THE UNIVERSITY OF TENNESSEE

System-wide Policy: Procedure for FI0405: Procurement - Receiving Materials	
Version: 1	**Effective Date: 08/30/2024**

Objective

This procedure provides the process for receiving materials and for how to ensure that purchase orders are paid correctly.

Scope

This procedure applies to all University employees.

Procedure

I. **Overview**

A. Receiving materials correctly is an important process that ensures that the University obtains materials that it orders.

B. Properly ensuring that a department receives materials is an essential part of the three-way match process. The three-way match process is an accounting process where the University ensures that its employees compare:

1. The order it placed with a vendor
2. The materials received
3. The invoice

C. With the three-way match process, the University's order, the materials it receives, and the invoice must all match. If there is a discrepancy, the department that ordered the materials must work with the vendor to correct the mismatch.

II. **Scope**

A. If a campus or institute has established central receiving, the campus or institute must issue a procedure directing the employees of the campus or institute how to receive materials when the materials are delivered to the central-receiving location.

B. When a department receives materials directly to the department, University employees must follow the steps in the "Receiving Materials" section below.

III. Receiving Materials

A. Departments must follow these steps when receiving materials:

1. Review the number and type of materials that the department receives in a shipment by checking the vendor-supplied documentation that accompanies the delivery (usually, the documentation will include a packing slip, a bill of lading, or an invoice included with delivery).
2. If the vendor does not provide documentation with the delivered materials, the University recommends that departments create documentation indicating the number and type of materials received, the date, and the condition of the materials.

3. If any of the materials are damaged, employees must document the damage as thoroughly as possible (including photographs or videos). The department must document the damage on the delivery documentation.
4. The University recommends that employees sign the delivery documentation and: indicate the date received on the documentation by either (i) using a stamp or date-stamp machine; or (ii) handwriting the date.

B. Damaged Materials:
1. If some or all of the materials are damaged when the University receives the materials, employees may refuse the delivery (this is the best practice). Of course, damage is not always visible. If the employee has already signed for the delivery and the employee determines that the materials are damaged when the employee opens the boxes that the materials arrived in, the employee must note the damage and must take photographs of the damage.
2. Employees must report damage to the vendor as soon as possible, if the department has already accepted delivery of the damaged materials.

C. Missing Materials
1. If the delivery is incomplete and materials are missing, the department must notify the vendor as soon as possible. Sometimes, vendors will send materials over multiple shipments, but sometimes vendors will accidentally send the wrong materials or materials in insufficient quantity. Employees must notify the vendor of the specific issues with the delivery as soon as possible.
2. If the department ordered materials through a University purchase order, the department may contact their Procurement office for assistance.

D. Invoices
1. Before paying an invoice, the department must match the ordering documentation with the receiving documentation.
2. Departments must not initiate payment if there is a discrepancy between the ordering documentation, the materials received, and the invoice. For clarity, if a vendor has partially fulfilled an order and the vendor's invoice is for the partial shipment, departments may pay the partial invoice if the materials are not damaged.

IV. Marketplace Orders

A. The Marketplace allows departments to purchase materials from vendors that the University has an agreement with. Buying through the Marketplace is advantageous for departments because the University's System Administration Procurement Services office can assist with issues that a department has with a Marketplace vendor.

B. Indicating/Confirming Receipt

1. Departments must indicate that they have received materials purchased through the Marketplace to initiate invoice payment. If the department never receives the item, the department must not indicate that they have received the item in the Marketplace. The applicable vendor will be able to provide an update on the shipping status of the item(s). If the department orders through the Marketplace and pays via invoice, the invoice will not be paid until a department staff member indicates in the Marketplace that they have received the item(s).
2. If a department purchases items through the Marketplace and the department pays via procurement card, the department staff member does not have to indicate in the Marketplace that they have received the item(s). If the department never receives the item and the vendor charges the department's procurement card, the department must contact the vendor to see if the vendor will ship the item(s) or refund the charge. If the vendor does neither, the department must dispute the charge.

C. Departments must indicate the quantity received within 3 business days of receiving the materials. Partial receipts are acceptable and, in the case of partial receipts, departments must indicate only the actual quantity received in the Marketplace.

D. Departments are responsible for verifying that the ordering documentation (purchase order issued through the Marketplace), materials received, and the invoice match. If the vendor has charged too much for a material or materials, the department must contact the vendor within one business day of determining that the price is incorrect.

Penalties/Disciplinary Action for Non-Compliance

Failure to comply with this procedure might result in adverse human resources actions, up to and including termination. Further, failure to follow the three-way match process might result in a department overpaying for materials. Failure to document damaged materials might result in the department being responsible for paying for the damaged materials and paying for replacement materials.

Responsible Official & Additional Contacts

Subject Matter	Office Name	Telephone Number	Email/Web Address

Policy Clarification and Interpretation	Andrea Addis	865-974-4421	andrea.addis@tennessee.edu
Policy Training and procurement questions or vendor-performance issues	Abbie Shellist	865-974-3110	abbie.shellist@tennessee.edu
Accounts Payable Questions related to receiving materials, invoices, etc.	Tisha Marshall	865-974-0592	tishamarshall@tennessee.edu

Related Policies/Guidance Documents

FI0405—Procurement

FI0505—Accounts Payable

FI0605—Equipment