



ADMINISTRATIVE
POLICIES AND PROCEDURES MANUAL

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SUBJECT

PURCHASING

SUB-TOPIC

PURCHASES OF ITEMS FROM OVERSEAS

Shipments from overseas occur infrequently; however, when they do, exacting coordination is required among the Purchasing Department, requisitioner and Customhouse Broker to ensure no unnecessary costs are incurred due to improper handling of the complex paperwork.

Air Shipments:

Paperwork normally arrives attached to the air waybill which is non-negotiable. The Customhouse Broker (agent acting for UTD) can clear these shipments immediately if the invoice is in English showing a unit value, packing list if there is more than one carton, and a Special Custom Invoice (SCI) if the total shipment value is in excess of \$500.

It is vital that on the UTD Purchase Order, the Customhouse Broker's name and license number (currently using Sekin and Company, license #75-1305566-00; contact is Sam Cervantes 214-456-4201) be clearly stated so the overseas vendor can include these items on the waybill. If this is not done, the shipment may be placed in storage after clearing customs until proper personnel are notified. A minimum of one month's storage charges may assessed and charged against the requisitioner's purchase order.

Ocean Cargo:

Ocean bills of lading are negotiable and the holder of the original properly-endorsed bill of lading, in the eyes of the steamship line, is the owner of the merchandise. In this case, the "owner" would be the Customhouse Broker acting in place of the requisitioner. It is the responsibility of **both** the requisitioner and Purchasing Department to ensure the Customhouse Broker receives all necessary paperwork in sufficient time to prevent storage charges being incurred.



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A brief explanation of the origin and flow of ocean cargo bill of lading is necessary to explain how critical the timeliness of the paperwork processing is:

1. The bill of lading is originated in the foreign country port of origin when the cargo is loaded onto the ship.
2. Copies are mailed to UTD Purchasing for distribution of the original to the Customhouse Broker. The requisitioner is advised of the status of the delivery at this time.
3. The Customhouse Broker must forward the original bill of lading to its office at the port of entry.
4. Once the ship arrives in port, **five days maximum** are available by law to consign the cargo to the Customhouse Broker before it is placed in storage by U.S. Customs.
 - (1) Customs takes one (1) to two (2) days to inspect and pass the cargo.
 - (2) This leaves only three (3) days for the Customhouse Broker to endorse the bill of lading.
 - (3) Once the bill of lading is endorsed, it is turned over the steamship line who, in turn, issues a Carriers Release.
 - (4) The Carriers Release secures the release of cargo from U.S. Customs.
5. The cargo is then forwarded to UTD by the Customhouse Broker.

The requisitioner, on the purchase requisition, must state that the shipment will be from overseas and should periodically check with the Purchasing Department to ensure all paperwork is being processed in a timely and proper manner.

Purchasing must ensure the name of the Customhouse Broker is on the purchase order being forwarded to the foreign vendor.

With Purchasing and the requisitioner working together, a system of internal checks and balances is created to ensure the shipment will not incur any unusual costly delays.