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

Purchase Order Procedure

Office of Administrative Responsibility:	Finance, Procurement and Planning (Procurement and Contract Management)
Approving Authority:	Associate Vice-President (Finance, Procurement and Planning)

Purpose

Finance, Procurement and Planning (FPP) – Procurement and Contract Management (PCM) oversees the acquisition of goods and services on behalf of the University. Through consultation, guidance and advice, PCM assists business units with the procurement of goods and services while ensuring that the units adhere to all applicable University policies and procedures, sponsor terms and conditions, applicable federal and provincial legislation, and regulations governing the acquisition of goods and services.

Purchase Orders are used for the acquisition of goods and services required by University units in support of their operations. A Purchase Order represents a binding agreement with the Supplier to provide goods and services in accordance with the appropriate terms and conditions of the University. PCM is the delegated authority to enter into agreements for goods and services as approved by The Board of Governors of the University of Alberta through the *Contract Review and Signing Authority Policy*.

The purpose of this procedure is to specify the process to be followed to have a Purchase Order issued for goods and services.

Definitions

A definitions table is included in a subsequent section of this document.

Scope/Application

Compliance with this procedure extends to all academic, support and excluded staff, postdoctoral fellows, and academic colleagues as outlined and defined in the *Recruitment Policy* (Appendix A and Appendix B: Definitions and Categories); undergraduate, graduate and Continuing Education students; emeriti; members of the Board of Governors; visitors to campus, including visiting speakers and scholars; third party contractors; and volunteers.

Procedure

1. INITIATING A PURCHASE ORDER (PO)

- a. Using SupplyNet, the business unit will complete a Purchase Requisition (PR) including a description of the goods and services to be purchased, the quantity, the purchase price and the supplier's legal name. Any associated components (e.g. supplier quote, drawings, etc.) must be included and attached. The PR is required to provide account details and to initiate the procurement process and budget owner approval.
- b. The PR will route in SupplyNet for approvals based on configuration and workflow rules.
- c. Purchases valued between \$20,000.00 and \$75,000.00 must include two quotes attached to the SupplyNet requisition.
- d. Purchases in excess of the Competitive Bid Thresholds (goods and services valued at \$75,000 CDN and above and construction services valued at \$200,000 CDN and above) are subject to a competitive bid process as outlined in the *Competitive Bid and Competitive Bid Exception Procedure*.
- e. FPP - PCM is the signing authority for all purchase agreements, including license agreements for the use of software or online services, and will lead any required contract reviews in accordance with the *Contract Review and Signing Authority Policy*.
- f. Once fully approved, the SupplyNet PR will generate a PO with reference to the governing terms and conditions or agreement.
- g. All acquisitions must be made in strict compliance with all sponsor terms and conditions and adhere to the University's policies and procedures.
- h. 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 the nonresident unless the contractor obtains from Canada Revenue Agency a waiver or reduction in the amount to be withheld.

2. USING PREFERRED SUPPLIERS

Preferred supplier agreements (PSA) provide a cost effective source for repetitively purchased items by leveraging the University's purchasing power for products or services. Based on campus-wide spend, agreements are established which provide competitive pricing and take into consideration supplier capabilities including sustainability factors, delivery, warranties (if applicable) and performance levels. In certain cases, shipments can be consolidated, this will lower the overall transaction-processing costs. In most cases, PSAs are based on a competitive bid process conducted by PCM, with input and participation from University units.

Business units are required to use preferred suppliers. Orders valued between \$20,000.00 and \$75,000.00 and placed through a PSA do not require two quotes. Units can place orders, via SupplyNet, directly with a PSA supplier and those users with the appropriate authorization are

connected in SupplyNet with full online catalogue ordering functionality. To review the list of suppliers and the appropriate order process, see the Preferred Supplier Agreement Contract List.

3. STANDING PURCHASE ORDERS

Using SupplyNet, business units are encouraged to place orders with suppliers for a good or service as the need arises. In those cases where this is not an option, a **Standing Purchase Order** (SPO), which must have an end date, may be requested by following the same process under # 1 of this procedure (“Initiating a Purchase Order”). A PO will be issued on a yearly basis, with an end date of March 31 (the University’s fiscal year end) or for a term specified by the unit. Business units must monitor and renew POs as required.

4. EMERGENCY PURCHASE ORDERS

Situations may arise whereby an exception to the University's *Supply of Goods and Services Policy* and related Procedures may be required. Emergency purchases represent one of these potential situations.

Typically, emergency purchases result when an unforeseeable situation or urgency exists and there is no opportunity to seek competitive bids in accordance with University procedures. Failure to anticipate a need or lack of planning is not considered a bona fide emergency.

In emergency situations, complete the process under # 1. “Initiating a Purchase Order” of this procedure. Note “Emergency Purchase” on the PR and state the reason for the emergency.

5. CHANGES TO A PURCHASE ORDER

Revisions or corrections to a Purchase Order must be done through a change request in SupplyNet. The change request will route for approvals on-line based on initial PR workflow and system configuration.

6. EQUIPMENT ASSETS

The University requires business units to track equipment assets with an acquisition value of \$5,000 or greater, and any portable items under \$5,000 the unit deems necessary, prone to loss, theft or security risk. Refer to the *Equipment Registration and Tracking Procedure*.

Definitions

<i>Any definitions listed here apply to this policy document only with no implied or intended institution-wide use.</i>	
Standing Purchase Order	A Standing Purchase Order is an open purchase order that has been issued to a vendor, against which the business unit can repetitively purchase low dollar, specified goods and services for a specific term.

Related Policy Documents (UAPPOL)

- [Competitive Bid, Competitive Bid Exception and Multiple Quote Procedure](#)

- [Contract Review and Signing Authority Policy](#)
- [Equipment Registration and Tracking Procedure](#)
- [Supply of Goods and Services Policy](#)

Related Links

- [Preferred Suppliers](#)
- [Preferred Suppliers Contract List](#)
- [SupplyNet Training](#)
- [Transaction Processing Guide](#)

*For questions surrounding policy document interpretation or implementation,
please contact the Office of Administrative Responsibility.*

*Contact for questions about this procedure: Finance, Procurement and Planning, Procurement
and Contract Management: procure@ualberta.ca*

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