of the Supplies Acceptance Certificate is not normally appropriate in such circumstances except for authorising payment for the work completed and to release the supplies (even in an incomplete state).

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