



PAYING SALES TAX & FREIGHT CHARGES INFO HIGHLIGHTED IN YELLOW AT BOTTOM OF DOCUMENT



XII.5.E Processing Vouchers Against a Purchase Order

SECTION OVERVIEW AND POLICIES

Business Units should, where practicable, use purchase orders to make all purchases. The purchase order authorizes the vendor to provide goods or services at a dollar amount within the Business Unit's authority as established in a law or contract. In addition, the purchase order establishes the encumbrance and liquidates the pre-encumbrance on the purchase requisition in the Statewide Financial System (SFS).

When a Business Unit receives a paper invoice from a vendor for goods or services provided based on a purchase order, the Business Unit must create and process a voucher that references the purchase order to liquidate the funds encumbered.

Each electronic invoice submitted by a vendor must reference a purchase order in the SFS. The SFS will automatically create a voucher in the Accounts Payable module from the electronic invoice. When the voucher is processed it will liquidate the funds encumbered by the purchase order.

Process and Transaction Preparation:

Online Business Units

Paper Invoices

To liquidate a purchase order on the voucher, a Business Unit must enter (1) the purchase order number that was used to make the purchase into the PO Number field, and (2) the Business Unit that made the purchase into the PO

Unit field.

Business Units can use the Copy From Source Document functionality to efficiently populate the fields in the Invoice Lines and Distribution Lines sections. For example, Business Units can:

- Copy purchasing information from the purchase order by selecting the Purchase Order Only option in the Copy From drop down menu; or
- Copy receiving information from the Purchasing module by selecting the PO Receipt Option in the Copy From drop down menu.

Business Units should select the data entry method that best suits its needs based on the goods or services on the vendor invoice. When copying purchase order and/or receiving information into the Invoice Line fields on the voucher, Business Units should verify the quantities and prices are correct and appropriate for payment.

Business Units must reference the purchase order on the voucher to liquidate the purchase order encumbrance and update the contract, where applicable. If the purchase order is not referenced:

- The voucher does not reference the contract;
- The voucher charges unencumbered funds;
- The funds referenced on the purchase order remain encumbered; and
- The Year to Date Expenditures and Life to Date Expenditures fields on the contract are not updated.

Liquidating a purchase order will also allow Office of the State Comptroller (OSC) auditors to access purchasing and receiving information related to the transaction in the SFS. This may eliminate the need for OSC auditors to request additional documentation to substantiate the payment is appropriate.

Electronic Invoices

An electronic invoice must reference a purchase order number and purchase order line in the respective fields to successfully become a voucher in the Accounts Payable module. Vouchers created from electronic

invoices will be created with the Invoice Lines and Distribution Lines fields populated as follows:

- The PO Unit, PO Number, and Invoice Lines fields on the voucher will be populated with the values the vendor included on its electronic invoice.
- The Distribution Lines fields on the voucher will be populated with the values on the purchase order line. As discussed above, the vendor must reference a purchase order line on the electronic invoice.

Business Units should refer to *Section 4.E – Identifying and Processing Vouchers* of this Chapter, for more information about identifying and processing vouchers created from electronic invoices.

Bulkload Business Units

To liquidate a purchase order, Bulkload Business Units must enter the purchase order number in the Purchase Order Number field. Bulkload Business Units cannot currently receive electronic invoices in the SFS.

Paying Sales Tax and Freight Amounts

SECTION OVERVIEW AND POLICIES

For freight charges, unless specified in the purchase order or contract, the seller is responsible for paying shipping costs (FOB destination).

Though generally exempt from payment of sales tax on its purchases, New York State is required to pay sales tax in certain instances such as purchase of goods from out-of-state vendors.

Process and Transaction Preparation:

In some instances, agencies must pay sales tax or freight charges for goods or services they have procured. When the purchase order specifically provides for the payment of freight charges or sales tax, agencies should include all freight and sales tax charges into the Invoice Line and Distribution Line sections of the voucher and NOT enter this information in the

Balancing section of the voucher. Agencies must maintain a copy of the original freight invoice when freight charges are in excess of \$500, with the exception of the following:

- Statewide Contract Vendor for Small Package Delivery
- Parcel Post
- Shipment by the vendor's own truck
- Shipping of surplus State property
- Shipping charges between two State agencies

Paying Against a Contract

Paying for Miscellaneous Charges

Guide to Financial Operations

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