What Is a Bill of Lading

A bill of lading (BL or BoL) is a legal document issued by a carrier to a shipper that details the type, quantity, and destination of the goods being carried. A bill of lading also serves as a [shipment receipt](https://www.investopedia.com/terms/r/receipt.asp) when the carrier delivers the goods at a predetermined destination. This document must accompany the shipped products, no matter the form of transportation, and must be signed by an authorized representative from the carrier, shipper, and receiver.

As an example, a [logistics](https://www.investopedia.com/terms/l/logistics.asp) company intends to transport, via heavy truck, gasoline from a plant in Texas to a gas station in Arizona. A plant representative and the driver sign the bill of lading after loading the gas on the truck. Once the carrier delivers the fuel to the gas station in Arizona, the truck driver requests that the station clerk also sign the document.

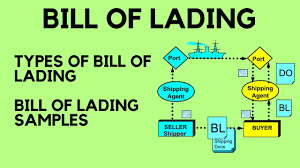
### Bill of Lading Explained

The bill of lading is a legally binding document that provides the carrier and shipper with all of the necessary details to accurately process a shipment. It has three main functions. First, it is a document of title to the goods described in the bill of lading. Secondly, it is a receipt for the shipped products. Finally, the bill of lading represents the agreed terms and conditions for the transportation of the goods.

### Segregation of Duties

Every business needs to have [internal controls](https://www.investopedia.com/terms/i/internalcontrols.asp) in place to prevent theft. One key component of internal control is segregation of duties, which prevents one employee from having too much control within a business.

No two internal controls systems are the same. However, most follow a standard set of core philosophies and have become standard management practice. The implemention of internal controls can help streamline operations and prevent [fraud.](https://atlas.dotdash.com/terms/f/fraud.asp)

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The Bill of Lading, or BOL, is one of the most important freight shipping documents because it fulfills three purposes: 1) it acts as evidence of a contract between the shipper and the carrier; 2) it serves as a receipt of freight services and goods; and 3) it is a document of title, or ownership, of goods. **Evidence of contract between shipper and carrier.** The Bill of Lading is a document that provides the driver and carrier details of your freight shipment, including what goods you are shipping, where the shipment is coming from, and where it’s going. It acts only as evidence of a contract between the shipper and the carrier, since the contract is agreed upon before a Bill of Lading is issued. The BOL must be provided to the carrier when a shipment is picked up, and will be delivered to the consignee upon delivery.

**Receipt of freight services and goods.** The Bill of Lading is issued by the carrier or its agent and provided to the shipper in exchange for receipt of the freight. The BOL is proof that the carrier has received the freight in good condition, as provided by the shipper. The shipper should keep a signed copy of the BOL as proof of carrier liability in the event the shipment is lost, damaged or destroyed.

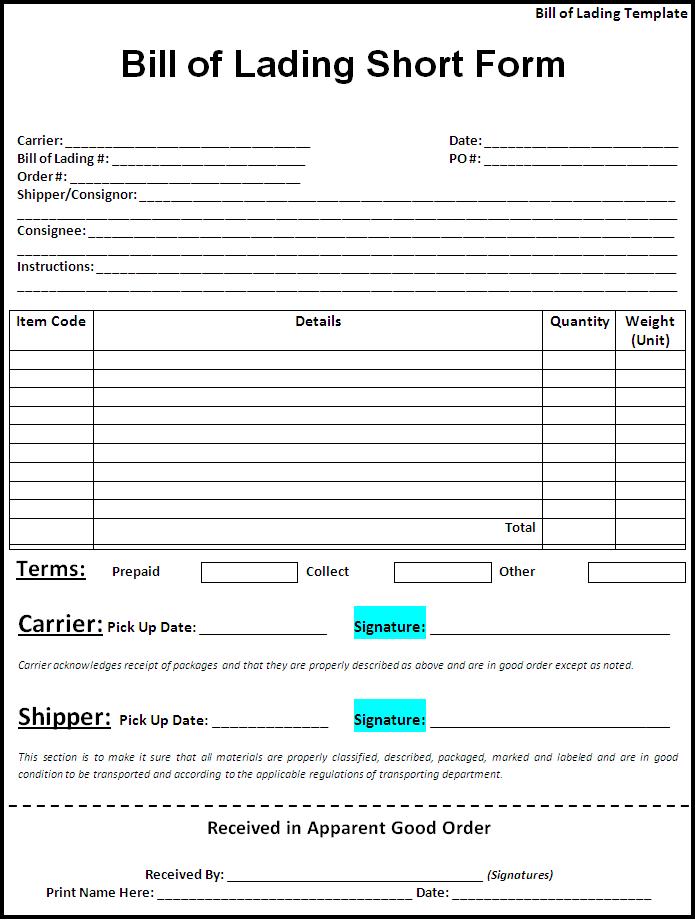
**Document of title, or ownership, of goods.** The Bill of Lading means that the goods may be transferred to the holder of the BOL (the carrier) to be transferred to someone else (the consignee). The most common type of BOL is the "Straight Bill of Lading." This is typically used to ship freight to a customer that has already paid for it.

Information contained on the Bill of Lading includes: shipper and consignee names, name of the carrier, an itemized list of goods being transported, number of packages and kind of packaging, weight and/or volume of the cargo, each package’s freight class, terms of payment, special handling instructions, and freight rate and amount.

A Bill of Lading is required for all claims for compensation due to damage or loss, and for any disputes regarding ownership of the freight. Without a correctly completed BOL you could be faced with a major headache to be compensated for your freight loss or damage.

In addition, carriers have the right to inspect, reweigh and reclassify your freight so be sure all weight and shipping class information is accurate. Errors can result in additional charges and delayed delivery of your freight.

As you can see, the Bill of Lading is a very important document and needs to be filled out completely and accurately.

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