



UPPER IOWA UNIVERSITY

Established in 1857®

Purchasing Procedure

I. TOWARD BETTER PROCUREMENT

A. Purchasing Objective

The Procurement Office shall manage the expenditure of University funds to achieve the maximum value per dollar spent. The Procurement Office ensures that, consistent with applicable laws, regulations, policies, and procedures, the appropriate quality and quantity of products and services needed by the University are obtained at the best possible value and in a timeframe that meets the needs of the University.

B. Uniform Management of Funds

All funds deposited with the University are University funds, regardless of source, and must be expended in accordance with University purchasing procedures.

C. Centralized Procurement Authority

The Procurement Office has central responsibility and authority for procurement and for the administration of purchasing policies and procedures for all University facilities.

All contracts must be reviewed and signed by the Chief Financial Officer, President, or Board Chair.

All original contract copies must be kept in the Business Office vault.

D. Unauthorized Purchases

No individual may enter into a contract or in any way obligate the University for procurement indebtedness, unless specifically authorized by the Chief Financial Officer or President.

Firms doing business with the University must be advised that all purchases by and corresponding charges to the University must be authorized by the University or its authorized agent.

E. Prohibited Purchases

The expenditure of University funds for the purchase of office decorations, briefcases, expensive desk pads, or such other supplies which are considered personal items is prohibited.

F. Vendor Contact

University departments may contact potential vendors to obtain product information and tentative pricing, but shall not make any commitments until a purchase order is properly issued to the vendor by the Procurement Office.

G. Conflict of Interest

1. It is University policy to prevent any real or apparent conflict of interest by its employees and Trustees.
2. Definitions – That apply to this procedure are:
 - a. Transact(s) University business – means the purchase of real or personal property, goods, services and the entry into contracts of any kind or nature by the University. (This does not apply to the hiring or retention of University employees).

- b. Family member – means the employee or trustee and a spouse, child, parent, brother or sister of the employee or Trustee.
 - c. Entity in which the employee or Trustee has an interest – means a corporation, partnership, or other form of business enterprise in which any family member owns, in whole or in part, an interest (This does not include a corporation whose stock is traded publicly).
3. Specific Conflicts Prohibited – No University employee or Trustee shall, approve, transact, or attempt to influence the decision to transact University business, with any entity in which the employee or Trustee has an interest, or with any family member of the employee or Trustee. This applies to any University employee or Trustee who, in whole or in part:
- a. Is designated by University policy or job description to transact, or approve transaction of, University business,
 - b. Reviews, or is responsible for review of the business transaction,
 - c. Supervises an employee described above in 3a or 3.b,
 - d. Attempts to influence the decision to transact the business in question.

This prohibition applies regardless of whether or not the business transaction requires the approval of the University Board or supervisory personnel.

After full, written disclosure by any employee or Trustee of a personal interest that would preclude a particular business transaction, the University may determine that it is beneficial to the University to waive the prohibition and enter into the transaction. When such a waiver occurs, the employee or Trustee making the disclosure shall suffer neither penalty nor discipline.

4. Gifts and Gratuities – To comply with IRS regulations, all University employees and Trustees are prohibited from accepting any gift, gratuity or service, greater in value than fifty dollars (\$50.00) (except textbooks and examination copies), from any person or entity which transacts or seeks to transact University business if the employee or Trustee occupies or would occupy one of the positions previously described in Items G.3 a, b or c above.
5. Violations and Discipline – All University employees who violate Items G.3 and G.4 above are subject to disciplinary action up to and including termination of employment.
6. Certification – University employees shall certify on a written form provided by the University that he/she has received, read and understands the provisions of this procedure including the potential disciplinary action for violation of the procedure.
7. Independent Contractors – This policy does not apply to independent contractors who maintain a business or professional relationship with the University but who are not University employees or Trustees.

II. THE PROCUREMENT PROCESS

A. Expenditures Requiring a Purchase Order

All expenditures for supplies, equipment and services require submittal of a Purchase Requisition (PR)) and issuance of a corresponding Purchase Order (PO), except for transactions processed by an invoice; a Procurement Card; certain types of contracts, certain business to business transactions.

Orders of \$5,000 and more generally **REQUIRE** at least three quotes or a competitive bid process.

B. The Purchase Requisition (PR)

A purchase requisition must be properly prepared by the requesting department and submitted to the Procurement Office before a purchase order can be issued.

1. Authority to Submit a Purchase Requisition (must comply with the Authorized Signatures procedure)
2. Preparation and Submittal

Mistakes or insufficient product specification in the original order can create issues. Rectifying such errors after delivery is extremely costly because of restocking charges and two-way freight charges and result in dissatisfaction for both the University and the vendor. Therefore, **it is essential to prepare the requisition accurately and completely.**

C. The Purchase Order (PO)

Upon receipt of a PR, the Procurement Office:

1. Checks PR for:
 - a. Complete and accurate information as described above
 - b. Documentation of any special requirements and written price quotations, including shipping cost and terms
2. Proper account number
3. Assigns Vendor and PO numbers to PR
4. Adjusts prices as needed
5. Initials PR indicating approval and enters PO in the computer
6. Compares generated PO with PR, signs PO and sends it to the vendor
7. Distributes copies of completed PO to the appropriate department

D. Standard Quotations

1. Individual departments may ask vendors for information and price quotations on items being considered for purchase. Use of such price quotations at the time of purchase, regardless of their source, will be solely at the discretion of the Procurement Office.
2. PRs for orders valued at \$5,000 or more must be accompanied by at least three (3) written price quotations. Quotations must include vendor name, contact person, phone number and price quoted.
3. "Orders" are defined as follows:
 - a. Any single item or group of related items included on the same PR
 - b. Duplicated or repeated items, or related groups of items appearing on different PRs, but made out to the same vendor within a thirty (30) day period
4. "Sole" or "single" source purchases require only one quote, but must be documented by the requesting department and maintained by the Procurement Office to justify the selection of the "sole" or "single" source. Each is defined as:
 - a. Sole source are those that hold monopoly on a market with no competitors
 - b. Single source are those that have competitors, but the University has chosen them based on some preference(s)

E. Competitive Bid Process

1. The University may elect to award contracts for purchase of supplies, materials, or work involving an expenditure in excess of \$5,000 to the lowest responsible bidder, considering conformity with specifications, terms of delivery, quality, and serviceability.

Generally speaking, all purchases for a single service or product valued at \$5,000 or more must be accompanied by multiple quotations. Please see the Procurement Office for clarification on these requirements.

2. Bids may be obtained from vendors through either a quotation or formal Request for Proposal (RFP) process. The specific process utilized shall depend upon several factors, including but not limited to:
 - a. Total value of purchase
 - b. Timeframe applicable to purchase
 - c. Type of services or goods being procured

Generally speaking, all purchases for a single service of product valued at \$100,000 or more must utilize the Request for Proposal (RFP) process to ensure maximum value and financial responsibility of the University.

F. Rental or Lease Equipment

1. Equipment which is rented from outside agencies, whether for a definite or indefinite period, must be procured by issue of a formal PO.
2. The requesting department must prepare a PR and clearly mark it "New Lease" or "Renewal Lease". The PR must be for no longer than one (1) fiscal year, or the remaining part of the University fiscal year.
3. Attach the vendor lease agreement to the PR and submit it to the Procurement Office for signature.

Please note: all vendor lease agreements must be signed by the Chief Financial Officer.

G. Preview/Demonstration

Items which are ordered from a vendor for the purpose of preview or demonstration before payment is approved must be procured by issuance of a formal PO. The requesting department must prepare a PR and clearly mark it "Preview with Payment Upon Approval."

H. Cancellation of Purchase Orders

Exercise care to ensure that PRs are submitted only for definite needs, and that POs are issued only to reliable vendors. However, on those occasions when the entire PO, or certain items on a PO need to be cancelled, proceed as follows:

1. The requesting department must mark a copy of the PO in red "PO CANCELLED", or circle the appropriate items and write "THESE ITEMS CANCELLED" in red, and send it immediately to the Procurement Office.
2. The Procurement Office will notify the vendor.

I. Necessity for Prompt Invoice Approval

The entire credit standing of the University depends upon payment of obligations on time. The requesting department budget manager must approve invoices promptly and arrange for invoice approval in case of his/her absence.

When there is a significant (+5.0%) difference between a PO and an invoice, the Accounts Payable Department will send an electronic copy of the invoice to the Budget Officer for "approval to pay." If the increase makes the purchase greater than the original authorized signature amount, the appropriate approval level must also sign the invoice.

J. Planning Requisitions

The necessity for departments to pre-plan supply and equipment needs cannot be over-emphasized because:

1. The time required to issue a PO and secure delivery varies greatly, depending on factors such as:
 - a. The workload at any given time in the Procurement Office.
 - b. The vendor's stock and any problems they may have in securing delivery from their supplier(s).
2. Equipment items (*e.g., office equipment, furniture, laboratory equipment, business machines, etc.*) require more time for planning, purchase negotiations, and delivery.
3. The Procurement Office may attempt, when practical, to accumulate PR's for similar items (*e.g. AV equipment, etc.*) to obtain lower prices through volume purchases.
4. Requisition standard and commonly or repetitively used supplies well in advance of dates needed. Combine them on the same PR, whenever possible, to allow grouping such items onto one PO. It is important to specify the largest quantity of as many such items as possible from a common supply source.
5. Increase the quantity and decrease the frequency of small, repetitive orders, to avoid continually asking suppliers to handle unprofitable transactions.
6. Emergency requisitions will be processed as the need arises. However, repetitively used items, such as laboratory supplies, can be planned for and can rarely be justified as "emergency needs."

K. Rush Expenditures

Rush expenditures near the end of a budget period will be handled on a case by case basis.

1. It is particularly **important** that PRs for grant budget supplies and equipment be submitted early enough to accomplish buying negotiations, secure delivery, and process invoices before the end of the grant period.
2. Grants usually have a liquidation period at the end of the grant period, which covers the receipt, invoicing, and invoice payment for the grant items.
3. Budget officers are required to:
 - a. Submit requisitions to the Procurement Office at least forty (40) days prior to the fiscal year purchasing cut-off date. (*Specific dates shall be communicated each year.*)
 - b. Request equipment early in the grant period so that it can be delivered and used.

Contact the Procurement Office requesting cancellation of any items ordered on a grant that cannot be delivered and invoiced before termination of the grant budget.

L. Office Supply Orders

General office supplies can be ordered, without processing a PO, through Office Depot/ OfficeMax via the Internet.

Each department shall have a designated contact person who will be responsible for utilizing the Office Depot/ OfficeMax online ordering system to procure office supplies for that department. The Procurement Office will act as the main contact for the Office Depot/ OfficeMax program.

M. Procurement Card Orders

The University offers authorized employees access to a procurement card program for use in purchasing items with an individual purchase price of less than \$2,500. Individual limits may vary in accordance with a specific department's requirement. Employees are required to submit all procurement card receipts and a completed transmittal form by the 5th business day of each month.

III. PROCUREMENT TECHNIQUES

A. Vendor Selection

1. Factors for selecting vendors include, but are not limited to:
 - a. The ability to serve the needs of the University in the most economical and efficient manner possible, on a continuing basis.
 - b. Past performance and cooperation.
 - c. As mandated, Upper Iowa University's Procurement Procedures do not discriminate against the procurement of recycled-content products. Products with recycled-content shall be procured wherever and whenever cost, specifications, standards, and availability are comparable to products without recycled-content.
2. University buying power must be concentrated as much as possible with selected vendors to attain the maximum advantages of prices and service.
3. Many vendors have secured important shares of University business based on negotiated contracts, price lists, and exceptional service over long periods of time and are important assets to the University.
4. The requesting department is asked to suggest more than one source of supply, if possible, particularly for unusual or non-standardized items.

The Procurement Office is responsible for developing and contracting the most cost effective supply sources for the University, consistent with department requirements, and therefore, may shift from a recommended vendor to one who will provide better pricing, service or delivery.

The standards of quality will not be changed, unless necessary, and only with consultation between the Procurement Office and the requesting department budget officer. For these and other reasons, no prior commitments, expressed or implied, should be made by University departments.

B. Determination of Quality Specifications

The Procurement Office shall make purchases on the basis of specifications on file or those furnished by budget officers, faculty members, or staff. Vendors frequently make alternate proposals which afford the University a better value by either meeting or exceeding the specifications. The determination of conformance with a specification and acceptance or rejection of such a proposal will be a joint decision between the user, budget officer, and Procurement Office.

C. Major Equipment

1. Major equipment shall be selected on the basis of economy in operations, productivity, compatibility, quality, dependability, time savings, labor cost, and durability, so that the net result will be maximum efficiency at the lowest cost.
2. Commonly used items shall be standardized, as much as possible, to obtain maximum quantity discounts, and to eliminate small retail priced orders with expensive processing costs.
3. The University has standardized with certain brands and models of particular types of equipment. Consult with the Procurement Office for specifications.
4. Prior to requisition of an equipment item, contact the Director of Facilities for assistance to:
 - a. Determine if adequate power or other required utilities are available.
 - b. Check space requirements and floor loading, if applicable.

5. If the requisition is for computer equipment, the Director of Information Technology Services will assign personnel to evaluate and determine whether the equipment meets the University's standards of compatibility and quality.

IV. OFFICE SUPPLIES

The approved process for ordering office supplies at Upper Iowa University is exclusively through Office Depot/ OfficeMax via their online ordering system.

The benefits to the University for using the online ordering system are numerous. It's quick, it's accurate, and it's easy. It also saves the University money in terms of:

1. Fewer personnel involved in the ordering process.
2. Keeping budget officers aware of how much they are spending at the time they order.
3. Maintaining a higher control over returns and credits. Those departments ordering office supplies are responsible for processing their own returns and keeping track of whether or not they receive credit.

A. Placing an Order

On the Internet go to: www.officemaxworkplace.com.

1. Enter your assigned User ID
2. Enter your password.

An online user guide and tutorial are available to all users by going to the Office Depot/ OfficeMax website at www.officemaxworkplace.com and clicking on the user guide and tutorial link which is located below the log-in information. You do not need to be logged in to access this information.

Office Depot/ OfficeMax ships items that are in stock within twenty-four (24) hours.

It is each department's responsibility to verify that their order is accurate. Keep your copy of the order. When the order is delivered, check your copy against what is received. If there is a problem with the shipment, follow the return order procedures below.

B. Processing a Return Order

Returns must be processed within thirty (30) days of the order date. You will need the invoice number and the OfficeMax P.O. number on the packing list from your order. You may call Office Depot/ OfficeMax Customer Service at 1-800-463-3768 to obtain an Authorization to Return (ATR) number or go to the OfficeMax website at www.officemaxworkplace.com. If you choose to go through the website, you must log in with your user ID and password. Find the correct invoice under your order history page and click on that number. Follow the returns process procedure.

V. PROCUREMENT CARDS

A. Purpose

The Upper Iowa University Purchasing Card (PCard) Program is used as the primary method to pay for small dollar items (less than \$2,500). In the past, these purchases were items for which you might normally fill out a purchase requisition or disbursement request form. **This card is NOT to be used to pay for services rendered as these services may require issuance of IRS form 1099 to the service provider.**

The use of the PCard enhances purchasing efficiency from beginning to end by delegating purchasing responsibility for items \$2,500 or less to the PCard user and allows purchases to be made without the need for purchase requisitions, purchase orders and processing by the Business Office. The PCard can also reduce the number of small dollar disbursement request transactions that are processed.

B. Purchasing Card

Bankers Trust is the provider that issues the Upper Iowa University PCard. The PCard is issued to designated Upper Iowa University employees that routinely make small dollar purchases and are approved by their supervisor or manager with budget authority. A PCard is issued to a designated employee only with Vice President approval.

The PCard is more than just a credit card. It is a purchasing card with certain restrictions and spending limits programmed by the administrator. We can program each card to work only for certain types of

purchases and vendors based on your departmental needs.

The Upper Iowa University PCard is the property of Upper Iowa University and is to be used only for authorized Upper Iowa University purchases.

C. Budget Officer's Responsibilities

Managers and supervisors with budget responsibility have the authority to and are responsible for:

1. Requesting PCards for designated employees who routinely make individual purchases less than \$2,500, such requests must have VP approval.
2. Monitoring their department's monthly PCard activity to ensure cards are used in accordance with all Upper Iowa University procedures.
3. Approving individual transactions.
4. Ensuring all receipts are turned in on a timely basis.
5. When an employee who has a PCard is terminated, it is the supervisor's responsibility to obtain the PCard from the terminated employee and immediately notify the Business Office of the termination.

D. Cardholder Responsibilities

1. Utilization of the PCard as the primary method for making small dollar purchases according to these procedures.
2. Ensure that budget funds are available for all purchases made with the PCard.
3. Resolve directly with the vendor any disputes concerning returns, credits or adjustments for transactions made with the PCard.
4. Communicate sales tax exemption status information to all vendors upon purchase of goods.
5. Obtain and attach itemized transaction documents (credit card slips, cash register receipts, packing slips, etc.) to a copy of the appropriate Bankers Trust credit card statement. We encourage receipts and transmittal forms be turned in as soon after the purchase as possible, but no later than the fifth business day of the following month. Timely submission is critical.

E. Authorized Uses of the Purchasing Card

1. In general, the PCard is intended to buy supplies.
2. Purchases less than \$2,500 may be made with the PCard within the established limits and restrictions of each individual card.
3. For purchases over \$2,500, you still may be able to use your PCard in place of a purchase requisition or disbursement request form, contact the Business Office.
4. **All purchases made with the PCard must be for the benefit of Upper Iowa University, within established budgets, and in accordance with the UIU Purchasing Card Procedures.**
5. Business meals where a majority of the participants are not UIU employees and the business purpose as well as all attendees are indicated on the receipt.

F. Unauthorized Uses of the Purchasing Card

1. Items equal to or greater than \$2,500. Some exceptions apply.
2. Personal items, including meals, may not be purchased under any circumstance, even with the intent of reimbursing the University after the purchase.
3. Capital expenditures.
4. Cash advances.
5. Contractual services, i.e. caterers, pest control, laundry services, etc. Some exceptions apply.
6. The PCard shall not be used to authenticate your personal identity for non-University business purposes. The PCard is intended for official University business purposes only and is not to be used in any manner for personal purposes
7. Restricted items, such as alcohol, weapons, drugs (controlled substances) and hazardous materials.

G. Misuse of Purchasing Card

1. Individuals who are issued a procurement card (pcard) shall be held accountable for all transactions related to that card, including those transactions made with cards they have delegated to another. Consequences for misuse of the purchasing card are serious.
2. Misuse of the card can be either administrative or personal.
3. Administrative misuse includes, but is not limited to:
 - a. Lack of proper reconciliation of the cardholder account (i.e. turning in receipts and forms late or not at all, missing receipts, wrong or missing signatures, wrong or missing fund/org/account/program)
 - b. Card use in direct violation of the purchasing card policies and procedures

H. Consequence of Misuse

1. Notification – Both the cardholder and the cardholder's supervisor shall be notified of any misuse. The supervisor shall bring the misuse and consequences for further misuse, to the cardholder's attention and shall ensure the cardholder resolves the misuse. The cardholder and the supervisor shall be required to attend PCard training.
2. Formal warning – If the misuse is chronic and notification is ineffective, a formal warning stating the violation will be delivered to the cardholder, the supervisor, and their Vice President, the President, or the Board of Trustees. In some cases, written notification of misuse may be included in the cardholder's personnel file. The reprimand will include a warning for possible PCard revocation pending further misuse.
3. Revocation – If violations continue after notification of misuse, the PCard use will be revoked. The cardholder's supervisor and the supervisor's Vice President, President, or the Board of Trustees will be notified. The cardholder may regain use of a University PCard only at the request of their Vice President, President, or the Board of Trustees.
4. Disciplinary Action – Based on the severity of the misuse, the University may decide to initiate disciplinary action, up to and including possible termination and/or legal action.

In addition, in the case of personal purchases, repayment of the purchase by the cardholder to the University is required following resolution of the misuse. Repayment may be made by cash or check. Payment for the misuse must be made within 10 calendar days following resolution, or appropriate disciplinary measures will ensue. It is the responsibility of the cardholder to ensure that repayment is made for personal items charged to all delegated cards they are responsible for.

Furthermore, purchases not accompanied by a valid receipt will be the responsibility of the cardholder.

I. Making Purchases

1. The cardholder may purchase items via telephone, mail, fax, internet, or in person.
2. The purchase is reflected on the Bankers Trust statement that is submitted to the Business Office after the purchase has been made, but no later than the fifth business day of the following month. The cardholder's signature is required on all submissions as well as the Budget Officer's signature.
3. It is required that the cardholder obtains Budget Officer approval prior to any purchasing card purchase. Each cardholder should work with his/her Budget Officer(s) to develop any desired departmental pre-approval process.
4. The cardholder may be held personally liable if the Budget Officer does not approve a purchase made with the PCard.
5. The cardholder must keep all PCard records, including itemized copies of receipts, or other documentation supporting charges against his/her purchasing card.
6. The cardholder is required to attach all such original receipts to the Bankers Trust statement and submit PCard records to the Business Office in a timely manner.

J. Shipping

Cardholders should make prudent selection of shipping options. The cost of shipping heavier packages and/or routine packages via Federal Express or UPS overnight or 2-day express can be very expensive. Such priority handling or expediting of shipments should only be utilized when absolutely necessary. As with all expenditures of University funds, prudence must be demonstrated and expenses justified.

K. Returning Purchases

Each cardholder is responsible for any returns of purchases. All returns must be credited to the cardholder's account. Cash refunds are strictly prohibited.

L. Sales Tax

UIU is a tax-exempt institution. Tax-exempt means that Upper Iowa University does not pay sales tax. The cardholder should remind all vendors of the University's tax-exempt status. The cardholder must review all receipts for each purchase to ensure sales tax has not been assessed. If sales tax has been charged to a purchase, the cardholder should contact the vendor and request a credit.

M. Erroneous Charges

If a cardholder believes that a charge has been posted incorrectly to his/her account, the cardholder must notify the vendor as soon as possible. The cardholder also must notify the Business Office of any disputed charges.

If the vendor agrees that an error was made, the purchase will be credited from the account on the next monthly purchasing card memo statement. If the disputed charge remains unresolved by the due date the charge will remain on the account until the dispute is resolved. The Business Office will work with the cardholder to ensure accuracy of the invoice received and subsequent payment made.

N. Lost/Stolen Purchasing Cards and Fraud Activity

The cardholder must notify the Business Office immediately of a lost or stolen card. The Business Office will cancel the card and make arrangements for a new card to be issued.

If the cardholder believes that a charge is fraudulent, the cardholder must contact Card Member Services Fraud Prevention to report the fraud activity and file a claim (the number is printed on the back of your card).

O. Termination of Employment

Upon termination of employment, the cardholder must surrender the card to his/her supervisor. The supervisor will first email the Business Office with the last 4 digits of the card. The card will immediately be suspended. The supervisor will then forward the terminated employee's PCard to the Business Office.

VI. SPECIAL RESPONSIBILITIES OF DEPARTMENT

A. Receipt of Merchandise

1. The vendor will deliver purchases directly to the requesting department.
2. Capital Assets
 - a. All purchased capital assets should be received, delivered, and inventoried to the requesting department.
 - b. The Business Office must also be notified of the receipt of any capital assets which are donated to the University, so that the item(s) can be inventoried.
 - c. Physical inventories will be made on an annual basis. At the completion of each annual physical inventory, all capital assets located in and/or assigned to a department will be considered a part of that department. The department budget officer must sign for and be accountable for such assets, including any and all equipment or furniture valued over \$5,000.

In the event of personnel changes, incoming department heads must verify inventory and assume future responsibility.

- d. Capital assets purchased with grant funds must be barcoded and tracked accordingly.

B. Prompt Inspection and Checking of Received Items

1. The requesting department is responsible for promptly unpacking and inspecting the merchandise.
2. Compare delivered items to the PO.
3. Promptly report any mistakes, discrepancies, or shortages as follows:
 - a. Identify the PO number and vendor, describe the problem, and send all pertinent papers to the Business Office.
 - b. The responsible Department will resolve any problems involved to protect the University's interest and to complete the transaction.

C. Material Return

The requesting department must notify the Procurement Office of material received which is determined to be excessive, obviously damaged, inappropriate, sub-standard or non-acceptable for its intended end use and subject to return.

1. Responsibility – The returning department must request the material return on a standard PR form as follows:
 - a. Mark the word "Credit" on the top of the "PR" form to identify it as a "material return."
 - b. Enter original PO number, vendor name, and invoice number.
 - c. Provide complete description of material.
 - d. State reason for returning material.

2. Disposition Alternatives – Depending on circumstances involved, disposition alternatives to be considered include:
 - a. Vendor furnishes suitable replacement at no charge or negotiates cost difference to the University and arranges pickup, handling, and freight costs.
 - b. Vendor will re-invoice the University for negotiated price reduction.
 - c. Scrap the material.
 - d. Return to vendor for full credit, less restocking charge and freight.
 - e. Return to vendor for full credit, freight collect.

All such alternatives must be discussed with the Procurement Office PRIOR to commitment.

3. Damaged Material
Items determined or suspected to be damaged at time of receipt, must be noted on carrier packing slip regarding damaged goods or packages.
 - a. Determine extent of damage and report to Business Office.
 - b. Business Office will resolve problem with vendor and advise returning department of material disposition.
 - c. Personal exchange of material, to omit additional paper work, is acceptable when appropriate.
4. Material Received into Inventory - Items determined to be returnable after being inventoried and put into use will be processed as follows:
 - a. Returning department must send a copy of the original PR marked "Credit" to the Business Office and identifying PO that receipt of material was made against.
 - b. Business Office will contact vendor to verify exchange or credit.

- D. Department Copies of PRs and POs
Each department should keep and carefully monitor records of PRs and POs issued against department accounts, to avoid overspending. Once a PO is issued, the purchase cost is charged against the designated account(s) and is considered committed. It is recommended that all copies be properly destroyed after the applicable fiscal year in which the expense was incurred is closed and the audit is complete.

VII. WARRANTIES/SERVICE AGREEMENTS

- A. Warranties
On new equipment warranty cards shall be pulled upon receipt by the department and sent to the Business Office.
- B. Service Agreements
Some equipment items are covered by service contracts in order to ensure continuing efficient operation. Agreement forms required by vendors must be approved and signed by the Business Office and transmitted with the PO.

Contact the Business Office with any questions regarding the existence or the contents of a service agreement.