



**Subject: Vendor Compliance Program**

**Purpose:** To identify costs incurred for vendors not complying with shipping/packing/marketing/bill of lading/return to vendor/ticketing/palletizing instructions. Background: The Vendor Compliance Program (VCP) is implemented to recover expenses caused by vendors' noncompliance for merchandise shipped to and through our operations. Vendor's merchandise will flow through our Distribution Centers and stores and on to the selling floor in an efficient manner, if vendors follow the detailed requirements outlined in this guide.

Distribution Centers, and stores, will submit data for the purpose of recovering costs incurred by vendor nonconformance. The Exchange will charge the contractor for any costs incurred as a result of nonconformance. Nonconformance may include but is not limited to the compliance violation(s) below.

As detailed in the Vendor Compliance Cost Structure below, Exchange HQ Co-operative Advertising will process charges to recover costs caused by vendor/supplier shipments to our distribution centers and stores that are not compliant with the purchase order terms and conditions.

In the event vendors require additional information, the Exchange contact information is provided on each claim.

<p>Army &amp; Air Force Exchange Service Vendor Compliance Cost Structure</p>
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Updated: 27 April 2017

TAMS Rate Code	Description	Rate Desc	Rate	AAFES Cost
VC.0	Base Administrative / Processing fee.			\$170
<b>Delivery / Shipping Date Compliance</b>				
VCD.1	<b>FOB Origin PO.</b>			\$150
VCD.2	▶ Shipped >72 hours before/after Scheduled Ship Date – <b>SSD</b> ▶ Supplier window is 7 days...3 days either side of <b>SSD</b>	Per Box	\$0.464	Calculated
VCD.3		Number of Pos	\$13.660	Calculated
VCD.4	<b>FOB Destination PO:</b>			\$150
VCD.5	▶ Rec'd >72 hours before/after Required Delivery Date – <b>RDD</b> ▶ Supplier window is 7 days...3 days either side of <b>RDD</b>	Per Box	\$0.464	Calculated
VCD.6		Number of Pos	\$13.660	Calculated
VCD.7	<b>Port of Embarkation / Debarkation Errors</b> ▶ Customs documentation error(s). Product specifications,			\$150
VCD.8	Quantity, content, nomenclature, etc. ▶ Insufficient data to manifest shipment.	Per Box	\$0.464	Calculated
VCD.9		Number of Pos	\$13.660	Calculated
VCD.10	▶ <b>Multiple / split shipments.</b> Supplier made more than one shipment against the same purchase order or SKU on the purchase order. .			\$150
VCD.11		Per Box	\$0.46	Calculated
VCD.12		Number of Pos	\$13.660	Calculated
VCD.13	▶ <b>Missed Delivery Appointment.</b> You established an appointment to deliver merchandise at our Distribution Center and did not make delivery in at the agreed appointment time.	Date Appointment made: DD MMM YY Carrier who made appointment: ----- carrier name here ----- Carrier who actually delivered:  ----- carrier name here ----- Appointment Time/Date TIME DD MMM YY Arrival Time/Date TIME DD MMM YY Offload Time/Date TIME DD MMM YY		\$100

**Bill of Lading (BOL) Compliance**

VCB.1	Failure to consolidate purchase orders into one BOL			\$170
VCB.2		Number of Pos	\$15.16	Calculated
VCB.3	PO #, carton qty, and/or department number not listed individually or accurately on BOL			\$170

VCB.4	Failure to list PO # in .Special Instructions. Section on BOL			\$170
VCB.5	BOL error resulting excess freight charge.			Actual \$
VCB.6	BOL does not contain contact information			\$170
VCB.7	Bill of lading marked prepaid should be collect			\$170
VCB.8	Bill of lading marked collect should be prepaid			\$170

### Physical Carton Compliance

VCP.1				\$170
VCP.2	Multiple PO.s in one carton	Per Box	\$0.52	Calculated
VCP.3		Number of Pos	\$15.16	Calculated
VCP.4	PO number incorrect or not listed			\$170
VCP.5		Per Box	\$0.52	Calculated
VCP.6		Number of Pos	\$15.16	Calculated
VCP.7				\$170
VCP.8	Style # incorrect or not listed (except Crossdock 2)	Per Box	\$0.52	Calculated
VCP.9		Number of Pos	\$15.16	Calculated
VCP.10				\$170
VCP.11	Color incorrect or not listed (except Crossdock 2)	Per Box	\$0.52	Calculated
VCP.12		Number of Pos	\$15.16	Calculated
VCP.13				\$170
VCP.14	Size incorrect or not listed (except Crossdock 2)	Per Box	\$0.52	Calculated
VCP.15		Number of Pos	\$15.16	Calculated
VCP.16				\$170
VCP.17	Unnecessary packing materials/pins	Per Box	\$0.52	Calculated
VCP.18		Number of Pos	\$15.16	Calculated
VCP.19				\$170
VCP.20	Invalid Purchase Order	Per Box	\$0.52	Calculated
VCP.21		Number of Pos	\$15.16	Calculated
VCP.22				\$170
VCP.23	Merchandise received in poor condition	Per Box	\$0.52	Calculated
VCP.24		Number of Pos	\$15.16	Calculated
VCP.25				\$170
VCP.26	Pre-pack detail not provided on outside of carton	Per Box	\$0.52	Calculated
VCP.27		Number of Pos	\$15.16	Calculated

### LDU, Carton, and Pallet Compliance

VCC.1				\$278
VCC.2	Style, Colors and or Sizes mixed in a carton (excludes cross dock shipments)	Boxes Rehandled	\$0.52	Calculated
VCC.3		Number of Pos	\$15.16	Calculated
VCC.4	<i>No packing slip provided.</i>			\$170
VCC.5	Overshipment			\$170
VCC.6				Actual \$
VCC.7	Resulting excess freight charge	Boxes Rehandled	\$0.52	Calculated
VCC.8		Number of Pos	\$15.16	Calculated
VCC.9				\$170
VCC.10	Failure to follow ISPM-15 pallet & wood packing mat guidelines (	Per Pallet	\$7.00	Calculated

VCC.11	import & export )	Boxes Restacked	\$0.52	Calculated
VCC.12		Number of Pos	\$15.16	Calculated
VCC.13				\$170
VCC.14	Incorrect Casepack	Boxes Rehandled	\$0.52	Calculated
VCC.15		Number of Pos	\$15.16	Calculated

**Merchandise Compliance**

VCM.1				\$170
VCM.2	Incorrect Style	Boxes Rehandled	\$0.52	Calculated
VCM.3		Number of Pos	\$15.16	Calculated
VCM.4		Return Freight Component		Actual \$
VCM.5				\$170
VCM.6	Incorrect Size	If returned, Inbound Freight Component		Actual \$
VCM.7		If returned, Return Freight Component		Actual \$
VCM.8		Boxes Rehandled	\$0.52	Calculated
VCM.9		Number of Pos	\$15.16	Calculated
VCM.10				\$170
VCM.11		If returned, Inbound Freight Component		Actual \$
VCM.12	Incorrect Color	If returned, Return Freight Component		Actual \$
VCM.13		Boxes Rehandled	\$0.52	Calculated
VCM.14		Number of Pos	\$15.16	Calculated
VCM.15				\$170
VCM.16	Size strip tape missing from folded garments (if specified)	If returned, Inbound Freight Component		Actual \$
VCM.17		If returned, Return Freight Component		Actual \$
VCM.18		Boxes Rehandled	\$0.52	Calculated
VCM.19		Number of Pos	\$15.16	Calculated

**Shipping / Carrier Compliance**

VCS.1	Incorrect Carrier used			\$150
VCS.2		Added freight charges incurred.		Actual \$
VCS.3	Live unloads not scheduled or not on time			\$200
VCS.4	Incorrect information entered into TMS			\$150
VCS.5	Carrier accessorial charges at origin loading location			\$150
VCS.6		Charges incurred		Actual \$
VCS.7	Failure to request routing via TMS			\$150
VCS.8	Incorrect weight entered into TMS			\$150
VCS.9		Number of Pos	\$13.66	Calculated
VCS.10				\$150
VCS.11	Incorrect cube entered into TMS	Number of Pos	\$13.66	Calculated

VCS.12	Incorrect carton count entered into TMS			\$150
VCS.13		Number of Pos	\$13.66	Calculated
VCS.14	Truck / container ordered not used. Dry run.			\$150
VCS.15		Expenses of the truck/trailer not used		Actual \$
VCS.16	Incorrect ship point			\$150
VCS.17		Excess freight charges w/ ship pt		Actual \$
VCS.18	Incorrect delivery location			\$150
VCS.19		Excess freight charges w/ ship pt		Actual \$
VCS.20	Storage fee after 10 <sup>th</sup> day awaiting RA#			\$150
VCS.21		Number of Pos	\$13.66	Calculated
VCS.22	Detention charges/Storage Charges			Actual \$
VCS.23	Denied Returns Cost			\$150
VCS.24		Number of Pos	\$13.66	Calculated
VCS.25		Freight costs incurred		Actual \$
VCS.26	Didn't provide cnt. Van and seal info 24 hrs of cnt departing vendors dock			\$170
VCS.27		Fee per container	\$55.50	Actual \$
VCS.28	Late delivery to port			\$150
VCS.29		Fee per container	\$150.00	Calculated
VCS.30		Number of Pos	\$13.66	Calculated
VCS.31	Pallet Loading-Failure to load by PO			\$170
VCS.32		Fee per box	\$0.52	2 Calculated
VCS.33		Number of Pos	\$15.16	Calculated
VCS.34				\$170
VCS.35	Trailer Loading-Failure to load trailer by PO then Style	Fee per box	\$0.52	2 Calculated
VCS.36		Number of Pos	\$15.16	Calculated

Ticketing Compliance				
VCT.1	AAFES furnished tickets not on merchandise			\$170
VCT.2		Per Garment Fee	\$0.60	Calculated
VCT.3		Fee per Box	\$0.52	Calculated
VCT.4		Fee per PO	\$15.16	Calculated
VCT.5	Ticket placement errors			\$170
VCT.6		Per Garment Fee	\$0.60	Calculated
VCT.7		Fee per Box	\$0.52	Calculated
VCT.8		Fee per PO	\$15.16	Calculated
VCT.9	Random ticket errors found in pre-ticketing (10 or more)			\$170
VCT.10		Per Garment Fee	\$0.50	Calculated

VCT.11		Fee per Box	\$0.52	Calculated
VCT.12		Fee per PO	\$15.16	Calculated
VCT.13				\$170
VCT.14	Merchandise is not pre-ticketed	Per Garment Fee	\$0.60	Calculated
VCT.15		Fee per Box	\$0.52	Calculated
VCT.16		Fee per PO	\$15.16	Calculated
VCT.17				\$170
VCT.18	AAFES provided vendor tickets	Per Ticket Removed	\$0.30	Calculated
VCT.19		Per Ticket Applied	\$0.60	Calculated
VCT.20		Fee per Box	\$0.52	Calculated
VCT.21		Fee per PO	\$15.16	Calculated
VCT.22				\$170
VCT.23	Tickets on merchandise are for a different retailer	Per Ticket Removed	\$0.30	Calculated
VCT.24		Per Ticket Applied	\$0.60	Calculated
VCT.25		Fee per Box	\$0.52	Calculated
VCT.26		Fee per PO	\$15.16	Calculated

E-Business Compliance				
VCA.1				\$170
VCA.2	No ASN received at time of receipt at Distribution Center	Fee per Box	\$0.52	Calculated
VCA.3		Fee per PO	\$15.16	Calculated
VCA.4				\$170
VCA.5	Inaccurate ASN/Carton contents do not match ASN	Fee per Box	\$0.52	Calculated
VCA.6		Fee per PO	\$15.16	Calculated
VCA.7				\$170
VCA.8	Carton Label not scannable/Defective	Fee per Box	\$0.52	Calculated
VCA.9		Fee per PO	\$15.16	Calculated
VCA.10				\$170
VCA.11	No UCC 128 label on carton/misplaced	Fee per Box	\$0.52	Calculated
VCA.12		Fee per PO	\$15.16	Calculated
VCA.13				\$150
VCA.14	ASN does not include Carton Detail	Fee per Box	\$0.46	Calculated
VCA.15		Fee per PO	\$13.66	Calculated
VCA.16	Failure to respond to Outbound Transactions with accurate 997 acknowledgement			\$25
VCA.19	Removed from cross dock to manual processing			\$170
VCA.22	810 invoice is technically wrong requiring retransmission	Per Invoice		\$25
VCA.24	856 ASN Transmission Errors	Per Transmission		\$75
VCA.25	855 VMI Technically wrong requiring retransmission	Per Transmission		\$25

Accounting Compliance Rates				
AP.1	Multiple/Duplicate invoices	Per invoice		\$150
AP.2	Sending paper invoice in addition to EDI invoice	Per invoice		\$150
AP.3	Incorrect pricing	Per invoice		\$100
AP.4	No PO#/incorrect PO# on invoice	Per invoice		\$75

AP.5	Returned check due to address change	Per invoice		\$75
AP.6	Returned ACH payment due to incorrect bank information	Per invoice		\$50
AP.7	Vendor Invoice received late or after the negotiated discount date	Per invoice		\$100
AP.8	Direct Store Delivery (DSD) Vendor submitting invoice to Accounts Payable Rather than to the facility/store	Per Invoice		\$75

**Merchandise Shipping Compliance**

VCO.1				\$170
VCO.2	Sent as a set and ordered as a separate; vice versa	Boxes Rehandled	\$0.52	Calculated
VCO.3		Number of Pos	\$15.16	Calculated
VCO.4				\$170
VCO.5	Sent in Bulk but ordered as a pre-pack and vice versa	Boxes Rehandled	\$0.52	Calculated
VCO.6		Number of Pos	\$15.16	Calculated
VCO.7				\$170
VCO.8	Pre-pack quantities not packed as ordered	Boxes Rehandled	\$0.52	Calculated
VCO.9		Number of Pos	\$15.16	Calculated
VCO.10				\$170
VCO.11	Pre-pack top/bottom sizes do not match	Boxes Rehandled	\$0.52	Calculated
VCO.12		Number of Pos	\$15.16	Calculated
VCO.13				\$170
VCO.14	Set top/bottom not bundled or packaged	Boxes Rehandled	\$0.52	Calculated
VCO.15		Number of Pos	\$15.16	Calculated
VCO.16				\$170
VCO.17	Hang merchandise not on VICS Hangers	Boxes Rehandled	\$0.52	Calculated
VCO.18		Number of Pos	\$15.16	Calculated
VCO.19	Freight charged within a Commercial Free Zone			Actual \$

**Electronic Data Interchange (EDI) Compliance Rates**

VNC.EDIA	Base Administrative / Processing fee. Base Fee is applied to every claim	Base Fee + Each PO		\$170
VNC.EDIS	EDI INFRACTION ASN	Per Purchase Order		\$25
VNC.EDII	EDI INVOICE INFRACTION	Per Purchase Order		\$25
VCA.16.M	EDI Failure to respond to Outbound Transmission with Accurate 997	Base Fee + ISA Number		\$25