INCOMING GOODS PROCEDURE

EGC/SOP/WH/002

Revision No: 00

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APPROVAL

	DESIGNATION	SIGNATURE	DATE
Reviewed By:	MR		20th May 2026
Approved By:	MD		22nd May 2026

REVISION HISTORY

Rev Date	Rev No.	Changes Description	Author
22-May-26	00	Initial procedure	Purchasing

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1.0 PURPOSE

To ensure that all incoming materials, components, equipment, and services conform to purchase order (PO) requirements, applicable codes, standards, drawings, and specifications, before being released for use or production.

2.0 SCOPE

This procedure applies to:

- Raw materials
- Machined parts
- Bought-out components
- Rental equipment
- Subcontracted services (upon receipt/return)
- Critical and non-critical suppliers

Applies to all deliveries received at company premises or customer/site locations (where applicable).

3.0 REFERENCE DOCUMENTS

Control of Records	EGC/SOP/CP/002
ISO 9001:2015	Clause 8.4, 8.6
Quality Management System Manual (ISO 9001:2015)	EGC/QM/002
Nonconforming Output	EGC/SOP/PJ/004

4.0 RESPONSIBILITIES

4.1 Material Person / Receiving Personnel

4.1.1 Perform initial receipt verification.

4.1.2 Identify visible damage or shortages.

4.1.3 Segregate items pending inspection.

4.2 Quality Control (QC)

4.2.1 Perform inspection and verification activities.

4.2.2 Review certificates and test reports.

4.2.3 Raise NCRs and recommend disposition.

4.3 Engineering (if applicable)

4.3.1 Technical review of drawings, specs, deviations, or concessions

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5.0 DEFINITIONS & ABBREVIATIONS

- **Critical Item –** Item that may impact safety, regulatory compliance, or product conformity.
- **Hold Status –** Material quarantined pending inspection or disposition.
- **NCR –** Non-Conformance Report.

6.0 PROCEDURE

6.1 PRE-RECEIPT CONTROLS

6.1.1 All purchases shall be initiated and authorized through an approved Purchase Order (PO) to ensure proper review, documentation, and control in accordance with company procedures.

6.1.2 PO shall clearly define:

a) Material specification / grade
b) Applicable standards (API, ASTM, ASME, etc.)
c) Quantity and delivery requirements
d) Required documents (MTC, CoC, test reports)
e) Inspection requirements (source inspection, third-party, receiving inspection)

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6.2 GOODS RECEIPT & IDENTIFICATION

6.2.1 Upon arrival:

6.2.1.1 Receiving personnel shall:

a) Verify delivery against Delivery Order (DO) and PO.
b) Check quantity, packaging condition, and labeling.
c) Notify Person in charge to generate Goods Receipt Note (GRN) from SAP once the completion of Incoming good procedure.

6.2.1.2 Any visible damage or discrepancy shall be:

a) Photographed.
b) Recorded in Receiving Log.
c) Immediately reported to Purchasing & QC.

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6.3 SEGREGATION & STATUS IDENTIFICATION

6.3.1 All incoming goods shall be placed in "**HOLD – PENDING INSPECTION**" area.

6.3.2 The status of the goods shall be identified using:
a) Tag / label (**HOLD / ACCEPTED / REJECTED**).
b) ERP or inventory system status.

6.3.3 No material may be issued or used before inspection release.

6.4 INCOMING INSPECTION REQUIREMENTS

6.4.1 **Visual Inspection.**

6.4.1.1 QC shall verify:

a) Physical damage, corrosion, contamination.
b) Workmanship and surface finish.
c) Correct marking, tagging, heat number (if applicable).
d) Packaging integrity.

6.4.2 **Dimensional & Functional Inspection (as applicable).**

6.4.2.1 QC shall verify:

a) Verify critical dimensions against drawings.
b) Check tolerances using calibrated measuring instruments.
c) Functional checks for assemblies or rental equipment.

6.4.2.2 Sampling shall follow:

a) Defined sampling plan (Acceptable Quality Limit (AQL) or risk-based).
b) 100% inspection for critical items (unless otherwise approved).

6.4.3 **Documentation Review**

6.4.3.1 QC shall verify:

a) Material Test Certificate (MTC).
b) Certificate of Conformance (CoC).
c) Third-party inspection reports (if required).
d) Traceability records.
e) Calibration certificates (for tools/equipment).

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6.4.3.2 Documents must:

a) Match PO requirements.

b) Be traceable to delivered items.

c) Be approved and legible.

6.5 ACCEPTANCE CRITERIA

6.5.1 Material is accepted when:

a) Physical condition is satisfactory.

b) Dimensions and functional checks meet requirements.

c) Documentation is complete and compliant.

d) Traceability is verified (where required).

6.5.2 Accepted material shall be:

a) Tagged **"ACCEPTED".**

b) Released into inventory/system.

c) Stored in designated area.

6.6 NONCONFORMING INCOMING GOODS

6.6.1 If nonconformity is identified:

6.6.1.1 QC shall:

a) Raise an NCR.

b) Clearly identify and segregate the material.

6.6.1.2 Disposition options:

a) Return to supplier.

b) Repair / rework (with approval).

c) Use as-is (with documented concession).

d) Scrap.

6.6.1.3 Purchasing shall:

a) Notify supplier formally.

b) Request corrective action.

c) Track supplier performance impact.

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6.7 SUPPLIER PERFORMANCE FEEDBACK

6.7.1 NCR trends shall be reviewed periodically.

6.7.2 Repeating issues may trigger:

a) Increased inspection level

b) Supplier audit.

c) Removal from ASL

7.0 RECORDS & RETENTION

7.1 The following records and forms shall be maintained:

7.1.2	Goods Receipt Notes	SAP Generated
7.1.3	Incoming Inspection Reports	Based on Site specific
7.1.4	NCRs	
7.1.5	Certificates and test reports	

7.2 All records shall be retained and maintained in accordance with the Essem Group of Companies (EGC) document retention policy, with a minimum retention period of five (5) years as required by ISO 9001 and ISO 45001, and a minimum of ten (10) years as required by API Q1, unless otherwise specified by applicable legal, statutory, regulatory, or customer contractual requirements, in which case the longer retention period shall prevail.

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