

# COLORADO STATE UNIVERSITY PURCHASING MANUAL

## I. GENERAL

Receipt of goods by a department may be through the University Central Receiving Department, by direct shipment from the vendor or by department pickup from the vendor. Shipments may arrive via truck, UPS, FedEx, 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 many cases it is necessary that receipt of goods on a purchase order be entered into the University's Quali Financial System in order for payment to be made to the vendor. Purchases of \$5,000 and less made with an APO or PCARD do not require receiving.

- A. Shipment to Central Receiving. All goods, which are shipped to and received by Central Receiving, will be delivered to the ordering department where an electronic delivery confirmation signature is captured. The department should review the shipment and either enter receiving directly into the financial system ("desktop receiving") or notify Central Receiving by e-mail so that receipt can be recorded in the financial system. Report any over, short or damaged items to Central Receiving as soon as possible (within 10 days of receipt by the University).
- B. Direct shipment to department. If a department receives a direct shipment on a purchase order, the department is responsible for entering receiving directly into the financial system ("desktop receiving") or reporting such receipt to Central Receiving, via e-mail, for entry into the financial system. Note: Central Receiving does not record receiving on open or service related purchase orders.
- C. For services performed. For services 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 sends the original invoice to the department, please indicate on the invoice whether the order is a "partial or final", obtain an authorized signature and forward the invoice to Accounts Payable for payment.
- D. For maintenance or rentals. Receiving is not required for equipment maintenance or rentals. However, the department is responsible for notifying Procurement and Contracting Services of any discontinuance or change in maintenance or rental purchase orders.
- E. Open Purchase Order. Goods delivered to Central Receiving will be inspected for visible damage and delivered to the ordering department. The ordering department is responsible

# COLORADO STATE UNIVERSITY PURCHASING MANUAL

for receipt verification. Central Receiving does not record items received on an open purchase order in the financial system.

- 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. Purchase Order. A date by which the ordered goods or services are required should be stated on the purchase order. The vendor generally notifies Procurement and Contracting Services if the delivery date cannot be met, otherwise the date is assumed to be accepted. Routine follow-up is not done by Procurement and Contracting Services. Special follow-up is done by the Purchasing Agent only upon request by the ordering department.
- B. Invoices. Vendors are requested to mail invoices directly to Accounts Payable. Invoices received directly by the ordering department should be forwarded to Accounts Payable. Accounts Payable is responsible for follow-up with the vendor in order to correct invoices or to obtain missing invoices.
- C. 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 APO or PCARD.

### 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 goods, 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 actions related to purchase orders greater than \$5,000.
- B. Policy.
1. Payments are authorized only for items received as ordered and in acceptable 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.

# COLORADO STATE UNIVERSITY PURCHASING MANUAL

2. Courses of action regarding returns and claims are determined by the Purchasing Agent in coordination with Central Receiving and the ordering department.

C. Responsibility.

1. Central Receiving and/or the ordering department is responsible for notifying the Purchasing Agent of any short, damaged or incorrect delivery of goods. This notification should be made by e-mail.
2. The Purchasing Agent is responsible for determining action to be taken (in coordination with ordering department), for initiating all action with the vendor, for preparation of required forms, and for follow-up.
3. Central Receiving is responsible for initiating necessary actions with common carriers on over, short or damaged shipments.

D. Procedure.

1. For Damaged item(s).

- a. FOB point other than Fort Collins. Central Receiving or the ordering department should notify Procurement and Contracting Services upon discovery of a damaged item(s). Central Receiving will arrange for an inspection of damage and file a claim. Items should be recorded as "received" but 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.
- 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

# COLORADO STATE UNIVERSITY

## PURCHASING MANUAL

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 above, and reimbursement is requested from the carrier or insurance company the reimbursement received shall be deposited by Central Receiving to the account number of the ordering department.