

Approval Date: June 21, 2010

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

Preferred Supplier Agreement Procedure

Office of Administrative Responsibility:	Supply Management 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).

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

The primary objective of the preferred supplier agreement (PSA) is to provide a cost effective and efficient procurement and payment method for low value, repetitively purchased materials by leveraging the University's purchasing power and by lowering the University's total cost of goods and services, including transaction-processing costs. PSA's are for use by all University units.

In most cases, PSA's are based on a competitive bid process conducted by SMS, with input from University units. Once a PSA has been implemented, orders can be placed directly with the supplier by the University unit. Refer to the *Preferred Supplier Contract List*.

Purpose

The purpose of this procedure is to specify:

- the procedures to be followed by units in ordering, receiving, and paying for goods and services from the University's preferred suppliers
- preferred suppliers' responsibilities related to accepting, shipping, billing and reporting orders made by University units
- SMS responsibilities related to receiving goods and monitoring compliance with this procedure

PROCEDURE

1. DEPARTMENTAL PROCEDURES AND RESPONSIBILITIES

a. Placing and Authorizing Preferred Supplier Agreement (PSA) Orders

i. Generally, PSA orders can be placed by phone, in person, email, web or fax. Each PSA covers specific products; only these products may be ordered against the PSA.

ii. A *Preferred Supplier Agreement Order Form* has been provided and may be used to record each PSA order. A University Purchase Requisition is not required to be completed or sent to SMS.

iii. Departments must provide the following information to the supplier and request the supplier to provide this information on all related documents:

1. PSA number
2. a valid 5-digit speed code and 6-digit account number (see 1(e))
3. ship-to address – orders directed to Central Receiving are to be marked:

University of Alberta, Central Receiving
116 Street & 85 Ave
Edmonton Alberta, T6G 2R3

and tagged with the department name, room number, building, attention line (first and last name), and a phone number with a prefix beginning with “248”, “492”, “407”, “679” (Augustana Campus) or “465” (Campus St. Jean); a cell number can be provided as a second contact number only.

iv. Departments must provide invoicing instructions to the supplier. Invoices are to be sent directly from the supplier to SMS for processing either via electronic interface or in hard copy (paper). If the supplier invoices via hard copy, departments must provide the following invoice mailing address to the supplier:

University of Alberta
Supply Management Services
Payment Services
Edmonton, Alberta, T6G 2R3

a. Purchasing and Signing Authority

PSA 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*.

b. Receiving Shipments

Departments are responsible for verifying that goods were received in good order. Upon delivery of a shipment, ordering departments are to follow the following procedure:

- i. verify the shipment for number of items received against applicable reference order number (if applicable);
- ii. check the shipment for any damages; and
- iii. note and report any discrepancies or damages to the supplier, to Payment Services and, if the shipment is of U.S. or international origin, to the Customs Division.

c. Reviewing Packing Slips

Upon receipt of the packing slip, ordering departments must:

- i. confirm that the materials or equipment have been received in the department in good order or that the services have been completed to the satisfaction of the department;
- ii. confirm accuracy of the packing slip;
- iii. ensure that the appropriate speed code and account number was used; and

iv. review prices as indicated on paper work provided (packing slips or invoice copy if available).

d. Invoice Processing

Electronic Billing charges and hard copy invoices valued at less than \$10,000 will be automatically processed.

Department's responsibilities:

i. Invoices greater than \$10,000 require approval by an authorized staff member within the department (include printed name) and must be returned to SMS in a timely manner.

ii. If deemed necessary, additional information for electronic billings is available from the supplier upon request. Departments should contact the supplier directly in such cases.

e. Ensuring Accuracy of Account Coding

It is the ordering department's responsibility to ensure that appropriate account numbers and speed codes are supplied. (Note: A speed code might be active, but if the project/grant within that speed code 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 department operating speed code will be used. Information as to the *Chart of Accounts* can be found in the Guide to Financial Management.)

f. Ensuring Accuracy of GST Coding

All invoice transactions will default to code "GST".

g. Resolving Disputes with Suppliers

Departments are responsible for attempting to resolve disputed issues with the supplier (i.e. incorrect charge on invoice). SMS will provide assistance if the dispute is not easily resolved. Unacceptable service is to be reported to SMS.

h. Verifying Transactions

Verification of PSA transactions must take place when the monthly general ledger reports are made available. Invoice descriptions will appear on the general ledger with the PSA Number and Order Reference Number (if applicable). Departments are responsible for ensuring that expenses are recorded accurately with the appropriate speed code, account number and the appropriate GST code and GST amount.

i. Returns:

i. Departments are required to contact the supplier for a return authorization number prior to returning the product.

ii. If the return is being sent to a supplier with a warehouse in Edmonton the authorization number is to be noted on the outside of the package.

iii. The product will be returned via the supplier's carrier.

iv. If a courier is required for a destination outside of Edmonton the department must complete a shipping form which is to be attached to the returned package.

v. Distribution Services will arrange for a courier to pick up the product and return it to the supplier.

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*.

1. SUPPLIER PROCEDURES AND RESPONSIBILITIES

Suppliers are responsible for processing PSA orders accurately within the terms of the Agreement and for ensuring appropriate information has been provided by the ordering department and recorded correctly on all documents (i.e. packing slips, invoices, customs paperwork).

a. Acceptance of Orders

i. PSA 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:

1. shipping information:

University of Alberta

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

2. contact name (first and last name) and 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 number.

3. speed code (5 Digits) and account number (6 Digits)

4. PSA Number

ii. The supplier must provide an Order Reference Number, which is to be used through the entire transaction.

iii. Suppliers are restricted from taking orders against the PSA for goods/services which are not covered by the Agreement.

b. Pricing

The supplier must confirm pricing with the ordering department prior to shipping of goods.

c. Shipping

i. Orders directed to Central Receiving are to be 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
116 St & 85 Ave
Edmonton, Alberta, Canada T6G 2R3

ii. 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.

iii. Suppliers are responsible for ensuring that all required customs documentation is in place when placing orders to their U.S. and international suppliers.

d. Invoicing

i. Suppliers processing charges via electronic billing:

1. Ensure no single order on the interface exceeds \$10,000.
2. If the threshold outlined in the agreement allows for orders greater than \$10,000 these charges are to be billed via paper invoice.
3. Only those items covered by the agreement are to be invoiced against the agreement.
4. The interface is to be provided according to the format provided by SMS.

ii. Suppliers processing charges via paper invoices:

1. Only those items covered by the agreement are to be invoiced against the agreement.
2. All invoices are to be sent to:

University of Alberta
Payments Services
Supply Management Services
116 St & 85 Ave
Edmonton AB T6G 2R3

iii. The supplier must provide, at a minimum, the following information on all invoices and related documents:

1. Agreement Number
2. Order Reference Number
3. Speed code and account number
4. Invoice number
5. Ship-to address
6. Contact name (first and last name) and phone number must have prefix of "248", "492", "407", "679" (Augustana Campus) or "465" (Campus St. Jean). A cell number may be provided only as a second contact phone number.
7. Detailed description of goods and/or services including quantity, unit pricing and extensions
8. Net amount
9. GST and GST Registration Number
10. Gross amount

e. Annual Review of Database

Suppliers are required to review their database for University accounts on an annual basis in order to confirm accuracy of contact name, telephone numbers and delivery addresses.

2. PROCUREMENT AND CONTRACT MANAGEMENT (PCM) AND PAYMENT SERVICES (PS) PROCEDURES

a. PCM performs the following procedures:

- i. reviews PSA transactions to verify that suppliers are adhering to the terms and conditions set out in the agreement;
- ii. monitors performance of preferred suppliers;
- iii. surveys departments regarding supplier performance.

b. SPS processes invoices/electronic interface for payment.

3. DISTRIBUTION SERVICES/CUSTOMS DIVISION 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 (i.e. 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 receipt tracking system for tracking purposes; and
- v. stage items for delivery to departments.

b. Returning 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

The 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

Distribution Services will retain an electronic record of all waybills, pro-bills and trip tickets. It is the responsibility of the ordering individual to retain the packing slip for six (6) years plus the current year. The Customs Division will retain all other Customs related documents (i.e. commercial invoice).

4. SYSTEM MONITORING

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

a. Supplier Compliance Performance

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 all the necessary information contained in the documents?

iv. Were Custom documents (i.e. commercial invoice, certificate of origin) completed?

v. Is the supplier reviewing the database annually?

vi. Is the supplier providing the required reports?

b. Department Compliance

i. Is the Supplier in compliance with the terms and conditions of the Agreement?

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

iii. Did an authorized individual or properly delegated authority authorize the purchase?

iv. Was the shipment checked for receipt of appropriate products, correct quantities and product damage?

v. Were the following documents retained?

- Packing slips

- Custom documents (if applicable)

vi. Was the transaction verified?

DEFINITIONS

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

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

FORMS

[Preferred Supplier Agreement Order Form](#)

[Shipping Form](#)

RELATED LINKS

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

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



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

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

[Preferred Supplier Agreement Contact List](#) (University of Alberta)

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

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