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	EFFECTIVE DATE:	05/30/2017
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1. PURPOSE

To describe key elements of the procure to pay process at Aurora Health Care and to clarify the roles and responsibilities of the participants in those processes.

2. SCOPE

This policy applies to all purchasing and payment of goods and services conducted on behalf of Aurora Health Care, Inc. and any entity or facility owned and controlled by Aurora Health Care, Inc. (collectively "Aurora").

3. DEFINITIONS

Accounts Payable: or AP is a team within the Finance Department responsible for executing payment to vendors and Aurora business partners.

AFE: Approval for Expenditure otherwise known as our capital request system

Aurora System Logistics (ASL): also referred to as Supply Chain, which includes the Purchasing division. Purchasing is the division of Supply Chain that process purchase orders to transact with a vendor.

Check Request: is a request completed via the automated request form to issue payment to a vendor before services or goods are received.


PO: or Purchase Order is a commercial document issued by a buyer (Aurora Purchasing) to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to Aurora Health Care. Sending a PO to a supplier constitutes a legal offer to buy products or services.

Draw Down Purchase Order: Previously referred to as standing, blanket, equipment maintenance, service, support purchase orders. These are purchase orders intended for services only (exceptions within the PO Policy) and used when the supplier is typically expected to provide the service multiple times over a specified period of time. The quantity and/or amount of each service may or may not be known. Draw Down PO's have a one year duration max unless otherwise governed by a contract.

Face Approved: an invoice that is sent to AP which is an expense that has not been properly pre-approved before services/goods have been received. This form of payment is not acceptable with few exceptions as indicated within the Payment Matrix see **Appendix A**.

IREQ: Aurora's electronic requisition tool used to request the purchase of non-capital goods or services through Purchasing.

MMIS: Aurora's Materials Management Information System used by Purchasing to process PO's and Supply Chain to manage inventory.

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Payment Matrix: is an excel file that resides on both the Accounts Payable Resource and System Logistics home pages, see [Appendix A](#) for web link. This file provides guidance on which payment methodology a caregiver should use to procure and pay for a good or service provided to Aurora Health Care.

P-Card: or Procurement Card is a form of company charge card that allows goods and services to be procured without using a traditional purchasing process (PO).

Reoccurring Contract Payment: is a specific type of check request that must be governed by contract terms and must be executed by an accountant in the Finance department.

Requestor: an authorized Aurora caregiver who requests the purchase of a product or service through any of the payment methods (Check Request, Purchase Order, IREQ etc.)

Special Purchase Order: This is a PO that can bypass the New Item Request process (New Item Approval Policy). These items must be non-medical items that are ordered less than one time per month. They must be requisitioned through the special process within MMIS/IREQ and are receivable goods. Services do not qualify for a Special PO.

Travel and Expense: Travel expenses are costs associated with traveling for the purpose of conducting business-related activities. Travel expenses can generally be deducted by employees as non-reimbursed travel expenses that are incurred while traveling away from home specifically for business purposes, such as for a conference or meeting.


4. POLICY

4.1 Pre-Approval of Transactions

- a) Caregivers should not commit funds on behalf of Aurora health unless pre-approved by a caregiver with appropriate level of Approval Authority (see Delegation of Financial Approval Authority).
- b) The payment streams below are designed in accordance with appropriate internal controls to ensure appropriate approval levels are obtained before goods are obtained and services are rendered.
- c) If funds are not appropriately approved through one of the below payment streams the invoice for service or supply may not be paid in a timely fashion.

4.2 Approved Payment Flows

- a) Purchase Order – References Operating, Draw Down and Special PO's are acquired through MMIS/IREQ these transactions are governed by the PO Policy.
- b) Check Request – Acquired through the Accounts Payable Resource page on Caregiver Connect these transactions are governed by [CHECK REQUEST](#) Policy. This should not be utilized as an alternative to a Purchase Order rather used

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when appropriate as defined indicated within the Payment Matrix see **Appendix A**. All check requests must be preapproved before being issued to a vendor

- c) P-Card – Acquired through the Learning Connection portal with completion of learning module and signoff of appropriate documents these transactions are governed by the [PROCUREMENT CARD](#) Policy.
- d) Reoccurring Contract Payment – Acquired through the Aurora Health accounting team these transactions are governed by [CHECK REQUEST](#) Policy.
- e) Travel & Expense – processed through the Aurora Health payroll team these transactions are governed by [BUSINESS, TRAVEL AND ENTERTAINMENT EXPENSE](#) Policy.
- f) Face Approved - these are acceptable in limited scenarios as indicated by the Payment Matrix (**Appendix A**) and are acquired by submitting an invoice to Accounts Payable providing appropriate org, area, and account information governed by [FACE APPROVED INVOICES](#) Policy.
- g) Approval for Expenditure - Is a PO created from the AFE system. The request for funds is fully approved and vetted in the AFE system, once approved a requestor can submit a request against the approved AFE. This request interfaces with the MMIS system where an official PO is created. See [CAPITALIZATION](#) Policy for further details on what qualifies for capital expenditure.


4.3 Contracted Transactions

- a) All transactions must adhere to [SIGNATURE AUTHORITY AND CONTRACTING](#), Aurora Delegation of Signature Authority and Contracting to qualify for a Purchase Order or another payment option, including the requirement (if any) that a contract must exist for the particular transaction.

4.4 Vetted Vendors

- a) All Vendors that Aurora purchases from and pays, must be fully vetted in accordance with [VENDOR VETTING](#) before a purchase order will be issued and goods or services are rendered. If vendors were not appropriately vetted before services and goods were rendered then they must be vetted before payment is remitted to the vendor.

4.5 Violations of the Procure to Pay Policy

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- a) First Violation: An initial email notification from Purchasing/Accounts Payable to the caregiver reminding them of the violation and the appropriate process to follow.
- b) Second Violation: An email warning may be issued to the caregiver and their manager from Purchasing/Accounts Payable.
- a) Subsequent Violations: Violations may be subject to [CAREGIVER ACCOUNTABILITY](#)

CROSS REFERENCES:

- [NEW ITEM APPROVAL](#)
- [PURCHASE ORDER](#)
- [CHECK REQUEST](#)
- [PROCUREMENT CARD](#)
- [SIGNATURE AUTHORITY AND CONTRACTING](#)
- [VENDOR VETTING](#)
- [FINANCIAL APPROVAL AUTHORITY](#)
- [BUSINESS, TRAVEL AND ENTERTAINMENT EXPENSE](#)
- [FACE APPROVED INVOICES](#)

REFERENCES:

PRIOR REVIEW / REVISION DATES:

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Appendix A
Payment Matrix

Located:

Accounts Payable Resource Page

<https://iconnect.aurora.org/iconnectLite/launch/iconnect?appld=INTCOM0131&seqNo=0>

System Logistics Home Page

<https://iconnect.aurora.org/DotNetNuke/LinkClick.aspx?fileticket=fJG-zSBMmo4%3d&tabid=11530>