Return Instructions

I. Materials being returned to vendors for repair, credit, refund, replacement or exchange must be insured for the full value of the goods. Returns must be processed so that adequate information is provided to Accounts Payable for processing of payments and credits and so that vendor instructions are followed to prevent rejection of the returned goods by the vendor.

A. Definitions:
   1. Change Order: A written order signed by the Manager of Purchasing directing the vendor to make changes to an existing purchase order. Copies are sent to departments and Accounts Payable for the purpose of updating records.
   2. Credit Memo: Document created by a vendor to offset all or part of an invoice to make the amount owed accurately reflect the value of goods and/or services actually provided to the department.
   3. Exchange: All or part of a shipment is returned to the vendor or manufacturer who, in turn, ships replacement goods back to the department. The exchange may be necessary because of, but not limited to, the following reasons: defective or incorrect merchandise, error during the ordering process, or product does not meet departmental needs.
   4. Exchange for partial credit: Similar to an exchange except that the vendor ships back replacement goods of a lesser value or assesses a restocking charge for the return of the goods. This requires a portion of the original invoice be offset by a credit memo.
   5. Invoice: Also known as a bill. A request for payment detailing items shipped and/or services rendered with an accounting of all charges and amount due.
   6. Return for credit: All or part of a shipment is returned to the vendor for credit as agreed between the vendor and the university. Credit is received in the form of a credit memo.
   7. Return Instructions: A set of instructions initiated by a department or Purchasing by letter or change order to be sent with items being returned to a vendor.
   8. Factory Authorized Service Center: The location designated by the manufacturer for the return of goods for repair or replacement whether in or out of warranty.
   9. Warranty statement: The statement by the manufacturer and/or dealer which outlines their obligations to the buyer to correct defects in the goods sold. The statement typically includes instructions on shipping, packaging and the location to which the goods are to be sent.

B. Limitations:
   1. Purchasing must be contacted for prior approval regarding items being returned for credit or non-warranty exchange against a specific (not blanket) order issued by Purchasing. Purchasing will issue a change order to the purchase order or issue return instructions, at their discretion, which will provide the requesting department with proper instruction.
2. Departments may initiate repair requests by issuing return instructions for the following:
   a. Repairs within warranty. Follow the instructions on the warranty statement which is on the purchase order or which came with the goods if no warranty statement is on the purchase order.
   b. Repairs which are predicted to be $5,000 or less and no other authorized contract exists for the type of repair as listed in Procedure 3.3.8 – Contract Listing. Use the return instructions to obtain an inspection and repair estimate.
   c. Repairs for which are predicted to be $24,500 or less and the repair facility is the sole factory authorized repair facility which will warrant repairs such that the manufacturer will continue to honor maintenance agreements on the goods. Use the return instructions to obtain an inspection and repair estimate.

3. Departments may initiate returns for credit, partial credit, refund or exchange within authority given on blanket orders and low dollar orders. See Procedure 3.2.11 – Low Dollar Orders regarding low dollar order authority. See Procedures 3.2.7 and 3.2.8 regarding blanket order authority.

4. Repair estimates and resulting repairs not covered in 2. Above must be initiated by a requisition. The requisition should state what is being returned, the reason for return, the value of the item, a contact person at the vendor's location and the method of shipment. Also, include instructions, if the vendor copy of the order should be sent to the department to accompany the shipment.

C. Procedures:
   1. For returns which must be initiated by Purchasing, contact Purchasing for guidance.
   2. For returns which are as result of damage in transit, note the damage on the carrier's delivery paperwork, retain a copy, contact the transportation company for an inspection and contact Purchasing for further guidance.
   3. For returns within the department's authority as outlined in this manual section; create return instructions which should state what is being returned, the reason for return, the value of the item, a contact person at the vendor's location and the method of shipment. Instruct the vendor to declare full value on the return shipment. Released rates are not acceptable.
      a. Contact the vendor for return authorization.
      b. Use a parcel service such as UPS or US Postal Service whenever possible.
      c. If a common carrier must be used and a bill of lading is required, Purchasing has formats of such bills of lading. The vendor to which the material is being returned can make recommendations on a carrier.
      d. Show the purchase order number or low dollar order number on the return instructions.
      e. If the return instructions are being issued for a repair for which charges will be incurred; once the estimate has been received:
         1) Issue a low dollar order to the vendor if within your authority to do so. Attach a copy of the return instructions and the estimate from the vendor to the official file copy of the low dollar order. See Procedure 3.2.11 – Low Dollar Orders regarding low dollar order authority.
         2) If the repair is not within the department's low dollar order authority to approve; issue an external requisition through normal accounting approval.
channels. Attach a copy of the return instructions and vendor estimate to the
requisition. Purchasing will issue a purchase order. Do not approve the
vendor's estimate or give approval to the vendor to proceed. That approval
will be accomplished with the purchase order.

f. Ensure that all applicable credit memos, invoices and refunds are sent to the
Accounts Payable Office.

h. Retain copies of all records relating to the return in the event a future claim or
problem occurs.

Questions regarding Return Instructions may be addressed to Purchasing.