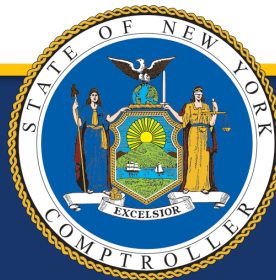


# Certification of Internal Controls Over the Payment Process

Bureau of State Expenditures

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# Agenda

- Criteria Overview
- 2024 Requirement & Results
- 2025 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.

[State Finance Law § 110](#)



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# Criteria Overview

- The agency head must submit an Internal Controls Certification to OSC certifying the agency established proper internal controls over the payment process.
- 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 the Payment Process

- Evaluating the controls over the payment process helps ensure agencies routinely evaluate the effectiveness of internal controls.
  - Helps identify or prevent problems and errors
  - Allows the agency to take appropriate action if problems or errors are identified
  - Reduces the risk of approving improper payments
  - Helps support payments processed to OSC are just, true, correct, and appropriate to pay



# Annual Requirements

- Scope of audit includes an 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 30<sup>th</sup>
  - [BSEInternalControlCert@osc.ny.gov](mailto:BSEInternalControlCert@osc.ny.gov)
- Agencies must complete and retain supporting documentation to support their testing and conclusions and provide it to OSC upon request.



# Certification Resources

*Guide to Financial Operations (GFO)*

Section XII.4.D contains:

- Requirements for the certifications due annually
- Audit programs
- Frequently Asked Questions



# 2024 Requirements

- Certify internal controls over the:
  - Payment process
  - Grant payments
  - Voucher authorizer designation process





# 2024 Results

- Certifications reported by agencies:
  - 70% Satisfactory
  - 30% Satisfactory with weaknesses
- Sample agencies for supporting documentation



# 2025 Requirements

- Certify internal controls over the:
  - Payment process.
  - Voucher mass approval & bulkload processes.
  - Voucher authorizer designation process.
- Certification due by April 30<sup>th</sup>, 2025



# Bulkload

## Determine whether the agency:

- Processed duplicate payments.
- Concluded that the agency's financial system uses appropriate and accurate accounting codes.
- Maintained records of all payment approvals and ensured only payments meeting the bulkload criteria were approved.
- Obtained, reviewed, examined and maintained appropriate support for all payments.
- Reviewed and complied with GFO and agency policies and procedures regarding internal controls.



# Voucher Mass Approval

- Determine whether the agency:
  - Processed duplicate payments
  - Approved payments in accordance with mass upload criteria
  - Obtained, reviewed, examined and maintained appropriate support for all payments



# Voucher Authorizers

- Determine whether the agency properly filed its voucher authorizers and designees with OSC. This should include:
  - Assessing the agency's controls over the voucher authorizer process
  - Verifying that vouchers and expense reports were appropriately authorized
  - Completing Attachment A of the Internal Controls over the Payment Process form annually and including the title of any designees with the filing



**INTERNAL CONTROLS OVER THE PAYMENT PROCESS  
ANNUAL CERTIFICATION FORM**

Email this completed and signed form to [BSEInternalControlCert@osc.ny.gov](mailto:BSEInternalControlCert@osc.ny.gov).

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Agency Name

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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.



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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

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## 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.

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### 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.

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**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.

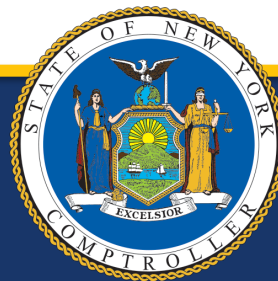


# Best Practices

- 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.



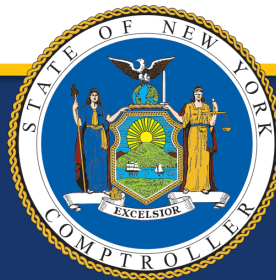
# Questions?



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# Contact Us

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



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