Receiving Policy

Effective Date: July 9, 2012

Policy Statement

The following policy provides guidance and instructions to faculty, staff and others with respect to products that require receiving in accordance with University policy and through the University’s financial system (ARC) must be received (create a receipt) within ARC upon delivery. This receiving process is required to release payment and reconcile the PO.

Reason for Policy

The policy ensures that those goods and services requiring formal receiving and acceptance are identified and that the respective receiving procedures are clearly articulated. The policy is designed to set out the receiving process (which varies among categories and end-users/departments/locations) and how it applies to university operations and integration with ARC.

Primary Guidance to Which this Policy Responds

This policy responds to the University Purchasing policy and requirements associated with restricted commodities, the leasing policy, as well as best practices associated with the acquisition of goods and services.

Responsible University Office & Officer

Responsible University Office: Procurement Services – Purchasing and Accounts Payable

Responsible University Officer: Vice President for Procurement Services

Who is Governed By This Policy

This policy applies to everyone working at the University, or working on behalf of the University, who plays a role in committing resources, procuring products and services and paying for goods and services at the University.

Who Should Know This Policy

All University employees or others responsible for any aspect of purchasing goods and services on behalf of the University should be familiar with and guided by this policy.
Exclusion and Special Situation

None.

Policy Text

Orders

Products that require receiving in accordance with University policy and through the University’s financial system (ARC) must be received (create a receipt) within ARC upon delivery. This receiving process is required to release payment and reconcile the PO. The list of products that require receiving and the respective special exception procedures for each category can be found in Appendix I Categories of Products that require receiving.

General receiving guidelines to conform to good business processes:

1.1 Receiving

Signing For Deliveries

Whenever possible, the person receiving the product should sign the receiving documents provided by the supplier or shipping company. The person receiving the delivery should inspect the delivery according to Section 1.2 below before signing the delivery receipt and should also initial the packing list. A copy of the signed delivery receipt and packing slip must be retained. Then, submit the packing list to the appropriate person for financial reconciliation or entry into ARC.

Refusing Delivery

Whenever possible, departments should refuse to accept shipments if they are unable to confirm that the order was placed by their department, or if the packaging appears sufficiently damaged to warrant concern.

Record Retention

During the receiving process, the department takes physical possession and legal ownership of the shipment. Therefore, it is important for the supplier to provide the department with a packing list for all shipments delivered to the department. If the supplier fails to provide the packing list, the department should contact the supplier to request that copies be sent to the department for its files. The need for saving receiving documents is particularly important when accepting any partial or staggered deliveries over a period of time.

1.2 Inspecting

Inspecting a Shipment
Persons receiving shipments should, upon acknowledging receipt of an order, conduct an inspection to verify the following minimum conditions:

1. The products conform to the purchase order requirements and other relevant documents (for example: correct model number, description, size, type, color, ratings, etc.)
2. The quantity ordered against the quantity shipped or delivered.
3. There is no damage or breakage.
4. The unit of measurement count is correct (e.g., if the unit of measurement on the purchase order is one dozen, there should be 12 in the package).
5. Delivery documentation (packing list, certifications, etc.) is acceptable.
6. Perishable items are in good condition and expiration dates have not been exceeded.
7. Products are operable or functional.

Matching the Packing List to the Purchase Order

During the inspection process, the department should compare the supplier’s packing list to the purchase order and/or the vendors quote to determine if there are any discrepancies between the documents. At a minimum, the following information should be the same on both the packing list and purchase order or vendor quote:

1. Purchase Order number
2. Item or Manufacturer’s part number
3. Quantity and unit of measure
4. Description of the products

Product Substitutions and Over-Shipments

Suppliers are not allowed to substitute products ordered without prior written approval from either the department or the Purchasing Contract Officer. The Purchasing Office should be notified by the department whenever this occurs. Suppliers are not allowed to deliver more than the amount ordered without a written amendment to the purchase order.

Partial Deliveries

Departments should contact the supplier whenever a purchase is received as a partial delivery without acknowledgement or notification from the supplier. This information is typically noted on the packing list.

Failed Inspections

Departments are advised to notify the supplier in writing any failed inspection results discovered during inspection and provide the results to the supplier and the Purchasing Office for appropriate action. When receiving items from freight companies, the number of packages received should match exactly the number on the freight bill. If not, the department should require the driver to...
write the number of packages received on the bill before signing. Inspect all packages for damage to the outside container. Any visual damage should also be noted on the freight bill before signing. Department should take digital images to document said damage.

In cases of concealed damage, a report should be made by the department immediately to the delivering carrier. The report should include the following information: Freight Bill Number, Purchase Order number, the date of delivery, supplier, and the extent of damage or shortage. In the event of damage, it is essential that the department retain all the original shipping cartons for inspection by a claims adjuster. Interstate Commerce Commission regulations require the university to file damage claims within a specific number of days. Failure to comply could result in the claim being disallowed. Notification upon first discovery is strongly recommended, even if the extent of damage has not yet been determined.

1.3 Testing

Testing may be performed by the department to ensure that the products substantially conform to the specifications documented in the purchase order, contract, or supplier’s proposal. Acceptance testing is required for capital equipment leases and is highly recommended for all complex, expensive capital equipment prior to approving payments to the supplier.

An acceptance testing period may occur as a single instance or over a period of time, but should be performed as quickly as possible following the receipt of the product.

For major capital equipment purchases, specific acceptance testing criteria should be developed and incorporated into the contract or lease purchase order. Departments must perform the testing according to the criteria established in the agreement for the results to be considered valid and legally enforceable in the event the product is rejected and payments are to be refunded.

Acknowledging Successful Acceptance Testing

Departments must acknowledge acceptance of products by issuing a written notice of successful acceptance to the supplier and providing copies of the acceptance letter to the Purchasing Office via Email referencing the purchase order number.

1.4 Acceptance

Determining Acceptance

Departments are required to contact the supplier in a timely manner when rejecting products that are over-shipments, defective or for any other non-conformance. Failure to notify the supplier and/or the Purchasing Office in a timely manner will mean the shipment will be considered “accepted.”

Securing Rejected Products in a Secured Area

Departments are responsible for storing rejected products in a secured area until the products are
either shipped back to the supplier, or the supplier takes possession of the products and removes them from University property.

1.5 Product Returns for Credit/Refund

When a supplier has shipped items as specified on a purchase order, they have legally complied with their part of the contract and are under no obligation to accept returned items for credit or refund. Acceptance of a return by a supplier is not automatic; and if accepted, a restocking fee is sometimes charged by the supplier. Restocking fees are paid by the requisitioning department.

When a product is damaged, or is rejected for failing acceptance testing or is not as specified on the Purchase Order, the department should request a Return Authorization (RA) number from the supplier. The shipping label on the returned package must be marked with the Return Authorization Number. Other identifying information should be placed on the outside of the returned package for easy identification when received by the supplier. No item should be returned without prior authorization from the supplier. The Purchasing Office can assist in securing return authorizations, mitigating restocking fees, credits or refunds from the supplier.

1.6 Accepting or Rejecting Services

The process for accepting services is in principle the same as the process for tangible products.

Departments are responsible for:

1. Notifying the consultant, contractor, or service technician to begin work once the purchase order has been issued and the service agreement has been signed by both parties.
2. Monitoring agreement activities for work progress to ensure services are performed according to the quality, quantity, objectives, timeframes and manner as specified within the purchase order and/or agreement
3. Reviewing progress reports, status reports, and timesheets, as required
4. Monitoring expenditures, ensuring funding availability when agreement extends over multiple years through change orders
5. Notifying the Purchasing Contract Officer to request amendments, agreement renewals, or increases in the PO amount as needed
6. Providing an authorized signature verifying all work is complete and accepted by the department prior to the agreement expiration date and before final payment is made.
7. Immediately reporting any performance discrepancies or disputes with the supplier to the appropriate Purchasing Contract Officer.
8. Keeping an accurate, auditable paper trail of financial records and work performed by the consultant, contractor, or service technician.

Departments are not authorized to:

1. Instruct the consultant, contractor, or service technician to start work before the agreement is fully executed and the purchase order issued.
2. Change the scope of the agreement without following the formal purchase document amendment process.
3. Direct the consultant, contractor, or service technician to perform work that is not
specifically described in and funded by the agreement.

4. Extend the time period of the agreement without execution of an approved amendment or purchase order revision.

5. Allow the consultant, contractor, or service technician to incur any additional costs over the limit set by the agreement.

6. Sign an agreement unless explicitly authorized by the Columbia Signature Authority Policy

Contacts

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Cross Reference to Related Policies

Restricted Commodities (Categories) Policy

Leasing Policy

Web Address

Purchasing

EH & RS

ICM

Capital Asset Accounting (& Tracking)

Appendix

Appendix I – Categories of Products that require receiving

Appendix II – Restricted Commodities List
# Receiving Policy

## Appendix 1

<table>
<thead>
<tr>
<th>CATEGORY_CD</th>
<th>NEW_DESCR</th>
<th>NEW_RECV_REQ</th>
<th>CATALOG</th>
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<tr>
<td>10100000</td>
<td>Live Animals Purchased with a P.O.</td>
<td>Y</td>
<td>Research</td>
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<td>13111219</td>
<td>Ethylene Vinyl Alcohol</td>
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<td>Research</td>
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<td>Motor vehicles</td>
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<td>Fume Hoods or Cupboards</td>
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<td>Radio nucleotides or nucleosides</td>
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<td>Research / Medical</td>
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<td>41113400</td>
<td>Nuclear Evaluation Instruments</td>
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<td>Research</td>
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<td>41115307</td>
<td>Lasers</td>
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<td>42151700</td>
<td>Dental Clinical Furniture</td>
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<td>Dental x ray apparatus parts or kits or accessories</td>
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<td>42192000</td>
<td>Clinical procedure and examination tables</td>
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<td>Medical</td>
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<td>Medical diagnostic x ray products</td>
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<td>43211500</td>
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<td>High end computer servers</td>
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<td>Narcotic analgesics</td>
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<td>56101508</td>
<td>Mattresses or sleep sets</td>
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<td>Office furniture</td>
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<td>56120000</td>
<td>Classroom and instructional and institutional furniture and fixtures</td>
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<td>Equipment &amp; Furniture</td>
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<td>Research</td>
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<td>81112400</td>
<td>Computer hardware rental or leasing</td>
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