

**Purchase Order - Freight and Damages****Purchase Order - Freight and Damages****I. Purpose**

The purpose of this policy is to provide guidance on the freight terms displayed on purchasing orders. The freight terms determine which party is paying the freight, the vendor or the University, and which party is responsible for the good(s) while in transit.

**II. Responsibilities**

- A. Procurement Services - Determines appropriate freight terms that apply to each purchase, as well as contracts in general.
- B. Accounts Payable Services - Reviews freight terms as assigned by Procurement Services for manually entered invoices.
- C. UK HealthCare Accounting - Reviews freight terms as assigned by Procurement Services for manually entered invoices.
- D. UK HealthCare Supply Chain Management - Redistributes patient care related freight charges via journal voucher.
- E. Department/Unit
  - 1. Understands freight terms as they are expensed against their cost objects.
  - 2. Files damage claims with the carrier.

**III. Policy**

This policy outlines freight management and payment for campus and healthcare.

**IV. Procedures**

- A. Freight and Expense Charges – Campus and Healthcare Non-patient Care Purchases
  - 1. All goods purchased must be “FOB Destination, Freight Prepaid and Allowed.” The vendor pays the freight charges and retains title to the merchandise until it is delivered to the University.
  - 2. When required, some purchase orders will have terms “FOB Destination, Freight Prepaid and Added.” The unit pays the freight charges and the vendor retains title to the merchandise until it is delivered to the University.
- B. Freight and Expense Charges – Healthcare (Patient Related Items)
  - 1. All goods purchased must be “NFR Destination, Freight Prepaid and Allowed.” The vendor pays the freight charges and retains title to the merchandise until it is delivered to the University.
  - 2. When required, some purchase orders will have terms “FRE Destination, Freight Prepaid and Added.” The unit pays the freight charges. The vendor retains title to the merchandise until it is delivered to the University. The department will be charged the applicable freight charge via journal voucher.
- C. Damaged Shipments
  - 1. Visible Damage
    - a) Visible damage must be called to the attention of the delivery agent and a notation of such damage made on all copies of the freight bill and signed by the person making the delivery. The Procurement Officer assigned must be notified of the damage. The unit

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subsequently files the damage claim with the carrier.

- D. All shipments must be promptly opened and inspected. If this inspection reveals concealed damage, shortage or other unsatisfactory conditions, all cartons, boxes, wrapping materials and related packing are to be retained for inspection. The Procurement Officer assigned must be notified of the damage. The unit subsequently files the damage claim with the carrier.