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**Parent Policy: [Supply of Goods and Services Policy](#)**

## Low Dollar Purchase (LDP) System Procedure

<b>Office of Administrative Responsibility:</b>	Supply Management Services
<b>Approver:</b>	Associate Vice-President (Finance & Supply Management Services)
<b>Scope:</b>	Compliance with this university policy/procedure extends to all Academic Staff and Colleagues and Support Staff as outlined and defined in Recruitment Policy (Appendix A and Appendix B).

<b>Contact for questions about this procedure:</b>	<b>SMS Customer Service</b> <b>780-492-4668</b> <b>customerservice@sms.ualberta.ca</b>
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### Overview

The Low Dollar Purchase (LDP) System provides an efficient distributed procurement method for non-repetitively purchased lower dollar value goods and services where other methods (e.g., Corporate Purchasing Card System, Preferred Supplier Agreements, and Standing Purchase Orders) are not suitable. Under the LDP System, by University units placing orders directly with suppliers and receiving invoices from the supplier, this reduces the use of paper and the cycle time associated with the issuing of purchase requisitions and purchase orders.

### Purpose

The purpose of this procedure is to specify:

- the transaction limits relevant to the Low Dollar Purchase (LDP) System
- LDP System restrictions
- how departments order, record, receive, pay for and verify LDP System purchases
- requirements of suppliers of goods and services ordered through the LDP system
- LDP System compliance monitoring

## **PROCEDURE**

### 1. DEPARTMENTAL PROCEDURES AND RESPONSIBILITIES

#### a. LDP System Transaction Limits

Except in the case of restricted items (see b. below), the LDP system may be used to place domestic orders up to \$5,000 CDN (excluding GST) and foreign orders up to \$2,500 CDN.

b. LDP System Restrictions

i. Splitting transactions in order to circumvent LDP transaction limit is strictly prohibited.

ii. The following goods and services cannot be purchased through the LDP system and must be processed through a purchase requisition in accordance with the *Purchase Order System Procedure*:

- construction and construction design services (Departments of Facilities & Operations are not subject to this restriction)

- ongoing equipment maintenance and software license agreements

- dangerous goods and any other restricted items listed in the *Purchase of Restricted Items Procedure*

- cell cultures (e.g., American Type Cultures)

- pressure equipment

- travel or hosting (catering services are permitted)

- lease agreements

- energy-using products (i.e. furnaces, boilers, heaters, pumps, air conditioners)

- contracts and payments to individuals and small unincorporated companies (i.e., sole proprietorships) for services. These transactions must be processed in accordance with the *Determination of a Worker's Status Procedure* and the *Contract for Services with Individuals and Small Businesses Procedure*

- restricted or controlled goods entering Canada from USA and international locations regardless of value. These commodities may require permits, licenses or certificates which must be obtained prior to the order being placed with the foreign supplier. Such goods include:

1. live animal, fish and plants

2. animal embryos and semen

3. human and animal organs, tissues and sera

4. human, animal and/or plant pathogens and toxins

5. food products (i.e. dairy, meat)

6. agricultural products (i.e. seeds, soil, lumber, turkey, chicken)

7. fertilizers

8. carbon, steel and specialty steel products (i.e. stainless steel wire)

9. textile and apparel products

10. rough diamonds

11. explosives, propellants, safety flares, pyrotechnics

12. commercial alcohols

13. radioactive isotopes

14. precursor chemicals and controlled drugs or narcotics

15. lab animals are to be ordered through Health Science Lab Animal Services

c. Placing and Authorizing LDP System Orders

i. LDP System orders can be placed by phone, in person, email, web or fax.

ii. For foreign orders, provide the foreign supplier with a copy of the *Customs Clearance Form*. The *Customs Clearance Form* is a written indication for our customs broker that a shipment of goods entering Canada is the responsibility of the University of Alberta. To expedite customs clearance and avoid accounting delays, this form must be complete and accompany all goods entering Canada for the University, whether the goods are purchased or are supplied at no-charge. Shipments without this form attached will be subject to delays while our broker verifies ownership and accountability.

iii. LDP System orders may be entered on a *LDP System Order Form* and onto the *LDP System Order Log*.

iv. LDP System invoices are to be sent directly from the supplier to the ordering department for review and approval. When placing an order, departments must provide the following information to the supplier:

1. Shipping Address:

University of Alberta Central Receiving  
116 Street & 85 Avenue  
Department Name  
Room Number and Building

2. Name of ordering department and individual to whom the item is to be shipped.

3. Contact first and last name and phone number

4. Valid 5-digit speed code and 6-digit account (Note: If a supplier requests a purchase reference number, the speed code and account number may be provided instead.)

5. Invoice Address:

University of Alberta  
Department name  
Room Number and Building  
Name of individual (first and last name) placing the order  
Postal Code

v. In the case of restricted funds and endowments, all LDP purchases must be made in strict compliance with donor/sponsor terms and conditions.

d. Verifying, Approving and Paying Invoices

i. Upon receipt of the invoice, ordering departments must:

1. confirm receipt of materials or equipment is in good order at the department location or on satisfactory completion of services
  2. confirm accuracy of the invoice
  3. apply appropriate speed code and account number (Note: A speed code might be active but if the project/grant within that speedcode is not active throughout the life of the transaction, there will be delays in processing. In such a case, an attempt will be made to acquire a valid speed code, however, if SMS does not receive this within five (5) business days, a default departmental operating speed code will be used). Information as to the Chart of Accounts can be found in the Guide to Financial Management.
  4. assign the correct GST code if the transaction is domestic (with a Canadian supplier) and the default code "GST" is not appropriate (i.e. assign code "ITC" for commercial transactions and code "Book" for book orders.). (Note: All invoice transactions will default to code "GST". All imported goods are subject to the assessment of GST upon entry into Canada. If GST is included in the payment transaction for the goods, a copy of the backup documentation and the proof of payment (voucher id) are to be sent to the attention of the Customs Division. A refund for the GST paid to CRA will be processed if the purchase transaction has had the code "GST" applied and the 67% rebate has been taken.)
  5. have an authorized University staff member sign the invoice, along with the printed name of the authorized signature
  6. add the printed name of the authorized staff member below their signature on the invoice
  7. forward the invoice to SMS Payment Services for processing
- ii. All payments to non-North American banks will be made via wire transfer as follows:
1. invoices must include: Beneficiary Bank, Bank Name, Bank Address, Bank ID in the form of a SWIFT, ABA CHIPS number and Bank Number
  2. the ordering department must instruct the supplier to provide the bank information on all related documents. All information is to be reported to SMS.
- e. Disputed Items
- Departments are responsible for attempting to resolve disputed issues with suppliers (e.g., incorrect charge on invoice). SMS will provide assistance if the dispute is not easily resolved.
- f. Department Receiving
- Upon delivery of a shipment, ordering departments must:
- i. reconcile shipment for number of items received and reference number (if applicable);
  - ii. check the shipment for any damages;
  - iii. note and report any discrepancies or damages to the supplier, Payment Services, and, if the shipment is of U.S. or international origin, to the Customs Division.
- g. Source Documents
- For Customs purposes, all documents relating to U.S. or international shipments must be retained. It is recommended that these documents be filed alphabetically by supplier name. The retention period is six (6) years plus the current year.

#### h. Transaction Verification

Reconciliation of LDP System transactions must take place when the monthly general ledger reports are made available. Invoice descriptions will appear on the general ledger with the prefix of LDP. Departments are responsible for ensuring that expenses are recorded accurately with the appropriate speed code, account code, and the appropriate GST code and GST amount.

#### i. Purchasing and Signing Authority:

LDP orders must be requested only by authorized University employees in accordance with the *Signing Authority and Delegation of Signing Authority Policy – All Funds* and the *Signing Authority and Approval Procedure*.

#### j. Equipment Assets

The University requires units to track equipment assets with an acquisition value of \$5000 or greater and any portable items under \$5000 the unit deems necessary as prone to loss or theft. Refer to the *Asset – Equipment Register Procedure*.

## 2. SUPPLIER PROCEDURES

### a. Acceptance of Orders

LDP orders may be placed by phone, in person, email, web or fax. When placing an order, University departments are required to provide the following information to the supplier:

#### i. Shipping

1. orders are to be directed to Central Receiving and tagged with the department name, room number and building and attention line (first and last name) and shipped to the following address:

University of Alberta  
Central Receiving  
Department Name  
Room Number and Building  
Attention Line (first and last name)

2. phone number must have prefix of “248”, “492”, “407”, “679” (Augustana Campus) or “465” (Campus St. Jean) of individual placing the order. A cell number may be provided only as a second contact phone

3. For accurate delivery of packages for U.S. and international shipments, the supplier must ensure that all required Customs documentation is completed accurately and provided with the shipment (e.g., commercial invoice, certificate of origin). The supplier must ensure that the ordering department’s information is included on Customs documents.

### b. Pricing

The supplier must confirm pricing with the ordering department.

### c. Invoicing

i. All invoices are to be sent directly to the ordering department. The supplier must request an invoice mailing address including the name of the department, room number, building, postal code and contact name (first and last name).

ii. The supplier must provide, at a minimum, the following information on all invoices:

1. Invoice number

2. Ship-to address
3. Contact name (first and last name) and phone number
4. Detailed description of goods and/or services including quantity, unit pricing and extensions
5. Net amount
6. GST and GST Registration Number
7. Gross amount
8. Speed code and account (optional)

d. Non-American Transaction

All payments to non-North American banks will be made via wire transfer. Invoices must include: Beneficiary Bank, Bank Name, Bank Address, Bank ID in the form of a SWIFT, ABA CHIPS number and a Bank Number.

e. Terms and Conditions

- i. The Terms and Conditions of Purchase Order govern transactions for commodity purchases.
- ii. The Supplementary Conditions of Purchase Order govern transactions for the purchase of services.

3. PROCUREMENT & CONTRACT MANAGEMENT (PCM) and PAYMENT SERVICES (PS) PROCEDURES

- a. PCM staff review LDP System transactions to verify the compliance with the procedures.
- b. SPS ensures all invoices are assigned the correct GST code.
- c. Upon receipt of an authorized invoice from the ordering department, SPS will process the invoice for payment. The voucher description will be prefaced with the initials LDP.

4. DISTRIBUTION SERVICES PROCEDURES

a. Receiving, Tracking and Delivery of Goods

When goods are delivered to Distribution Services - Central Receiving from suppliers, Distribution Services will:

- i. ensure that the shipment is for a University department, and review shipping documents and/or packages for accurate delivery information (e.g., name, ordering department, room number, and building);
- ii. confirm that the appropriate customs documents are in place (i.e. commercial invoice, certificate of origin), if items received are of U.S. or international origin;
- iii. check packages for visible exterior damage;
- iv. scan items into the receipt tracking system for tracking purposes;
- v. stage items for delivery to departments.

b. Returned Shipment Errors

Distribution Services will return all shipments delivered in error (i.e., not for a University department). If the shipment is of U.S. or international origin, appropriate notification will be given to the Canada Border Services Agency (CBSA). A record of the returned shipment will be retained.

c. Customs Clearance

Customs Division will ensure that all items received from U.S. and international origins have the appropriate applicable duties and taxes assessed, and are in compliance with CBSA legislation and regulations.

d. Damaged Shipments

If there is visible exterior damage, Distribution Services will advise the ordering department and will contact the carrier/courier company and initiate the damage claim process.

e. Document Retention

i. Distribution Services will retain an electronic record of all waybills, pro-bills and trip tickets. The Customs Division will retain customs documents (i.e. commercial invoices), if applicable, for the current year plus the previous six (6) years.

ii. The ordering individual will verify and retain the packing slips of USA/International shipments.

## 5. SYSTEM MONITORING

SMS will review selected LDP System transactions for compliance. In addition, the reviews will cover the following areas:

a. Supplier Compliance

i. Did the shipment contain all required shipping information?

ii. Did the invoices contain all required information?

iii. Did the supplier provide required shipping documents, if applicable? Was necessary information contained in the documents?

iv. Customs documents (e.g., commercial invoice, certificate of origin, packing slip)

b. Department Compliance

i. Were all packages and items received as per the packing slip?

ii. Did an authorized individual or properly delegated authority authorize the purchase (include their signature and printed name)?

iii. Was invoice information accurate?

iv. Were the following documents retained?

1. invoice copy

2. packing slips of USA/International shipments

3. Customs documents (if applicable)

4. Was the transaction reconciled to the GL?

## **DEFINITIONS**

There are no definitions for this procedure. [[▲Top](#)]

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## **FORMS**

[Customs Clearance Form](#)

[Low Dollar Purchase \(LDP\) Order Form](#)

[Low Dollar Purchase \(LDP\) Transaction Log Sheet](#)

## **RELATED LINKS**

Should a link fail, please contact [uappol@ualberta.ca](mailto:uappol@ualberta.ca). [[▲Top](#)]

[Equipment Registration and Tracking Procedure](#) (UAPPOL)

[Determination of a Worker's Status Procedure](#) (UAPPOL)

[Guide to Financial Management - Chart of Accounts \(COA\)](#) (University of Alberta)

[Signing Authority and Approval Procedure](#) (UAPPOL)

[Signing Authority and Delegation of Signing Authority Policy – All Funds](#) (UAPPOL)

[Supplementary Conditions of Purchase Order](#) (University of Alberta)

[Terms and Conditions of Purchase Order](#) (University of Alberta)