

Memo To: All UH-Downtown/PS Holders  
From: Dr. Loren J. Blanchard, President  
Subject: Receiving and Returning Shipments

UH-Downtown/PS 05.C.08  
Issue No. 5  
Effective Date: 6/27/2024  
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## **1. PURPOSE**

- 1.1 This document defines the policy and procedure for receiving and returning commodities received at the University of Houston-Downtown (UHD).

## **2. DEFINITIONS**

- 2.1 Freight On Board (FOB): shipping term which means that the seller retains the legal title to the goods until they reach the location of the buyer.

## **3. POLICY**

- 3.1 Substitution of items ordered with a Purchase Order is not permitted without the prior approval of the Purchasing Department. No approval will be granted unless substituted items are of equal quality and are offered at the same or lower price.
- 3.2 Items must comply with the written specifications contained within the Purchase Order and/or contract. Failure to do so by the vendor will result in nonpayment to the vendor.
- 3.3 Unless specifically indicated on the order, all shipments are delivered to UHD's receiving dock or street location. The procedures listed should be followed depending on the condition of the shipment.

## **4. PROCEDURES**

- 4.1 Requisitioning departments must inspect all shipments received against the Purchase Orders and report any discrepancies to the Purchasing Department. Any discrepancy, including noncompliance with specifications, shortages, overages, and any damages, must be reported immediately but no later than fifteen (15) days after receipt of goods, materials, or supplies.

- 4.1.1. No visible damage or shortage: Accept the shipment if the containers are not crushed, torn, wet, or otherwise damaged.
- 4.1.2. Minor Visible Damage: Damage to the shipping containers should be noted on the shipping document and signed by the delivery person before the shipment is accepted. It is very important to note any minor damages in order to document any claims for possible concealed damage.
- 4.1.3. Severe Visible Damage: If shipping containers are damaged in such a manner that it is obvious the goods are badly damaged, the entire shipment may be accepted or refused. There is no option to accept or reject a part of the shipment. The vendor must be contacted and requested to reship the entire order (this assumes the terms of shipment were FOB Destination). If damaged commodities are unloaded at your facility, immediately notify the vendor and request that the order be reshipped. If the vendor abandons the merchandise (fails or refuses to pick it up), contact Purchasing Department immediately regarding disposition.
- 4.1.4. Shortages: Any shortages of shipping containers, cartons, etc., are to be noted on the shipping document and the Receiving Report and the partial shipment accepted.
- 4.2 Inspection of Merchandise: When merchandise is being unpacked, uncrated, etc., it should be checked against a copy of the Purchase Order for shortages, compliance with the order's specifications, and also any concealed damages. Any discrepancies should be noted on the Receiving Report, which is then scanned into PeopleSoft Finance. The carrier cannot be held responsible unless shipments are checked immediately upon arrival and written reports are made to the carrier within fifteen (15) days of receipt.
  - 4.2.1. Concealed Damage: The Purchasing Department should be notified in writing or by email if damages are discovered after unpacking. The ordering department is required to state on the shipping document "allow for concealed damages" when accepting shipments.
  - 4.2.2. Concealed Shortage: If there is a minor shortage (such as 11 of an item rather than 12), simply note on the shipping document and receiving

report, and deduct the difference on the invoice. If it is a major concealed shortage, notify the Purchasing Department in writing or through email. The vendor will ship the needed goods at their expense.

4.2.3. Substitutions: Substitutions must be approved by the UHD Purchasing Department on term contracts, open market, and schedule orders. For delegated orders, the UHD's Purchasing Department must approve the substitution.

4.3 F.O.B. Destination: UHD Purchasing recommends that all orders be placed as "F.O.B. Destination" freight prepaid and allowed. Under these terms, the risk of loss to goods does not pass to UHD until the goods are delivered to the stated destination and UHD has accepted the shipment. If goods are not accepted or received, the vendor is responsible for reshipping new goods at their expense.

4.4 Inside Delivery: Inside delivery must be specified in the Invitation for Bid, including the exact location and available access or access limitations. It is the sole responsibility of the vendor for making inside delivery and removal of packing materials. The freight company is not responsible. If there is a problem, the vendor should be contacted immediately.

4.5 Returned Items by the Department: The department shall notify the Purchasing Department for any returned items on purchase order transactions. The department will note on the Receiving Report the returned item(s) and submit it to the Purchasing Department. Accounts Payable is notified.

4.5.1. For non-purchase order transactions, the returned item(s) will be noted on the vendor's invoice. If no other items are listed on the invoice, the invoice will be filed pending receipt of a credit memo from the vendor. If other delivered items are listed on the invoice, the department should prepare a Purchase Voucher to pay for those items only, scan the invoice, and forward both to Accounts Payable.

4.6 Failure to Meet Specifications on Purchase Orders: UHD Purchasing Department will notify the vendor in writing and request that the problem be corrected. If it is a term contract or an open market order processed through the [Comptroller of Public Accounts](#) (CPA), the Purchasing Department will also notify the CPA. Payment to

the vendor should be withheld until the merchandise meets or exceeds all specifications without exception.

## 5. REVIEW PROCESS

Responsible Party (Reviewer): Executive Director, University Business Services & HUB Coordinator

Review Period: Every five years on or before August 1, and as necessary.

*Signed original on file.*

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President

## 6. POLICY HISTORY

Issue #1: 01/19/00

Issue #2: 08/12/10

Issue #3: 09/16/14 – Reaffirmed as Issue #4 (02/21/20) and #5 (06/27/24)

## 7. REFERENCES

[Comptroller of Accounts](#)

## 8. EXHIBITS

There are no exhibits associated with this PS.