

CONTRACT ADMINISTRATION

PURCHASING MUST BE NOTIFIED IF ANY OF THE SITUATIONS BELOW OCCUR ON ANY ORDER/CONTRACT

Reporting Supplier Performance-When a requisitioning department first experiences a problem or difficulty with a supplier, the department should provide a written notification to the Purchasing Department. Purchasing will immediately contact the supplier to attempt an informal resolution to the problem. The Purchasing Department will follow state guidelines in resolving purchasing or contracts issues.

Cancellation of Orders-Items or orders may be canceled without the consent of the supplier due to failure to fulfill their contractual obligations. The requisitioning department should contact Purchasing for guidance if the supplier has failed to comply with the purchase order or contract terms. If cancellation is requested by the requisitioning department for some reason other than the fault of the supplier, the supplier's permission to cancel is necessary, and should be obtained in writing from the supplier.

Shipments from Canceled Orders-Requisitioning departments are not under any obligation to accept shipments from canceled orders. However, if it is in the department's best interest to accept the shipment; the order should then be reinstated by notifying Purchasing in writing. If the requisitioning department does not want the shipment, they should notify the supplier and handle it in the same manner they would any item not ordered.

Shortages-Any shortages of shipping containers, cartons, etc. are to be noted on the shipping document and the shipment accepted. Purchasing should be notified in writing of such shortages.

Inspecting Merchandise-When merchandise is being unpacked, uncrated, etc., it should be checked for concealed damages, shortages, and compliance with the purchase order's specifications. The carrier cannot be held responsible unless shipments are checked immediately upon arrival, and **written reports are made to the carrier within 15 days of receipt**. A copy of any notification to the supplier or the shipper should also be sent to Purchasing with the PO number referenced on the copy.

Substitutions- The purchasing department must approve any substitution of products prior to granting the authority to substitute to the supplier.

Failure to Meet Specifications - Notify the supplier in writing and request that the problem be corrected. A copy of all correspondence should be sent to Purchasing. Payment to the supplier should be withheld until the merchandise meets or exceeds all specifications, without exception.

Inside Delivery-Inside delivery must be specified in the specifications and must include the exact location and available access or access limitations. It is the sole responsibility of the supplier for making inside delivery and removal of packing materials. The freight company is not responsible. If a problem occurs, contact the supplier immediately.

Common Carrier Freight Terms Impact on Claims

Free on Board (F.O.B.) Terms-These terms address the risk of loss between the buyer and seller. The terms do not address the freight charges. The standard terms and conditions provided to the supplier on every purchase order require that goods be shipped F.O.B Destination. If a requesting department is contacted by the supplier with a request to change the purchase order terms to F.O.B Origin, the department must defer the request to Purchasing. **No employee other than the Director or Assistant Managing Director of Purchasing has the authority to approve the change of any purchase order terms or conditions.**

F.O.B. Destination-Under the terms, the risk of loss to goods does not pass to TTUHSC until the goods are delivered to the stated destination and the department has accepted the shipment. If goods are damaged or not received, the supplier is responsible for re-shipping new goods at their expense.

F.O.B. Origin-The Purchasing Department does not normally recommend using "F.O.B. Origin." Under those terms, the risk of loss passes to TTUHSC when the carrier picks up the shipment from the supplier. The requisitioning department is responsible for the merchandise at that point. If the merchandise is damaged or lost in shipment, the department owes the supplier full payment. If there are damages or shortages, the department is responsible for filing any freight claim required to recover the cost of damage or loss. If goods must be replaced, a new order must be placed with the supplier at the department's expense.