

PURCHASING POLICY MANUAL
Revised June 1, 2005

SECTION 5 - GENERAL POLICIES:

POLICY TITLE: DISPOSITION OF PERSONAL PROPERTY

The Department of Purchasing is responsible for the administration and the disposition of any personal property, which may be considered surplus by the using departments. Each transaction shall be authorized by an Official Order approved by the Governing Board, or the University administrator delegated this responsibility, declaring the personal property surplus and designating the method of disposition.

The Department of Purchasing shall maintain storage for the purpose of holding such personal properties declared surplus pending final disposition either by sale or transfer to other departments. Notification of surplus accumulations for subsequent sales will be sent to each department thirty (30) days prior to final disposition.

Surplus items may be listed and circulated to all State Universities and the State Division of Properties for possible acquisition on a monthly basis.

The Department of Purchasing is responsible for the review of all properties reported surplus by the using departments and to recommend the most equitable and reasonable disposition. Such recommendations will be determined by the condition of the property, and method of disposing by the following priorities.

1. Redistribution to other departments;
2. Possible use by other Universities or State Agencies;
3. Consolidated sale by auction;
4. Sealed bid;
5. Cannibalized and sold for junk; or
6. Junk without value.

If it appears to be in the best interest to do so, the Director of Purchasing may recommend that certain personal property may be sold by negotiation for a monetary consideration, or conveyed without charge of any kind to: 1) other local governmental units, such as city or county government, public schools, civil defense units, and b) non-profit charitable, civic, or community organizations.

HE-200-19 thru 22

POLICY TITLE: REAL PROPERTY LEASE AGREEMENTS

A lease agreement requirement can be initiated upon receipt of a letter from any department outlining their needs, such as: type of space, square footage, lighting, air conditioning, and other such requirements.

Advertising will be made for the approved amount of square footage needed, only when the space cannot be acquired from other state facilities.

All lease agreements will be reviewed by University Legal Counsel prior to approval by the Purchasing Director. Any changes, modifications, cancellations, or renewals will be processed through the Purchasing Department.

Note: The real property lease contracting process, as defined in KRS, is very time consuming. Department s should allow a minimum of 3-4 months for the process.

HE-111-55

POLICY TITLE: CONCESSION AND VENDING CONTRACTS

1. All contracts permitting the establishment and operation of concession services or vending contracts on university operated facilities are awarded through the Purchasing Department.
2. Some examples of services are: vending machines, coin operated laundry equipment, food refreshments, catered food service, etc.

Ref: KRS 45A.080, 200 KAR 5:306

POLICY TITLE: DELIVERIES UNDER THE CONTRACT

Deliveries must be received in accordance with the terms of the order. Deliveries under purchase contracts may be complete or partial, depending upon the terms of the contract. If partial delivery and partial payment are authorized by the contract, receiving reports for items received should be completed without delay. Acceptance of any late deliveries does not constitute a waiver of any of the University's rights under its contract with the vendor.

Deliveries made to the University should comply with the following conditions:

1. Delivery Point:

All deliveries should be made to the destination or destinations specified in the purchase order or purchase contract. Unless specified otherwise, standard procedure shall be F.O.B. destination with all charges paid by vendor.

2. Payment for Freight Cost:

The Department of Purchasing shall seek contract terms in the best interest of the University. When terms are "F.O.B. Destination, Origin, or Shipping Point", the Department of Purchasing should provide for shipper to prepay cost and add to the invoice, or establish a billing arrangement with local carriers in order that cash funds need not be maintained to pay freight bills.

3. Liability for Delivery:

Liability for delivery to the University is governed by the freight terms specified in the purchase order or purchase contract.

a. F.O.B. Destination: The vendor and/or shipper owns all goods in transit and is liable for delivery to the point of destination. They are responsible for filing any claims with the delivering carrier for breakage or other losses and for any damage resulting from said transportation. It will be the responsibility of the University to obtain necessary inspection reports from the carrier for concealed damage and to provide the shipper with documentation necessary to file the claim for damages. The shipper will be expected to replace the damaged goods without delay.

b. The University reserves the right to reject any delivery where visible damage is extensive.

c. F.O.B. Origin or Shipping Point: The University owns the goods in transit and must file any claims with the delivering carrier for losses or damages. It is important that the University be aware of the released value of the shipment and the right classification, and to provide for insurance during transit where deemed necessary.

4. Packing and Crating:

All commodities or equipment are packed and delivered according to accepted commercial practices and the packaging and marking instructions in the contract. No charge is made for packing cases, baling, crating, barrels, drums, sacks, pallets, or other containers, except that if the bidder specifies, the vendor may make a memorandum charge and require the University to return such containers for credit, with transportation costs paid by the vendor, or to pay for them if not returned within a reasonable time.

5. Delivery Hours:

All deliveries are made during normal business hours.

6. Penalty for Late Delivery:

In addition to being cause for removal from the bidders list, purchase orders or contracts which include special conditions on deliveries not made within the time provided may create an emergency situation whereby the commodity must be obtained from some other source. In this case, the Department of Purchasing may enter the open market and purchase the commodity or commodities sought under the contract. The vendor so failing to make delivery as specified is charged with any increase in price incurred by the University and is deemed a debt owed by the vendor to the University.

KRS 45A.035
200 KAR 5:313

POLICY TITLE: RETURN OF MATERIAL

1. Occasionally circumstances require the return of merchandise to the Vendor. Due to the increasing number of vendors charging a "restocking" fee, all returns will be authorized by the Purchasing Department.
2. Purchasing will make every effort to negotiate terms which are favorable to the University.
3. The requestor is responsible for furnishing the following information to the Purchasing Department:
 - a. Original Purchase Order as well as the original Vendor.
 - b. A clear concise reason for returning the material(s).
4. After authorization to return the merchandise, the requestor is responsible for identifying all items requiring return, and sending to the Central Receiving Department.
5. If a negotiated return cannot be made, which is in the best interest of the University, the item(s) will be returned to the department.

POLICY TITLE: FREIGHT CLAIM

1. Universities shall provide procedures for consistently processing freight claims and/or freight charges.
2. Buyers are to negotiate freight into the material cost. F.O.B. Destination is direct, however, when the buyer cannot negotiate such terms, the department should be charged against the same account which the material was purchased.
3. Freight claims against F.O.B. Destination orders shall be handled by Central Receiving or by the ordering department when items are shipped direct to the department:
 - a. Receivers shall note shortages and/or apparent damages on delivering carrier's freight bill.
 - b. Obtains driver's signature beneath notation(s).
 - c. Forwards copy of inspection report, compromise offer of settlement, and freight bill to the vendor immediately.
 - d. If concealed damage is discovered later, the process is repeated and must be reported within 15 days of delivery.
 - e. If vendor does not contact department, follow through with telephone call.
 - f. If vendor fails to follow through with settlement of claim the University shall file a vendor's complaint form to maintain in vendor's file against future awarding of orders.