

VENDOR COMPLIANCE & ACCOUNTS PAYABLE

Summary

This chapter provides all rules and instruction for vendor compliance with Burlington Coat Factory (BCF). Following is a table of contents for this chapter. You may continue to read through this document or click on any of the links below to go directly to a specific section.

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Section 1: Vendor Compliance

Accuracy Audit Program

Accuracy audits are designed to randomly check shipments received at Burlington Coat Factory distribution centers (DCs). Burlington Coat Factory performs the following three types of audits:

1) Purchase Order (PO) Carton Content Errors

Burlington Coat Factory requires that your shipment be 100 % accurate to the PO at the style, color, and size pre-pack level and 100% to the carton label. This audit is conducted at the DC using a scan unpack audit function that compares each SKU contained within the carton to the corresponding PO. Results are electronically calculated and assigning an accuracy percentage. If a PO error percentage is recorded, a chargeback will be assessed.

2) High Audit Vendors

Errors are totaled for carton content discrepancies and PO carton content discrepancies on a monthly basis. If the total SKU error percentage for the audited portion of the shipment is 2% or more for the last fiscal month, future shipments will be processed in our manual high audit area. Any additional expense incurred by Burlington Coat Factory to conduct these 100% audits may be passed back to the vendor. We will continue to audit shipments for at least one month and until your merchandise meets Burlington Coat Factory's [concealed error tolerance level](#).

3) Store Audits

Physical audits of direct shipments will be conducted and vendors will be held accountable for the following violations for which failure to comply will result in a chargeback:

- No PO or Wrong PO on carton
- Merchandise not pre-ticketed
- No style marking on merchandise
- Incorrect Hangers
- Style Substitutions
- Insufficient packing/packaging
- Ticketed Incorrectly

Vendor Compliance Correspondence

- Correspondence about any PO violations, invoicing violations, return to vendor charges, or freight chargebacks must be initiated within six (6) months of the Burlington Coat Factory receive date on a given PO. Charge research requests older than six (6) months from the date goods are received will **not** be considered.
- Correspondence research will not be conducted without one or all of the following:
 - A Freight Bill Delivery Receipt signed by a Burlington Coat Factory associate
 - A copy of the PO
 - A copy of the packing slip for the shipment in question
 - A written explanation for why the chargeback was incorrect
- Only new information requests will be considered.
- All correspondence relating to freight compliance issues should be mailed to:

Attention: Traffic Department
Burlington Coat Factory Warehouse Corp
1830 Route 130
Burlington, NJ 08016
or on the internet:
http://www.coat.com/vendor/vendor_freight_form.shtml
- All correspondence for any Vendor Compliance (VC) deduction issues should be faxed or mailed to:

Attention: Vendor Relations
Burlington Coat Factory Warehouse Corp
1830 Route 130
Burlington, NJ 08016
Fax: 609-239-8213
or on the internet:
http://www.coat.com/vendor/vendor_compliance_form.shtml
- All Correspondence relating to any other debit issues should be referred to your Accounts Payable representative.

Return To Vendor (RTV)

The following may be refused at time of delivery at the sole discretion of Burlington Coat Factory and at the complete expense of the vendor:

- Unauthorized shipments
- Substitutions
- Invalid orders
- Cancelled orders
- Late or inaccurate ASNs
- Pre-packed merchandise that is not pre-ticketed
- Merchandise that does not meet purchase order specifications of style, color size, quantity and /or quality
- Early shipments
- Past cancellation date shipments
- Over-shipments

NOTE: Burlington Coat Factory will not request nor require Return Authorization for such refusal.

NOTE: If Burlington Coat Factory elects to retain the over-shipped portion of a delivery, it will do so at no cost to Burlington Coat Factory.

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Compliance Charges

The following schedule is for non-compliance to our requirements. Selective rules are tiered and will be escalated with continued non-compliance. Burlington Coat Factory reserves the right to escalate chargebacks without prior notice.

All charges will be assessed against the merchandise invoiced by vendors and deducted from invoice payment. Multiple violations will incur multiple chargebacks. Violations and charges are subject to change without notice.

Burlington Coat Factory Compliance Charges

Rule			Min	Max	First	Second	Third	
Number	Rule Description	Brief Definition	Charge	Charge	Charge	Charge	Charge	
PO / Style Fill Rate								
665	Style Over Shipped - Trouble	Additional units shipped compared to what was ordered, found in DC.	100% of the cost of goods that were overshipped.					
665	Style Over Shipped	Additional units shipped compared to what was ordered.	100% of the cost of goods that were overshipped.					
670	Style Under Shipped	Style short shipped 10% or more than what was ordered.	\$250.00	3% of the cost of the style that was under shipped				
670	Style Under Shipped (Style NOT Shipped)	Style ordered, not shipped.	\$250	\$2,500	3.00%	\$0	\$0	
Receiving Issues								
40	Failure to load trailer in PO/SKU sequence (truck load)		\$1,000	\$2,500	\$1,000	\$1,500.00	\$2,500	
1888	UPS shipped more than 10 cartons to DC	Vendor may not ship more than 10 cartons to the DC.	\$ 25.00 per carton shipped over 10					
2220	Merchandise received not on packing slip	Merchandise that was received was not found on Packing Slip	\$250	\$2,500	\$250	\$500.00	\$1,000	
2220	Merchandise on packing slip (or BOL) not on trailer		\$250	\$2,500	\$250	\$500.00	\$1,000	
325	Early Shipment	Merchandise arrived prior to scheduled appointment.	\$250		\$250	\$0	\$0	
330	Late Shipment	Merchandise arrived after the scheduled appointment.	\$250	\$2,500	\$250	\$500.00	\$1,000	
337	Shipment past cancellation	Merchandise arrived after the cancelation date.	\$250	\$2,500	3.00%	\$0	\$0	
650	Style Substitution	Unauthorized style substituted.	\$250	\$2,500	3.00%	\$0	\$0	
655	Size Substitution	Unauthorized size substituted.	\$250	\$2,500	3.00%	\$0	\$0	
660	Color Substitution	Unauthorized color substituted.	\$250	\$2,500	3.00%	\$0	\$0	
Freight Violations								
10	Failure to contact traffic for routing instructions (over 6000 pounds)		\$50		\$50	\$0	\$0	
200	Failure to ship via BCFW preferred carrier		\$50		\$0	\$0	\$0	
200	Failure to ship via consolidator		\$50		\$50	\$0	\$0	
215	Freight sent collect - s/b prepaid		\$50		\$50	\$0	\$0	
220	Trucks ordered not used		\$50		\$50	\$0	\$0	
235	More than two shipments in a week to the same location		\$50		\$50	\$0	\$0	

255	PO shipped on consecutive days		\$50		\$50	\$0	\$0
270	Failure to consolidate and ship on one BOL		\$50		\$50	\$0	\$0
275	Failure to prepay freight to consolidator		\$50		\$50	\$0	\$0
Packing Slip Issues							
495	No packing slip provided with shipment		\$250	\$2,500	\$250	\$500.00	\$1,000
520	Packing slip does not contain required information		\$250	\$2,500	\$250	\$500.00	\$1,000
520	PS missing BCF 9-digit PO#		\$250	\$2,500	\$250	\$500.00	\$1,000
520	PS missing BCF Style #		\$250	\$2,500	\$250	\$500.00	\$1,000
520	BCF Color not on PS		\$250	\$2,500	\$250	\$500.00	\$1,000
532	Size not on PS		\$250	\$2,500	\$250	\$500.00	\$1,000
1390	Total units and ctns not on PS		\$250	\$2,500	\$250	\$500.00	\$1,000
Carton Information							
475	No UCC128 barcode shipping label	UCC128 label is required for all shipments.	\$150		\$ 3.00 / Ctn	\$0	\$0
475	No carton labels or markings	All label requirements are found in the Burlington Coat Factory vendor manual http://corporate.burlingtoncoatfactory.com/vendor/manual/Chapter5_Packaging_and_Labeling.pdf	\$125		\$ 3.00 / Ctn	\$0	\$0
475	Shipping Label in wrong location		\$125		\$ 3.00 / Ctn	\$0	\$0
340	Required information missing from labels		\$125		\$ 3.00 / Ctn	\$0	\$0
475	Shipping label not legible		\$125		\$ 3.00 / Ctn	\$0	\$0
345	Style not listed on carton		\$125		\$ 3.00 / Ctn	\$0	\$0
350	BCF color # not on Ctn		\$125		\$ 3.00 / Ctn	\$0	\$0
440	Size not on carton		\$125		\$ 3.00 / Ctn	\$0	\$0
Packing Issues							
625	Cartons are not reshippable		\$125		\$ 3.00/Ctn	\$0	\$0
680	Ordered as pre-pack, shipped as bulk or loose carton		\$125	\$2,500	5.00%	\$0	\$0
705	Ordered as bulk, shipped pre-pack		\$125	\$2,500	5.00%	\$0	\$0

910	Pre-pack bundles not effectively bundled together		\$125	\$2,500	\$ 0.50/Unit	\$0	\$0
920	Pre-pack quantities not packed as ordered		\$125	\$2,500	5.00%	\$0	\$0
955	Carton over maximum weight and size dimensions		\$125		\$ 3.00/Ctn	\$0	\$0
1415	Concealed shortage		\$125		\$ 3.00/Unit	\$0	\$0
1425	Concealed style, color, or size substitution found		\$125		\$ 3.00/Unit	\$0	\$0
1850	Cartons strapped or banded	Straps need to be removed prior to shipment the DC.	\$125		\$ 3.00/Ctn	\$0	\$0
1890	GOH - Polybags not sealed on sets		\$125	\$500	\$ 3.00/Unit	\$0	\$0
Floor Ready Issues							
780	Tickets on merchandise are for a different retailer		\$125		\$ 0.25/Unit	\$0	\$0
800	Incorrect ticket placement	ticket placement must be followed as stated in BCF ticket guide.	\$125		\$ 0.25/Unit	\$0	\$0
830	Incorrect style, color and size ticket on merchandise	Tickets must match merchandise shipped.	\$125		\$ 0.25/Unit	\$0	\$0
890	Merchandise not pre-ticketed	If merchandise was to be ticketed, the merchandise is expected to arrive with tickets provided by Burlington Coat Factory.	\$150	\$2,500	\$ 0.25/Unit	\$0	\$0
890	Merchandise partially pre-ticketed	If merchandise was to be ticketed, it is expected that all merchandise arrived ticketed.	\$125		\$ 0.25/Unit	\$0	\$0
990	Incorrect hanger used				\$ 0.50/Unit	\$0	\$0
2088	BCF swift tag not used	Vendor that pretickets is required to use swift tag as provided by Finline.	\$150		\$ 0.50/Unit	\$ 0.75/Unit	\$ 1.00/Unit
EDI Issues							
1150	No ASN at time of receipt	ASN must be accepted 24 hours prior to the arrival of merchandise.	5% of PO cost		5% of PO cost	7.5% of PO cost	10% of PO cost
1810	ASN not received on time	ASN arrived within 24 hours of arrival of merchandise.	\$250		\$250	\$0	\$0

NOTE: All reversals must be approved by the Vendor Relations Manager. No exceptions. Buyers may not authorize chargeback reversals.

Section 2: Accounts Payable

810 Invoices

- Burlington Coat Factory uses the EDI 810 document for invoices. It is a required transaction set for merchandise purchases.
- Submitted 810s must be accurate, match the 856s for the same PO/shipment, and comply with all Burlington Coat Factory mapping standards.
- An invoice number should only be used one time.
- Burlington Coat Factory will communicate 810 problems as soon as reasonably possible. The corrected invoice must be transmitted under a new Trading Partner ID in order to receive payment.
- A chargeback will be assessed for paper invoices.
- Any discrepancy hindering invoice processing is subject to chargeback.

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Payment Terms

CALCULATION

- Terms of payment are calculated from receipt of goods. However, the due date could be extended without a loss of discount until an invoice is received.
- Invoices or receipts of goods dated later than the 20th of the month with end of month (EOM) terms will be paid as though dated the first of the following month. *EXAMPLE: goods received on 8/21/09 with 10 EOM dating would be payable 10/10/09; 10 EOM + 60 would be due 12/10/09, etc.*

REQUEST A PAYMENT

- To request payment on an unpaid invoice, the vendor must mail the proof of delivery (POD) along with the corresponding invoice if requested by the Accounts Payable Department to the Merchandise Accounts Payable address as previously indicated.
- To ensure timely resolution, the proof of delivery (POD) must be received within 90 days of the original request date.
- A valid POD is defined as a freight bill stamped and signed by an authorized representative of BCF. A Bill of Lading (BOL) *is not* a valid form of POD. The freight bill must also include:
 - PO number
 - Carton count (if multiple orders, provide carton count by PO)