

# Certification of Internal Controls over the Payment Process

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# Agenda

- Requirement Background
- 2019 Results
- 2020 Requirement
- 2021 Requirement



# Overview of Requirements

- Certification or approval of vouchers shall be made by the head of the department, or by those designated by the head of the department to do so.
- The heads of the commissions, divisions and offices within the executive department shall be treated as department heads.

[State Finance Law § 110](#)



# Overview of Requirements

- Agency head must submit an internal controls certification to OSC certifying their agency has established an adequate system of internal control over the payment process.
- Maintain adequate internal controls over the payment process to support the validity of the agency claim certification for processing payments.
- Required certification annually or upon change of the agency head.

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



# Importance of Controls over Payment Processes

- Support certification of payments as being just, true and correct.
- Reduce the risk of approving improper payments.



# Annual Requirements

- Certification form due on or before April 30<sup>th</sup>.
  - [BSEInternalControlCert@osc.ny.gov](mailto:BSEInternalControlCert@osc.ny.gov)
- Agency head
  - required to submit the annual certification
  - may be required to assess the internal controls for one or more particular areas each year.
- Maintain documentation to support assessment of controls over the payment process.



# Certification Resources

## Guide to Financial Operations (GFO)

Section XII.4.D contains:

- Internal Control Assessment Programs
- Frequently Asked Questions



# 2019 Requirements

- Certify internal controls over the payment process.
- Assess controls over
  - Procurement card (P-Card) purchase process.
  - Contracts requiring electronic payments.





# 2019 Results

70% Satisfactory

29% Satisfactory with Weaknesses

1% Unsatisfactory

Developing a sample of agencies to request supporting evidence.



# Best Practices

- One certification form submitted per business unit.
- Documentation to consider maintaining:
  - Methodology to support sample size and testing.
  - Summary of testing results.
  - Recommendations.
  - For corrective action plans:
    - Control weaknesses identified.
    - Corrective action plan/compensating control.
    - Implementation date.

# 2020 Requirements

- Certify internal controls over the payment process.
- Assess:
  - Controls over select program area(s), if applicable.
  - Whether voucher authorizers have been appropriately authorized.
- Form due on or before April 30, 2020.
- Provide supporting evidence as requested.

# 2020: Program Area Review

- Objective 1: to obtain an understanding of the nature of the program area, the related payment process, and the fiscal controls in place.
  - Review policies and procedures.
  - Perform walk-through.
  - Select sample to test.



# 2020: Program Area Review

- Objective 2: to ensure fiscal controls are operating as intended by testing a sample of program area payment transactions. Review policies and procedures.
  - Trace transactions through the approval process.
  - Review supporting evidence.
  - Document exceptions for payments lacking supporting evidence.
  - Discuss and develop corrective action plan.

# 2020: Program Area Review

- GFO Resources

- *Chapter XII, Section 4.B.1 – Supporting Information*

- Internal Control Assessment Programs contained in *Chapter XII, Section 4.D – Certification of Internal Controls over the Payment Process*



# Voucher Authorizers

- Objective: to determine whether voucher authorizers have been appropriately authorized and have been electronically designated in the OSC Online Contact System.
- Part of the annual requirement going forward.
  - Updated certification form.
  - Assess the adequacy of controls.

# Voucher Authorizers

- GFO Resources
  - *Chapter XII, Section 4.B – Certification of Vouchers*
  - *Chapter XII, Section 4.C – Updating Agency Certifiers*
  - *Chapter XII, Section 2.C – Expense Report Certification*



# 2021 Requirement

- Certify internal controls over the payment process.
- Assess compliance with purchase order policy.
- GFO Resources
  - *Chapter XI-A, Section 3 – Purchase Orders*
  - *Chapter XI-A, Section 4 – Procurement Card Use*

# Questions



# Contact Us

[BSEInternalControlCert@osc.ny.gov](mailto:BSEInternalControlCert@osc.ny.gov)



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