

Goods Received Note (GRN): The basis for goods acceptance, inventory management and invoice verification

The Goods Received Note (GRN) documents the type, quantity and condition of all deliveries accepted at goods receipt. It forms the interface between logistics, warehouse and invoice posting and is the central reference for the three-way match of purchase order, delivery note and invoice. Without clean Goods Received Notes, the accounting and process foundation for payment release, inventory valuation and quality control is missing.

Key facts

- The Goods Received Note (GRN) is the documented proof of the physical acceptance of goods or services.
- In practice, it is often generated directly in the ERP system at goods receipt and linked to the purchase order number.
- In the three-way match, purchase order, goods receipt and invoice must be identical in quantity and value; otherwise clarification follows instead of payment.
- Typical mandatory fields are the purchase order number, item number, supplier number, quantity, unit of measure, date and the person recording the receipt.
- Incorrect or missing GRNs are among the most common causes of invoice disruptions and delayed payment runs.
- Discrepancies identified at goods receipt trigger defect processes in practice, such as complaints, returns or credit note requests.

Definition: Goods Received Note (GRN)

The Goods Received Note is a document or system record confirming the acceptance of a delivery. It evidences which items, in which quantity and quality, were received and at what time.

Distinction from delivery note and invoice

The delivery note is the supplier's external document, while the Goods Received Note is the buyer's internal receiving document. Both must be compared upon receipt; in turn, the invoice is only released after the GRN has been created and matched. The delivery note serves for control at receiving, the GRN for accounting and stock posting.

Formats: paper, ERP and mobile recording

In practice, digital recording in ERP or WMS systems predominates, often via scanners and mobile devices directly at the loading dock. Paper documents still exist mainly with small suppliers or manual processes. In all cases it is important that the GRN references the purchase order unambiguously and is archived in an audit-proof manner, e.g. with retention period and access rights in line with internal

retention rules.

Process and methods: from delivery note to posted goods receipt

Goods acceptance follows a standardised process that should be described in the procurement manual. The better the process is defined, the lower the discrepancies and rework.

Standard process at goods receipt

First, the delivery is identified against the purchase order, then quantity and condition are inspected, after which the GRN is recorded and the material is transferred into stock. Damage or short quantities are documented immediately and reported to the supplier. It is usually only the posted goods receipt that triggers invoice processing.

Three-way match

The match of purchase order, goods receipt and invoice is the core control instrument: quantity, price and line items must agree. In the event of discrepancies, the invoice is blocked and returned to procurement or the requesting department for clarification. A clean GRN is the decisive documentary basis here and prevents duplicate payments or unjustified claims.

Link to ordering and delivery processes

Goods receipt is the final link in order fulfilment and benefits from upstream steps such as slot booking for scheduling delivery appointments and clear framework agreements in procurement. For recurring deliveries under framework agreements, a standardised GRN workflow considerably simplifies processing because line items are predefined.

Key KPIs around the Goods Received Note

Goods receipt quality is measurable. These metrics show whether acceptance processes, supplier performance and data quality are aligned.

Posting timeliness and lead time

Typical metrics are the proportion of GRNs recorded on time and the time between physical receipt and system posting. In practice, posting on the same day or within 24 hours is considered a good standard. Long delays jeopardise the match and stock accuracy.

Discrepancy and defect rate

The number of deliveries with quantity or quality discrepancies as a share of total deliveries indicates process and supplier quality. This metric should feed into supplier relationship management and be considered in supplier evaluations. Repeated issues with specific item groups can be assessed in context via a stock issue analysis and spend analysis.

Stock accuracy

The GRN is the first step of stock updating. A high proportion of correct, timely postings improves inventory variances and the accuracy of safety stock and planning. Errors at receipt propagate across the entire warehouse chain.

Risks and controls at goods receipt

Errors at goods receipt are costly: incorrect stock, blocked invoices, defect processes and loss of trust with suppliers. Clear controls minimise these risks.

Typical sources of error

Common problems are a missing purchase order reference, incorrectly recorded units or quantities, insufficient inspection for transport damage, and goods receipts without a purchase order reference (so-called blind postings). Unclear packaging requirements also increase effort; the recyclability of packaging should therefore be agreed at the ordering stage and checked at receipt.

Controls and segregation of duties

Organisationally, it is important to separate ordering, goods acceptance and invoice release in order to make manipulation more difficult. Spot checks and cycle counts complement ongoing controls. For quality discrepancies, there should be a documented complaint process with reference to quality management in procurement.

Supplier and discrepancy management

Recurring discrepancies belong in supplier management: they are recorded in negotiation minutes, factored into evaluations and, where necessary, lead to contract adjustments. For critical materials, security of supply may be affected if shortfalls at receipt jeopardise production or safety stock. The supplier credit limit may also play a role in cases of open defect issues and unresolved credit notes.

Current developments: digitalisation of goods receipt

The Goods Received Note is increasingly generated and processed automatically. Digitalisation reduces recording errors and significantly accelerates invoice runs.

Automation and posting rules

Many companies post goods receipts fully automatically from purchase order data, particularly for A-class materials or recurring items. Simplified two-way matches are occasionally practised for low-value items; for critical supplied parts, full incoming inspection remains the norm. Automatic posting requires stable master data and clear posting rules.

Integration into procurement systems

Modern source-to-contract (S2C) processes integrate goods receipt into end-to-end digital workflows: from the enquiry and framework agreements in procurement through to invoicing. Mobile scanner solutions at the dock and electronic delivery notes (e.g. via standard data exchange formats) reduce media discontinuities. Agile procurement also benefits from fast, reliable receipt data.

Sustainability and compliance

Sustainability and compliance checks can increasingly be anchored at goods receipt, e.g. REACH documentation for chemical products or packaging requirements. In exceptional cases such as supply failures or crisis situations, a crisis team interface coordinates substitute procurement and documentation. International payment securities such as letters of credit also require precisely documented receipt documents as the basis of the documents.

Typical metrics

GRN posting within 24 hours: > 98%

Proportion of deliveries whose goods receipt is posted on the day of receipt or the following day

Goods receipt discrepancy rate: < 2%

Deliveries with quantity or quality discrepancies as a share of total deliveries

Invoice blocks due to missing GRN: < 1%

Blocked invoices caused by missing or incorrect goods receipt postings

Stock accuracy: > 97%

Agreement between book stock and physical count, dependent on goods receipt quality

Practical example

A mid-sized mechanical engineering company with around 200 suppliers regularly experienced blocked invoices because goods receipts were only posted days after delivery and delivery notes lacked purchase order references. By redesigning the goods receipt process, invoicing runs and inventory data could be stabilised significantly.

- Introduction of a mandatory rule to post the GRN on the day of delivery via mobile scanners with purchase order reference
- Rejection of blind deliveries without a purchase order number along a defined escalation path
- Inclusion of the discrepancy rate in supplier evaluation and clarification during supplier meetings
- Anchoring the process, including responsibilities, in the procurement manual

Conclusion

The Goods Received Note is more than a form: it is the accounting and logistical proof of procurement performance and the basis for invoice verification, inventory management and supplier evaluation. Companies with clearly defined GRN processes noticeably reduce invoice disruptions, inventory variances and rework. What matters are the purchase order reference, timely recording and a rigorous three-way match. Digitalised receipt processes also strengthen the data foundation and security of supply. Anyone who takes goods receipt seriously improves the entire procurement chain.

Frequently asked questions

What is a Goods Received Note (GRN)?

A Goods Received Note (GRN) confirms the acceptance of a delivery, including item data, quantity, date and purchase order reference. It is created internally by the receiving party and serves as evidence towards the supplier and accounts payable. The GRN is a prerequisite for matching against the purchase order and invoice.

What is the difference between a Goods Received Note and a delivery note?

The delivery note is issued by the supplier and accompanies the shipment, whereas the Goods Received Note is created by the recipient after inspecting the delivery. The GRN documents what has actually arrived and been accepted, including any discrepancies. It is usually the GRN that triggers stock posting and invoice processing.

Why is the Goods Received Note important for invoice verification?

Without a Goods Received Note, it cannot be proven that the invoiced goods were actually delivered. In the three-way match, purchase order, GRN and invoice are compared for quantity and price; in the event of discrepancies, the invoice remains blocked. This prevents duplicate payments, unjustified claims and payments for goods never delivered.

What information must appear on a Goods Received Note?

Typically required are the purchase order or order number, supplier number and name, item number and description, delivered quantity and unit of measure, receipt date, condition and any defects, as well as the name of the person recording the receipt. In addition, the delivery note number and batch or lot number are often included for traceable parts. The exact requirements are defined by the company in its procurement manual.

How long must a Goods Received Note be retained?

Goods Received Notes are generally part of accounting records and are subject to commercial and tax retention periods, which in practice are often ten years. The specific requirements depend on legal form, tax situation and the form of retention. If in doubt, the applicable rules should be verified with tax advisors or auditors on a case-by-case basis.

What happens in the event of quantity or quality discrepancies at goods receipt?

Discrepancies are documented in the GRN and trigger defect processes: a complaint to the supplier, partial receipt posting, return shipment or a request for a credit note. The invoice remains blocked until the difference has been resolved. Recurring issues should be addressed and evaluated in supplier relationship management.