Procure to pay (P2P)

Process Definition Document (PDD): template and worked example

Example company (fictional): Brenner Präzisionsteile GmbH, a manufacturer of machined metal components for the automotive industry in Linz, Austria (about 540 employees).

Document control

Field	Value
Process name	Procure to pay (P2P)
Process owner	[Name, role]
Prepared by	[Name]
Reviewed by	[Names of the people who do the work]
Approved by	[Name, date]
Version	1.0 (as-is)
Status	Draft

How to use this template

This is a complete process definition document (PDD) for the procure to pay process, also called P2P, purchase to pay or the procurement cycle from requisition to payment. It covers the full cycle, from a need being raised to the supplier being paid, and describes how it runs today at a fictional metalworking company. Narrower templates such as purchase requisition to PO or supplier invoice processing cover one part of this flow. This one joins them end to end.

Use it as a starting point. Replace the company details, keep the sections, and walk through each step with the people who do the work, from requesters to the payables team. Most companies change the approval limits, the quote thresholds and the match tolerance. The structure stays the same.

- Replace the company, entities and systems with yours. If you do not have a supplier portal, steps 9 and 10 run by email.
- Set your own approval limits and quote thresholds in steps 4 and 8. These differ more than anything else between companies.
- Decide whether services need a separate receipt step. Many companies use the requester confirmation as the receipt.
- Check the percentages with real data. A month of purchase orders is usually enough to see how many are late, changed or raised after the fact.
- If you buy for several sites, add the site buyer or the central buying team as a separate role.
- Keep the as-is version even after you redesign the process. It is your baseline for measuring the change.

1. Purpose and scope

This procedure describes how Brenner Präzisionsteile buys goods and services and pays for them, from the moment someone raises a need to the moment the supplier is paid. It gives requesters, purchasing, the warehouse, accounts payable and treasury one shared description of who does what, so that spend is authorised before it is committed, goods are checked on arrival and suppliers are paid correctly and on time.

In scope

- Purchases of materials, tooling, maintenance items and services
- Requisition, approval, sourcing and purchase order

- Goods receipt, invoice verification and payment
- Supplier onboarding and returns to supplier

Out of scope

- Capital investment projects above 50,000 EUR, which follow the investment process
- Employee expense claims
- Payroll and tax payments
- Intercompany purchases

2. Process at a glance

Item	Description
Trigger	An employee or the planning system raises a need for goods or services.
Starts when	The Requester creates a purchase requisition in the ERP.
Ends when	The supplier invoice is paid and the purchase order is closed.
Inputs	Purchase requisition, Approved supplier list and contracts, Quotations, Delivery note, Supplier invoice
Outputs	Approved purchase order, Goods receipt, Posted and matched invoice, Payment file, Closed purchase order
Volume	About 9,500 purchase orders and 14,000 invoices a year
Working hours	Monday to Friday, 07:00 to 16:00. Payment runs every Wednesday.

3. Roles and responsibilities

Role	Responsibilities
Requester	Raises the requisition with a description, quantity, cost centre and wanted date, and confirms receipt of services.
Budget Owner	Approves requisitions against the budget of the cost centre.
Buyer	Selects the supplier, requests quotes, negotiates, creates the purchase order and follows up late deliveries.
Purchasing Manager	Approves purchase orders above 10,000 EUR and new suppliers and owns the approved supplier list.
Finance Director	Approves purchase orders above 50,000 EUR together with the Purchasing Manager.
Goods Receiving Clerk	Checks deliveries against the purchase order, posts goods receipts and reports damage or shortages.
Quality Inspector	Inspects incoming production material and releases or rejects it.
Accounts Payable Clerk	Registers supplier invoices, runs the three-way match, resolves differences and prepares the payment proposal.
Treasury Officer	Checks and releases the payment file in the bank portal with a second signatory.
Supplier (external)	Confirms the order, delivers the goods or service, sends the invoice and receives the payment.

4. Systems

- NetSuite: requisitions, purchase orders, receipts, invoice matching, payments
- Supplier portal: order confirmations and delivery notices
- Microsoft Outlook: supplier communication and the invoice mailbox
- Excel: quote comparison for larger purchases
- Raiffeisen bank portal: SEPA payment file release

5. Process map

Process diagram goes here

Draw one lane per role from section 3, the steps from section 6 in order, and a diamond for each decision in section 7.

6. Procedure, step by step

#	Step	Who	What happens	System	Output
1	Raise a requisition	Requester	Creates a requisition with item or service description, quantity, cost centre and wanted date. Catalogue items (about 40%) are picked from the contract catalogue with agreed prices.	NetSuite	Requisition submitted
2	Approve the requisition	Budget Owner	Checks need and budget and approves or rejects. Reminders go out after 2 working days. About 6% of requisitions are rejected or sent back.	NetSuite workflow	Approved requisition
3	Review and consolidate needs	Buyer	Checks the requisition for completeness, combines similar needs from different requesters and checks for a framework contract.	NetSuite	Purchase need ready to source
4	Select the supplier	Buyer	Uses the contracted supplier where one exists. Above 5,000 EUR without a contract, requests at least three quotes and compares price, delivery time and terms.	NetSuite, Excel	Chosen supplier and quote comparison
5	Approve a new supplier	Purchasing Manager	Reviews new suppliers (about 4% of orders) for company registration, VAT number, financial standing and sanctions screening before they are added to the master data.	NetSuite, Outlook	Approved supplier record
6	Negotiate terms	Buyer	Agrees price, delivery date, payment terms and incoterms. Spot purchases are rarely negotiated; recurring materials are agreed once a year.	Outlook, phone	Agreed commercial terms
7	Create the purchase order	Buyer	Converts the approved requisition into a purchase order with the agreed price, quantity, delivery date and payment terms.	NetSuite	Purchase order in draft
8	Approve the purchase order	Purchasing Manager	Approves purchase orders above 10,000 EUR. Above 50,000 EUR the Finance Director approves as well. Orders below 10,000 EUR are released by the Buyer.	NetSuite workflow	Approved purchase order
9	Send the order to the supplier	Buyer	Sends the purchase order by email or through the supplier portal and asks for confirmation within 2 working days.	NetSuite, Outlook	Order sent
10	Confirm the order	Supplier	Confirms price, quantity and delivery date. A different date or price (about 12%) goes back to the Buyer.	Supplier portal, Outlook	Order confirmation
11	Follow up the	Buyer	Reviews the list of overdue orders every	NetSuite,	New delivery date

#	Step	Who	What happens	System	Output
	delivery		morning and calls suppliers for deliveries more than 2 days late. About 15% of deliveries are late.	phone	or escalation
12	Receive the delivery	Goods Receiving Clerk	Checks the delivery note against the purchase order, counts the goods and inspects the packaging, then posts the goods receipt on the day of arrival.	NetSuite	Goods receipt posted
13	Inspect incoming material	Quality Inspector	Inspects production material by sampling plan and releases it to stock or blocks it. About 3% of lots are rejected.	NetSuite, paper form	Released or blocked stock
14	Confirm services	Requester	Confirms that a service has been delivered and is acceptable, which acts as the receipt for the match. Reminders go out after 5 working days.	NetSuite	Service receipt
15	Return or claim	Buyer	Arranges return or replacement for damaged, wrong or rejected goods and asks the supplier for a credit note.	Outlook, NetSuite	Return booked, credit note requested
16	Register the invoice	Accounts Payable Clerk	Collects invoices from the shared mailbox, checks for duplicates, and keys supplier, date, amount, tax code and purchase order number.	Outlook, NetSuite	Invoice registered
17	Run the three-way match	Accounts Payable Clerk	Matches the invoice to the purchase order and goods receipt. Price within 2% and quantity within 1% post automatically. About 72% pass first time; the rest are blocked.	NetSuite	Posted invoice, or blocked invoice
18	Resolve mismatches	Buyer	Works with the Goods Receiving Clerk and the supplier to explain price and quantity differences and decides to accept, correct the receipt or ask for a credit note.	NetSuite, Outlook	Mismatch resolved
19	Prepare the payment proposal	Accounts Payable Clerk	Every Wednesday, selects posted invoices due within 7 days, takes early payment discounts where they pay off and removes any supplier with a changed bank account that has not been verified.	NetSuite	Payment proposal
20	Release the payment	Treasury Officer	Imports the SEPA file, checks the total against the proposal and releases it with a second signatory.	Raiffeisen bank portal	Payments sent
21	Clear and close the order	Accounts Payable Clerk	Confirms clearing, sends payment advice to suppliers who ask and closes purchase orders that are fully received and paid.	NetSuite, Outlook	Closed purchase order

7. Decision points and business rules

- Is the requisition approved by the Budget Owner? No: return it to the Requester with a reason (step 2).
- Is there a framework contract with this supplier? Yes: order from the contract. No, and above 5,000 EUR: collect three quotes (step 4).
- Is the supplier new? Yes: the Purchasing Manager approves before the first order (step 5).
- How high is the order value? Above 10,000 EUR the Purchasing Manager approves, above 50,000 EUR the Finance Director too (step 8).
- Does the delivery match the purchase order? No: record the difference and notify the Buyer (step 12).
- Is the invoice within tolerance? Price within 2% and quantity within 1%: post. Otherwise block (step 17).
- Did the supplier change bank details? Yes: verify by phone with a known contact before paying (step 19).

8. Exceptions

- Urgent purchase after the fact (about 5%): a requisition is raised after ordering. The Purchasing Manager reviews these every month.
- Invoice without purchase order (about 8%): returned to the Buyer, who raises a retrospective order or the Budget Owner approves directly.
- Partial delivery (about 10%): post the quantity received and keep the order open for the balance.
- Foreign currency order (about 6%): the rate on the invoice date is used and Treasury is asked when the difference exceeds 1%.
- Budget Owner absent: the approval passes to the named deputy after 3 working days.

9. Controls

- Segregation of duties: the person who creates a purchase order cannot receive the goods, approve the invoice or release the payment.
- Approval limits on requisitions and purchase orders by value.
- Three quotes required above 5,000 EUR without a contract.
- New suppliers approved and screened before the first order.
- Three-way match with tolerance limits enforced by the system.
- Bank detail changes verified by phone before payment.
- Dual signature on the payment file.
- Purchase documents and invoices retained for 7 years under Austrian law.

10. Known issues today

- Some orders are placed by phone before the requisition exists, so the commitment is not visible.
- Quote comparison runs in Excel and by email, which makes it hard to show how a supplier was chosen.
- Goods receipts are posted late for service purchases, which blocks the invoice.
- Late deliveries are tracked by the Buyers by hand.
- Suppliers confirm by email in free text, so confirmed dates are retyped.

11. RACI matrix

R = responsible (does the work), A = accountable (owns the outcome), C = consulted, I = informed.

Activity	Requester	Budget Owner	Buyer	Purch. Manager	Warehouse	AP / Treasury
Raise and approve requisitions	R	A	I			
Select supplier and negotiate	C		A/R	C		
Approve new suppliers			R	A		C
Create and approve purchase orders	I	I	R	A		
Follow up deliveries	I		A/R		C	
Receive and inspect goods	C		I		A/R	
Match invoices and resolve differences	C		R		C	A
Release payment				I		A/R

12. KPIs

KPI	Definition	Target
Requisition to PO time	Average working days from an approved requisition to the purchase order being sent.	[set]
Spend under contract	Share of purchasing spend placed with suppliers under an active contract or catalogue.	[set]
On-time delivery rate	Share of order lines received on or before the confirmed delivery date. Today about 85%.	[set]
First-time match rate	Share of invoices that pass the three-way match without a block. Today about 72%.	[set]
Purchase orders raised after the invoice	Share of purchase orders created after the goods or the invoice arrived.	[set]
On-time payment rate	Share of invoices paid on or before the due date.	[set]

13. Revision history

Version	Date	Author	Change
1.0	[date]	[name]	First as-is version

Free template from processfix.ai. You may copy and adapt it. The company in the example is fictional.