MedTech Industries

Cash Disbursements

Procure-to-Pay (P2P) Standard Operating Procedure

Purpose: This document aims to provide a detailed overview of the P2P process, including internal controls in place to mitigate the risk of fraud and breach in confidentiality, integrity, and availability of our systems and data.

Identify Company Needs, Purchase Requisition and Approval

When the company identifies a need for a material in the organization, the employee will submit a requisition in the Procurement System. The purchasing department will receive the requisition and automatically approve the submission. The Procurement system automatically accepts purchase requisitions if submitted by a company employee. The purchasing coordinator will take the requisition, find the lowest market price for the needed material, and contact the vendor to receive a quote. Based on the quotation analysis, the supplier will be chosen, and the purchasing department will create a purchase order (PO) in the Procurement System.

Purchase Order and Approval

After creating the PO, the purchasing coordinator will submit it to the supplier. The PO includes all material specifications, quantities required, date or schedule, and terms and conditions. The supplier should then provide an approval of the PO by confirming receipt of the PO.

Goods Receipt

The supplier will send the goods to the location designated in the PO. Upon delivery of the materials, the warehouse or inventory team will receive a goods receipt that states the delivery details. The material is immediately moved to its appropriate storage location in the warehouse. The warehouse or inventory team will then make a materials entry in the Warehouse Management System based on the information in the goods receipt.

Invoice Verifications

Once materials are delivered, the supplier provides an invoice to the warehouse or inventory team. They should compare the invoice to the goods receipt to ensure all numbers match (i.e., quantity and price). Upon validation, the warehouse or inventory team will use a shared password to log into the General Ledger System and check the "Invoice Validated" box. Once the box is checked, the company purchasing team will receive notification to release payment to the vendor.

Vendor Payment

Once the Purchasing team learns the invoice is validated, a purchasing coordinator will write a check for the supplier. Coordinators have the authority to write and sign checks if they processed the requisition and received the initial quote from the vendor. Checks should be mailed to the supplier within 90 days of receiving the goods.

Purchasing System Controls

The Procurement Department owns the purchasing system and is responsible for provisioning, maintaining, and reviewing access for all users in the system. Anyone can request access to the system over email, which is granted based on the request submitted. In addition, privileged access to the system, including administrative rights, may be provided with verbal approval from a manager over the phone. To request administrative rights in the purchasing system, please call 123-456-7890.