Receiving, Distribution and Property Control - UTDBP3115

Purpose

The receiving process is intended to safeguard University resources and ensure that valuable property is tagged and tracked. For information about the annual inventory and surplus processes, see Property Administration – UTDBP3066.

Policy Overview

Receiving is the process of ensuring that orders, lawfully placed by the University of Texas at Dallas (University or UT Dallas), are conveyed to the University as specified by fully executed purchase orders. The receiving process includes ensuring that items conveyed are in the expected condition and recording appropriate receipt information within the University's Enterprise Resource Planning (ERP) system to facilitate internal control practices. These records allow for appropriate matching within the accounts payable process and create property tracking records when required by state law.

Responsibilities

Requisitioners ensure that information within requisitions and purchase orders are correct and documented with regard to property quantities, values, and applied credits including trade-ins.

Payments Department (Accounts Payable) ensures appropriate matching is completed in all relevant systems for the relevant transaction threshold.

Property Management is responsible for physical receipt, tagging, receiver record keeping, ensuring transfer rules are followed, acting as the University's Property Manager, administering guidelines regarding disposal of obsolete property, creating property records, and departmental deliveries.

Accounting and Financial Reporting coordinates with Property Management with respect to property transfers and record keeping, and the creation and maintenance of property records.

Management of Receiving Controls and Records

Receiving Guidelines

Receiving is required on all purchases of goods and services over $5,000 as well as items defined as controlled assets by the state of Texas. The thresholds for controlled assets vary based on the type of assets. Controlled assets are generally items that can store information such as computers or must be tracked for safety such as firearms. The following link provides a comprehensive list of controlled property and applicable thresholds: https://fmx.cpa.texas.gov/fmx/pubs/spaproc/appendices/appa/index.php#classcodes.

For the purposes of this policy, receiving is the process of physical receipt of goods, access or legal
right to intangible purchases, or confirmation of progress toward completion of a project or
defined outcome. Receiving standards apply to physical goods, intangible purchases such as
software or patents, and progress payments for construction or maintenance work. The record of
receipt described in the following sections must be entered into the system of record within three
business days of actual receipt, or confirmation of receipt, of purchased items. Non-fixed property
must also be tagged within this timeframe. Not adhering to the timeline can lead to late payments,
loss of early payment incentives, incurring late fees and interest charges, and loss of property.
For deliveries of property to locations other than the main campus, the location property manager
must notify Central Receiving within three business as described above.
Additional information about the receiving process and required record keeping can be found
within the Receiving Procedure section of Central Receiving's procedure manual.

**Receiving Controls Required for Vendor Payments**

Internal controls surrounding the purchasing process are intended to safeguard University
resources. The accounts payable department is responsible for ensuring that appropriate internal
controls are adhered to prior to the release of payment. Proper and timely receiving is a key
component of the internal control framework. The value and type of goods or services determines
the appropriate level of matching:

- Three-way matching (purchase order, invoice, and receiving document) is required when
  the total cost of an individual item or all dependent components is $5,000 or more, or for
  items classified as controlled property by the Texas Comptroller, regardless of cost.
- Two-way matching (purchase order and invoice) is required when the total cost of an
  individual item or all dependent components is between $500 and $4,999.
- No matching is required when the total cost of an individual item or all dependent
  components is below $499.

**Acquisition of Property**

**Acquisition by Purchase** - In the event that non-fixed or intangible property is purchased, the
Property Management department must ensure that a receiving record is documented within the
University's accounting system in addition to any records entered into the purchasing system. The
receiving record is necessary in the effective tracking and accounting of controlled and financial
assets as defined by the state of Texas.

To the extent reasonably possible, all purchases of goods should be delivered to Central Receiving
for appropriate record keeping and tagging for the purpose of future inventories. Once receiving
records are created and tags affixed, purchased goods will be delivered to departments. If delivery
to Central Receiving is not practical, arrangement must be made with Central Receiving to ensure
all required protocols are followed and completed within one calendar month or year-end,
whichever is shorter.

**Gifts in Kind** – For the purposes of this policy, gifts in kind are defined as nonfinancial donations in
the form of property or services. When the University receives donations in the form of property,
items should follow the standards of delivery outlined within the "Acquisition by Purchase" section. All donations of property must consider value thresholds, controlled property requirements, and be tagged accordingly.

**Transfers In** – It is common for educational institutions to transfer property to or from other institutions for operational and research purposes. When another Texas state agency is transferring property to the University, UT Dallas must maintain records that are identical to those of the transferring agency. Central Receiving must gather this information from the transferring agency and provide the signed transfer form to the Accounting and Financial Reporting department within one calendar month or year-end, whichever is shorter. See the Texas Comptroller Policy FPP A.036 and UTDBP3116: Transfer of University Resources for additional detail.

Verifying that transfers are appropriately accounted for ensures that state-wide consolidations of financial data are accurate and factual inventory records are maintained.

**Delivery and Distribution of Items Received**

All items must be shipped and delivered to Central Receiving unless special arrangements and training have been documented and approved by Central Receiving. Unless extraordinary circumstances apply, Central Receiving distributes shipped items within one business day of receipt. Extraordinary circumstances include the handling of dangerous or sensitive items and materials.

In the event that it is arranged for a department to directly receive an item, confirmation of condition, quantity, and acceptance must be provided to Central Receiving and Property Management. Property Management will retain this information and make the necessary record keeping entries into the University's ERP and purchasing systems.

**Delivery Holds** – when items and materials are received without identification or without reference to a valid purchase order, the item will be placed on delivery hold. Central Receiving will hold the item for fourteen calendar days while making every effort to identify an order record or the requisitioning department. If in that time no information is identified, Central Receiving will make arrangements to return the items.

**Damaged Items** – when damage to an item is clearly visible, the requisitioning department will be notified by Central Receiving and the item will not be delivered. Departments must inspect items within three business days of delivery from Central Receiving. If damage is discovered after departmental inspection of an item, the department must contact Central Receiving immediately to make arrangements with the vendor to remedy the situation. Additional information about the damaged item process may be found within the Damaged Freight/Material section of Central Receiving's procedure manual.

**Special Situations**

- **Cash on Delivery (COD)** – the University does not accept COD deliveries. All purchases must be made through standard practices established by the University's Purchasing or
Purchase Card departments.

- Alcohol, Explosives and Hazardous Materials, and Narcotics and Dangerous Drugs – In the circumstances outlined below, Central Receiving will act in a supporting role in the acquisition and distribution of sensitive or dangerous items or materials. The Office of Research Safety Manager will be contacted to ensure the appropriate measures are taken to safely handle these items and maintain compliance with applicable laws and regulations. Contact the Office of Research for additional guidance.
  - Alcohol – annual requirements and approvals apply to the purchasing and use of alcohol.
  - Explosives and Hazardous Material – Central Receiving will not open items marked as explosive or hazardous. This classification includes radioactive material.
  - Narcotics and Dangerous Drugs – Items marked with "Drug Control Program" will not be opened by Central Receiving.

Policy History

- Issued: 2021-05-05

Policy Links

- Permalink for this policy: https://policy.utdallas.edu/utdbp3115
- Link to PDF version: https://policy.utdallas.edu/utdbp3115/makepdf
- Link to printable version: https://policy.utdallas.edu/utdbp3115/makeprint