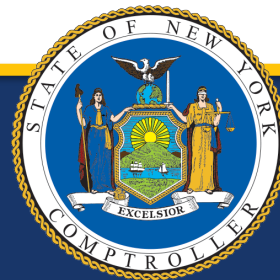


Certification of Internal Controls over the Payment Process

Bureau of
State Expenditures



New York State Comptroller
THOMAS P. DINAPOLI

Agenda

- Criteria Overview
- 2023 Requirement & Results
- 2024 Requirement



Criteria Overview

- The agency head (e.g., Commissioner, Chancellor, Executive Director) is responsible for agency operations.
- Certification or approval of vouchers and expense reports shall be made by the agency head, or by those designated by the agency head to do so.

[State Finance Law § 110](#)



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Criteria Overview

- The agency head must submit an Internal Controls Certification to OSC certifying the agency maintains proper internal controls over the payment process to support the validity of payment claims.
- This is required annually or upon change of the agency head.

[NYCRR Title 2, Chapter I, Part 6.6](#)



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Evaluating Controls over Payment Processes

- Audits help ensure agencies routinely evaluate the effectiveness of internal controls.
 - Helps identify or prevent problems and errors.
 - Allows the agency to take appropriate action if they are identified.
 - Reduces the risk of approving improper payments.
 - Supports payments processed to OSC are just, true, correct, and appropriate to pay.



Annual Requirements

- Scope of review includes assessment of:
 - Internal controls over the payment process as a whole.
 - A segment of the payment process or a focus area.
 - Voucher authorizer designation process.
- Certification form due by April 30th
 - BSEInternalControlCert@osc.ny.gov
- Maintain documentation at your agency to support testing and conclusions, and provide to OSC if requested.



Certification Resources

Guide to Financial Operations (GFO)

Section XII.4.D contains:

- Requirements for the certifications due annually.
- Internal Controls Assessment Programs.
- Frequently Asked Questions.



2023 Requirements

- Certify internal controls over the:
 - Payment process
 - State credit card reconciliations
 - Voucher authorizer designation process



2023 Results

- **Certifications reported by agencies:**
 - 60% Satisfactory
 - 40% Satisfactory with Weaknesses
- **Sample agencies for supporting documentation.**



2024 Requirements

- Certify internal controls over the:
 - Payment process
 - Grant payments
 - Voucher authorizer designation process
- Certification due by April 30th, 2024



Grant Payments

Expense Reimbursement Grant Contracts

- **Audit to determine whether:**
 - Expenses claimed for reimbursement were in accordance with the terms and conditions of the grant contract.
 - Goods/services claimed for reimbursement were appropriately received.



Grant Payments

Net Deficit Funded Grant Contracts

- Audit to determine whether funds paid through net deficit funded contracts were appropriately reconciled and supported.

This includes, but is not limited to, determining if the agency:

- Reconciled the final reports to determine whether the grantee owes excess funds to the State.
- Returned all excess funds to the State promptly.
- Reported accurate revenue and expenses as these impact the total net deficit.



Grant Payments

Performance based Grants Contracts

- Audit to determine whether funds paid through performance-based contracts met the required grant objectives.

This includes, but is not limited to, determining if the agency:

- Verified grantees met required performance goals, indicators, milestones and/or expected outcomes within specified timelines.
- Provided benefits to eligible recipients when required by the contract terms.
- Evaluated non-performance on a regular basis and implemented appropriate corrective action.



Voucher Authorizers

- Objective: Determine if the agency files Voucher Authorizers and Designees with OSC.
 - Assess adequacy of controls
 - Verify appropriate authorization of vouchers and expense reports
 - Use Attachment A (Voucher Authorizer Designation Form) to file
 - Include title of any designees with filing.
 - Filed annually.



INTERNAL CONTROLS OVER THE PAYMENT PROCESS ANNUAL CERTIFICATION FORM

Email this completed and signed form to BSEInternalControlCert@osc.ny.gov.

Agency Name

Commissioner/Department Head

Please indicate the system in which the agency certifies payments:

- SFS

 Other Financial Management System

As part of this certification, the agency assessed the adequacy of controls over one or more of the following payment-related areas.

- | | | |
|---|--|--|
| <input type="checkbox"/> Accounts Payable | <input type="checkbox"/> Grants | <input type="checkbox"/> Evidence and Record Retention |
| <input type="checkbox"/> Purchasing | <input type="checkbox"/> Employee Expenses | <input type="checkbox"/> Contracts Requiring Electronic Payments |
| <input type="checkbox"/> P-Card Purchases | <input type="checkbox"/> Program Area Payments | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Receiving | <input type="checkbox"/> SFS/FMS Security Access | |

In accordance with Title 2, Chapter I, Part 6.6 of the New York Codes, Rules and Regulations, I hereby certify that the agency’s internal controls over the payment process to support the validity of the [agency claim certification for processing payments](#) is:

- Satisfactory (i.e., the agency established controls and determined controls are working as intended).
- Satisfactory with weaknesses (i.e., the agency established controls; however, the agency identified some weaknesses).
- Unsatisfactory (i.e., the agency has not established controls or has identified significant control weaknesses).



The agency should use the chart below to identify how it will address control weaknesses.

Control Area/Objective	Control Weaknesses Identified	Corrective Action Plan or Compensating Controls for Weaknesses

By checking this box, I certify the agency assessed the adequacy of controls over the Voucher Authorizer Designation process. In addition, the agency verified the individuals having the ability to approve vouchers and expense reports for submission to the Comptroller’s Office on my behalf (i.e., Voucher Authorizers) have been appropriately authorized in a manner consistent with the appropriate statement(s) on Attachment A of this form.

Signature of Commissioner/Department Head

Date



VOUCHER AUTHORIZER DESIGNATION FORM

Please complete the applicable statement(s) below to indicate your voucher authorizer designation. Where an agency authorized another agency (e.g., OGS' Business Services Center) to approve its vouchers, complete the additional statement to indicate your agency's delegation of authority to the host agency.

Online and Bulkload Agencies

In accordance with Section 110 of the State Finance Law, vouchers are certified or approved by myself or my designee(s) for submission to the Comptroller for audit. I may authorize one or more officers or employees to make such designations. I hereby authorize the _____ (Designee Title) to designate other agency personnel who may certify or approve vouchers on my behalf (i.e., Voucher Authorizers). I authorize Agency Security Administrators (or equivalent) to assign the appropriate role in the Statewide Financial System or our financial management system to those designated as Voucher Authorizers.

Hosted Agencies



VOUCHER AUTHORIZER DESIGNATION FORM

Please complete the applicable statement(s) below to indicate your voucher authorizer designation. Where an agency authorized another agency (e.g., OGS' Business Services Center) to approve its vouchers, complete the additional statement to indicate your agency's delegation of authority to the host agency.

Hosted Agencies

I (or through my designee) have delegated authority to the _____ (Host Agency Name) to designate its agency personnel to certify or approve vouchers on my behalf (i.e., Voucher Authorizers). I understand this delegation authorizes the host agency's Agency Security Administrator to assign the appropriate role in the Statewide Financial System to those who the host agency has designated as Voucher Authorizers.



Best Practices

- One certification form per SFS Business Unit.
- Audit documentation should include:
 - Methodology to support sample size and testing.
 - Summary of testing results.
 - Recommendations.
 - Corrective action plan:
 - Identifies internal control weaknesses.
 - Assesses risks and includes the related steps to address them.
 - Documents implementation and monitoring steps, dates, etc.



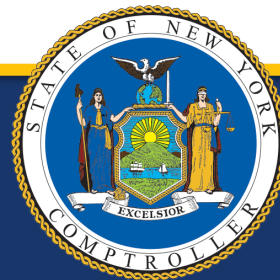
Questions?



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Contact Us

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