

COLORADO STATE UNIVERSITY PURCHASING MANUAL

I. GENERAL

Receipt of materials by a department may be through the University Central Receiving Department, by direct shipment from the vendor or by pickup from the vendor. Shipments may arrive via truck, UPS, Federal Express, etc. or parcel post.

The University prefers that all shipments be made directly to the University Central Receiving Department, however other methods as outlined above may be authorized when time, type or size of shipment, location, etc. make such alternatives more feasible.

II. RESPONSIBILITIES

In most cases it is necessary that receiving of items on a Purchase Order be entered in the Financial Reporting System (FRS) by Central Receiving. Receiving must be entered before Accounts Payable can make payment to the vendor.

Central Receiving does not record receiving information on AFEs of ACARD. The ordering department is responsible for receipt verification on AFEs by recording receipt of goods in CIS.

- A. Shipment to Central Receiving. All materials (except those ordered on an AFE or ACARD), which are shipped to and received by Central Receiving, will be recorded in FRS by Central Receiving. Central Receiving will then deliver the materials to the ordering department and obtain a signature from the department on a delivery ticket. The department should report any over, short or damaged items to Central Receiving as soon as possible (within 14 days of receipt by the University).
- B. Direct shipment to department. If a department receives a direct shipment (except on an AFE or ACARD) on a Purchase Order, the ordering department is responsible for promptly reporting such receipt to Central Receiving. Telephone, e-mail or written memo reporting is acceptable. Note: Central Receiving does not record receiving on open or service related purchase orders.
- C. For services performed. If a one time or non-periodic service is performed, the ordering department is responsible for receipt certification. Note: Central Receiving does not record receiving on open or service related purchase orders. If the vendor should send the original invoice to the department, please indicate on the invoice whether the order is a "partial or final" and forward the invoice to Accounts Payable for payment.
- D. For maintenance or rentals. Purchasing, Accounts Payable and Central Receiving do not require receiving when service for a maintenance or rental is performed. However, the department is responsible for promptly notifying the Purchasing Department of any discontinuance or change in the maintenance or rental Purchase Orders.

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- E. On an Open Purchase Order. Material delivered to Central Receiving will be inspected for visible damage and delivered to the ordering department. The ordering department is responsible for receipt verification. Central Receiving does not record items received on an Open Purchase Order in FRS.
- F. Unidentified shipments. Vendors are requested to record the Purchase Order number on each shipment. The Purchase Order number provides easy reference to the ordering department and permits prompt delivery to the department. Sometimes it is necessary to contact the vendor to determine the ordering department.

III. FOLLOW-UPS

- A. On regular Purchase Order. A date by which the ordered materials or services are required is stated on the Purchase Order. The vendor generally notifies Purchasing if this date cannot be met, otherwise the date is assumed to be accepted. Routine follow-up is not done by the Purchasing Department. Special follow-up is done by the purchasing agent only upon special request by the ordering department.
- B. On invoices. Vendors are requested to mail invoices direct to Accounts Payable. If an ordering department receives invoices they should be forwarded to Accounts Payable. Accounts Payable will be responsible for follow-up with the vendor to correct invoices or to obtain missing invoices.
- C. On adjustments. An adjustment (see paragraph IV. below) is initiated by the Purchasing Department or Central Receiving and/or the ordering department after a report of an overage, shortage or damaged item. The Purchasing Department is responsible for follow-up and satisfactory settlement. The ordering department shall handle an adjustment required on an AFE or ACARD. Assistance of the Purchasing Department may be requested if necessary.

IV. MATERIAL ADJUSTMENTS

- A. General. When short, damaged or incorrect items are received the decision on the action to be taken depends upon the FOB point specified, the degree of damage or shortage, the urgency of need for the material, the time required for reshipment, etc. In all cases prompt initiation of action, adequate recording of action taken, and prompt follow-up to complete action is required. This instruction provides guidance and procedures for corrective action.
- B. Policy.
 - 1. Payments are authorized only for items received as ordered and in acceptable

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condition unless specific terms of delivery and circumstances of the damaged, shorted, or lost items obligate the University to pay the vendor and recover from a third party carrier or insurance company.

2. Courses of action regarding returns and claims are determined by Purchasing Department in coordination with the ordering department.
3. The Request for Adjustment (RFA) will be used for the return of material to the vendor for repair, replacement, or for supporting a claim for credit. The ordering department will be provided an information copy of the form by Central Receiving.

C. Responsibility.

1. Central Receiving and/or the ordering department is responsible for notifying the Purchasing Department of any short, damaged or incorrect delivery of materials. This notification may be by telephone, memo or by the Request for Adjustment.
2. Purchasing Department is responsible for determining action to be taken (in coordination with ordering department), for initiating all action with vendors, for preparation of forms, and for follow-up.
3. Central Receiving is responsible for initiating necessary actions with carriers on overage, shortage or damaged items.

D. Procedure.

1. For Damaged item(s).
 - a. FOB point other than Fort Collins. Central Receiving or the ordering department should notify the Purchasing Department upon discovery of a damaged item(s). Central Receiving will arrange an inspection of damage and file a claim. Items should be shown as "received" on the receiving report (but prominently annotated to indicate damage). The vendor will be paid for the damaged item and action initiated to secure reimbursement from the carrier or insurance company when applicable.
 - b. FOB Fort Collins and damage noted prior to acceptance. If the item is damaged it may be refused or if repairs can be made locally the item may be accepted and the vendor advised of the damage and requested to pay for repairs direct to the vendor repairing the item. Purchasing should be notified and a decision made to accept or refuse the shipment.

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- c. FOB Fort Collins and damage noted after acceptance. When damage is noted after acceptance, Purchasing may check with Accounts Payable to determine if the invoice has been paid. If not paid the invoice should be reduced for the amount of the damaged item(s) and disposition of the item shall be determined. The provisions in paragraph b. above would also apply.
 - d. Time limits for reporting damage. According to UCC regulations, the consignee (Central Receiving) is required to report damage (visible or concealed) to the delivering carrier within 15 days of the delivery date to request an inspection and begin the claim process. Departments should notify Central Receiving immediately to report damage requiring an adjustment. The department must save the original shipping container, all packing materials, and the damaged item(s) for the delivering carrier to make the inspection.
- 2. For short shipments. In cases where short shipments appear to be mistakes in shipment and not a result of a back order the receiving report should be marked to indicate actual receipt. Judgment and coordination of the Purchasing Department with the ordering department should be used to determine whether the vendor is requested to ship the short items or is notified of the short shipment and advised that the University will accept the shipment as is. If the shipment is accepted, the vendor will be advised by the Purchasing Department that the University will correct the invoice accordingly or the vendor may be requested to send a corrected invoice to Accounts Payable. Action in either case should be clearly noted on the receiving report or separate memo and copies of notification to the vendor should be furnished to the ordering department and Accounts Payable.
- 3. For incorrect shipments. If an incorrect item(s) is received a Request for Adjustment (RFA) should be prepared by Central Receiving or the Purchasing Department and the appropriate purchasing agent will determine disposition of the incorrect item as agreed upon by ordering the department and vendor.
- 4. Vendor and department credit. If an invoice has been paid and it is later determined that a credit is due the University because of a short shipment, incorrect items, price errors or changes, etc., the vendor is usually requested to provide a credit invoice to the University and the applicable University department is credited.
- 5. Acceptance of damaged items. When damaged items are accepted as outlined in paragraph 1. above and reimbursement is requested from the carrier or insurance company the reimbursement when received shall be deposited by Central Receiving to the account number of the ordering department.