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

Payment Procedure (Accounts Payable)

Office of Administrative Responsibility:	Supply Management Services (Business Services)
Approver:	Associate Vice-President (Finance & Supply Management Services)
Scope:	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 Definitions and Categories).

Questions? Contact:	SMS Customer Service 780-492-4668 customerservice@sms.ualberta.ca
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Overview

Supply Management Services (SMS) Payment Services is responsible for issuing payment for business transactions to University of Alberta (UofA) **external suppliers** (suppliers) and others. This procedure is to be followed to generate payment arising from:

- the purchase of goods and/or services in accordance with established UofA purchasing procedures (for cost-effective purchasing and to lessen administrative payment costs, SupplyNet and the Corporate Purchasing Card should be the first purchasing options pursued; for details see: [Purchasing Methods and Dollar Limits – SMS Website](#).)
- any contracts or agreements, under the authority and responsibility of other individuals or units on campus outside of SMS, and which are not subject to SMS purchasing procedures, and
- payments for travel expenses incurred by **non-employees** or visitors to the UofA.

This procedure does not apply to:

- payments to students or employees;
- payments to contractors or others deemed to have an employment relationship with the UofA (See: [Determination of a Worker's Status Procedure](#) and follow appropriate HRS employment procedures); or
- payment of travel or expense reimbursements to, or on behalf of, UofA employees. For further information: [Travel Expense Procedure](#) and [Expense Reimbursement Procedure](#). (See: RELATED LINKS on last page.)

Purpose

The purpose of this procedure is to ensure that payments made to external suppliers or entities are:

- accurate and timely,
- supported by the required and complete documentation,
- paid only after goods and services are received in satisfactory condition (as applicable),
- approved by the **budget owner** and expensed to the correct **chart of accounts (COA)**, and
- recorded in the fiscal year in which the goods or services were received or the transaction took place.

SMS processes payments under the following categories only, using the payment processes noted in Chart #1.

1. Purchase Order
2. Non-Purchase Order
3. Payment Request - when an invoice is not normally issued, and

4. Non-Employee Travel Expense Reimbursement.

CHART #1: PAYMENT PROCESS FOR TRANSACTION TYPE AND VALUE

	Type of Transaction	Value	Payment Process	Invoice Required
Purchase Order:	A. SupplyNet PO	< \$25,000	Invoice must be received online by the Requester; then Invoice matching the PO is automatically approved for payment.	Yes
		=/> \$25,000	Invoice must be received online by the Requester; then Invoice matching the PO is routed online to Budget owner for approval.	Yes
Non-Purchase Order:	A. Preferred Supplier Agreement (Direct Order)	< \$10,000	Invoice with Contract # and Speed Code/Account is automatically approved for payment.	Yes
		=/> \$10,000	Budget owner must approve the paper invoice with Contract # and Speed Code/Account (via printed name and signature)	Yes
	B. Low Dollar Purchase (LDP)	< \$5,000 *	Budget owner must approve paper invoice (printed name and signature).	Yes
	C. Other transactions that do not typically warrant a Purchase Order and cannot be paid by PCard. Examples: <i>Membership; Conference Registration; Permit/Licence Application Fee; Utility; Secondment Agreement; Sponsorship or Contribution.</i>	Any value	Budget owner must approve paper invoice (printed name and signature).	Yes
Payment Request:	A. Transactions where an invoice is not typically issued to the University. Examples: <i>Donation, Grant or Royalty.</i> A. <i>Copyright Fee, Refund, Shared Project Cost/ External Transfer or those examples listed under section "C" above.</i>	Any value	Any <u>Donation, Grant or Royalty</u> transaction with or without an invoice, requires a <i>Payment Request Form</i> to be completed and approved by the Budget owner . Any other type of payment <u>without an invoice</u> requires a Payment Request Form to be completed and approved. Appropriate supporting documentation (i.e. agreement) is attached. <u>Additional</u> authorizing signatures may be required.	No
Non-Employee Travel Expense:	Travel expenses incurred by visitors, guests or students.	Any value	<i>Non-Employee Travel Expense Payment Form</i> is approved by the Budget owner (and Independent Review if applicable). Receipts are attached.	No

* The LDP Procedure is currently under review; thresholds and eligibility of purchases will be revised by April 1, 2019.

As noted in Chart #1, the majority of payments require an invoice prior to payment processing. To avoid delays, units must ensure that invoices meet the standards in Chart #2 for financial control and legislative purposes, prior to submitting to SMS Payment Services for processing.

CHART #2: INVOICE STANDARDS

Requirement	Standards
<i>The document presented for payment must be an actual invoice.</i>	Payment Services will not process payment of a document other than an invoice. (e.g. supplier statement, order confirmation, e-mail message, commercial invoice for purpose of Canadian Customs clearance are not acceptable documents).
<i>The external supplier must prepare the invoice.</i>	The invoice cannot be prepared internally (such as by the account holder).
<i>The invoice must be billed to the University of Alberta.</i>	Invoices billed to a non-UofA party will not be paid. If the invoice is not billed to UofA, the unit must request that the supplier correct and reissue the invoice.
<i>The invoice must provide complete details.</i>	<p style="text-align: center;">The following information must be provided on the invoice:</p> <ul style="list-style-type: none"> • Name and phone number of UofA contact. • Order number if applicable (e.g. official UofA purchase order number, contract number, preferred supplier agreement order reference number). • Supplier name, remittance information, address and telephone number or email. • Invoice number. • Invoice date. • Description of goods/services purchased (including unit price and quantity of each item, as applicable). • Total tax and GST/HST registration number (if applicable). • Total amount due and currency of settlement (i.e. CAD or USD).

PROCEDURE

1. PAYMENT OF A PURCHASE ORDER INVOICE

a. SupplyNet Purchase Order (PO) Invoice

- i. When an order is placed through SupplyNet, the Supplier must submit an invoice using one of the following three options (instructions are provided to suppliers with the PO):
 - Create an online invoice in SupplyNet either by logging into the Coupa Supplier Portal (for suppliers) or by clicking on the “create invoice” button in the PO email; or
 - Email a copy of the invoice to invoices@ualberta.coupa.com; or
 - Mail a paper copy of the invoice to SMS Payment Services.
- ii. The invoice is electronically routed, via SupplyNet, to the Requester listed on the PO. The Requester must receive the goods and services online in order for payment to be issued. While not mandatory, receiving an invoice online is strongly recommended for most orders placed by punchout catalogue.
- iii. Invoices that both match the PO and are less than \$25,000 CAD (excluding GST/HST) are automatically approved and posted for payment.
- iv. Invoices that do not match the PO, or exceed SupplyNet thresholds, or are greater than \$25,000 CAD, are routed online to the Requester and Budget Owner for electronic approval.

For further information, see the *Purchase Order Procedure* (see: RELATED LINKS on last page).

2. PAYMENT OF A NON-PURCHASE ORDER INVOICE

- a. Preferred Supplier Agreement (Direct Order)
 - i. Depending on the terms of each contract, the Supplier must submit an invoice either by excel spreadsheet or by mailing a paper copy of the invoice to Payment Services.
 - ii. All invoices submitted to Payment Services are to be prepared by the supplier, billed to UofA, and include complete transaction details, including contract number and speed code and account code, as noted in Chart #2.
 - iii. Invoices less than \$10,000 CAD (excluding GST/HST) are posted for payment.
 - iv. Invoices that exceed \$10,000 CAD are forwarded to the ordering unit by SMS, via campus mail, and matched to the packing slip if applicable. The Budget Owner must approve the paper invoice by affixing their printed name and signature and then mail the original invoice to Payment Services for processing.

- b. Low Dollar Purchase (LDP) Invoices
 - i. LDP invoices are subject to order limits as outlined in the *Low Dollar Purchase Procedure* (see RELATED LINKS on last page).
 - ii. Suppliers must submit the invoice directly to the unit that placed the order.
 - iii. The unit will match the invoice to the order and receiving documents.
 - iv. The budget owner will approve the invoice by affixing their printed name and signature. The appropriate speed code, account and GST code (if applicable and different from the default) should be written on the invoice, then mailed to Payment Services for processing.

- c. Other Non-PO Transactions
 - i. Other non-PO invoices are limited to transactions that do not typically warrant a PO and where the Supplier will not accept a credit card (University PCard). Examples are listed in Chart #1.
 - ii. Suppliers, organizations and other external entities must submit the invoice directly to the unit that placed the order or initiated the transaction.
 - iii. The unit will match the invoice to the order and receiving documents.
 - iv. The budget owner will approve the invoice by affixing their printed name and signature. The appropriate speed code, account and GST code (if applicable and different from the default) should be written on the invoice, then mailed to Payment Services for processing.

Any invoice for goods or services that exceeds established dollar limits, or for restricted items without a referenced Purchase Order, is a circumvention of purchasing procedures. SMS will note any invoice deemed non-compliant and will escalate recurring issues of non-compliance with the unit, as appropriate.

3. PAYMENT REQUEST

Because a source document is required for all payments, a *Payment Request Form* is required to initiate payment for transactions where an invoice is not normally provided.

For donations, grants and royalties, a Payment Request Form must be completed whether or not an invoice has been received.

Examples requiring a form, only without an invoice, are listed in Chart #1. For further details, see: [Payment Procedures: SMS Website](#)

- a. A *Payment Request Form* must be completed by the initiating unit and sent by campus mail to SMS Payment Services, along with appropriate supporting documentation such as an invoice (if applicable), signed agreement, MoU or, in the case of a refund, proof of payment to the UofA.
- b. The budget owner must approve the *Payment Request Form* by affixing their printed name and signature. The appropriate speed code, account and GST code (if applicable and different from the default) should be included on the form, and then mailed to Payment Services for processing.
- c. If the payment is expensed to research/special purpose funds, Internal Control approval, via printed name and signature, is required.

4. NON-EMPLOYEE TRAVEL EXPENSE REIMBURSEMENT

Payments may be made to **non-employees** of the University for eligible out-of-pocket expenses incurred while visiting or conducting business at the invitation of the UofA. Eligible expenses for non-employees are the same as for employees. For further information: *Travel Expense Procedure* (see: RELATED LINKS on the last page).

- a. The initiating unit must complete the *Non-Employee Travel Expense Payment Form*.
- b. The budget owner must approve the *Form* by affixing their printed name and signature.
- c. If the payment is expensed to research/special purpose funds, Independent Review is required (printed name and signature). Subject to grant conditions, one-over-one approval may be required.
- d. Mail the completed form and all original receipts to Payment Services for processing.

5. PAYMENT TERMS, METHODS, CORRECTIONS AND WITHHOLDING TAX

a. Payment Terms

UofA default payment terms for suppliers is Net 30 days and payment to the supplier is issued 30 days from the date of the invoice. Payments to non-employees for travel expenses are made on the payment cycle immediately after data entry. Cheque and Electronic Funds Transfer (EFT) payments are issued weekly (Wednesdays) as payments become due.

b. Payment Methods

All cheques must be issued and mailed by Payment Services to the address of the supplier or payment recipient. Payments cannot be issued to an external supplier or non-employee in care of a University of Alberta mailing address, nor will cheques be forwarded to units to hand-deliver or held for pickup.

U of A Policies and Procedures On-Line (UAPPOL)

Payments are made by cheque in Canadian or US dollars as requested on the invoice. Suppliers have the option of receiving funds electronically by submitting an *Electronic Funds Transfer Form* or an *Electronic Payments US Currency Form* to Payment Services.

Payments in currencies other than CAD or USD are issued by wire transfer directly from the University's bank to the supplier's specified bank account. Wire transfers are also issued to payment recipients located in countries outside North America, regardless of currency. A *Wire Transfer Payment Request Form* must be submitted with the invoice if the supplier's bank information (including mandatory IBAN) is not on the invoice. Additional bank transfer fees apply and will be charged to the originating unit.

c. Credit Invoices

Suppliers may issue credit invoices for returned goods or pricing correction. Payment Services processes credit invoices by entering a credit to the speed code and account that was used to pay the original invoice. Once processed, the credit is deducted from the payment issued to the supplier.

If future orders are not placed with the supplier owing the University a credit, Payment Services requests a refund from the supplier. After three attempts to recover the funds from the supplier, Payment Services reverses the credit to the originating unit's COA and inactivates the supplier.

d. Invoice Corrections and Supplier Disputes

If an invoice is incorrect or there is a dispute with the supplier (i.e. goods or services have not been satisfactorily received), the unit must immediately notify the supplier, and may also contact the responsible Supply Consultant, within Procurement and Contract Management for assistance in resolving the issue. Payment Services should also be notified to hold payment to the supplier until the matter is resolved.

e. Invoice Processing and Accounting Errors

An invoice processing error occurs when a transaction posts successfully to the General Ledger and the supplier has been paid, but a keying error in the voucher has resulted in an incorrect COA being charged.

Corrections originating in Accounts Payable must be corrected by an *Accounts Payable Journal Voucher* (APJV). If the unit is unable to process an APJV correction, the unit must provide the supplier name, invoice number, AP voucher number and a brief description of the error to Payment Services who will correct the error.

A minimum institutional threshold of \$250 per line is required to correct operating fund transactional corrections. This institutional threshold is not applicable to restricted funds.

If the payment to the supplier has not yet been issued or if an incorrect GST code has been applied resulting in an error to the GST rebate, the unit must immediately notify Payment Services, who will process the correction.

f. Non-Resident Withholding Tax on Services

Certain transactions may fall under the non-resident tax legislation and may be subject to withholding of tax. In accordance with the provisions of the *Income Tax Act (Canada)*, the University will withhold and submit 15% of the fees charged on each invoice for services performed in Canada by a non-resident unless the Contractor obtains from Canada Revenue Agency (CRA) a waiver or reduction in the amount to be withheld. Withheld amounts are paid to CRA monthly and the non-resident supplier is issued a T4A-NR tax slip in February.

U of A Policies and Procedures On-Line (UAPPOL)

CRA regulations require that the University (unit) retain source documents for six years plus the current year. This includes the original financial transaction complete with original approval signatures and supporting documents, which must be presented for audit verification and review upon request. SMS recommends filing source documents by supplier name and fiscal year as centrally as possible within the unit or faculty.

a. Units are required to retain the following original source documents:

- packing slips, and
- any other relevant documents in support of purchasing transactions including quotes, order confirmation from supplier and any correspondence with the supplier.

b. Supply Management Services retains the following original source documents on behalf of units:

- invoices,
- Payment Request Forms with supporting documentation provided by the unit, and
- Non-Employee Travel Expense Payment Forms with supporting documentation.

DEFINITIONS

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use. [▲ Top](#)

External suppliers	Individuals and business entities external to the University from which goods and/or services are purchased. This excludes University units that provide goods and services to other University units.
Non-employee	For the purposes of travel expense reimbursement a non-employee is generally described as an individual without an employment relationship requiring reimbursement of travel expenses on a one time basis or infrequently. Examples include: visiting speakers, lecturers or researchers, students participating in field trips or other curricular activities, interviewees for University positions.
Budget owner	An employee who has been assigned a budget in the financial system and therefore has signing authority to make expenditures within amounts and scope of their budget and within maximum limits.
Chart of accounts (COA)	The COA includes the full chart field string to which an invoice (or other financial transaction) is expensed, and is represented by a speed code and account for data entry purposes.

FORMS

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

[Payment Request Form](#)

[Non-Employee Travel Expense Payment Form](#)

[Electronic Funds Transfer \(EFT\) Form](#)

[Wire Transfer Payment Request](#)

[Accounts Payable Journal Voucher Entry Form](#) (to process corrections to APV transactions)

RELATED LINKS

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

[Travel Expense Procedure](#) (UAPPOL)

[Expense Reimbursement Procedure](#) (UAPPOL)

[Purchase Order Procedure](#) (UAPPOL)

[Low Dollar Purchase Procedure](#) (UAPPOL)

[Canada Revenue Agency](#)