

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

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

Hudson River-Black River Regulating District

Agency Name

John C. Callaghan, Executive Director

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 checked="" type="checkbox"/> Receiving | <input type="checkbox"/> SFS/FMS Security Access | |

In accordance with Title 2, Chapter 1, 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:

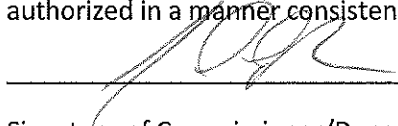
- Satisfactory (i.e., the agency established controls and determined controls are working as intended).
 Satisfactory with weaknesses (i.e., the agency established controls; however, the agency identified some weaknesses).
 Unsatisfactory (i.e., the agency has not established controls or has identified 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
Written policies on receiving and delivering goods and services	The Regulating District's Procurement Policy and procedures are quite explicit and reviewed and approved by the Board annually in accordance with statute and regulations. That said, they do not sufficiently address receiving and delivering of goods and services.	The Regulating District's Chief Fiscal Officer (who also serves as the Internal Control Officer) and Compliance Officer will work with a small group of affected staff to formalize explicit guidance on proper receipt and delivery of goods and services. This guidance will incorporate the elements contained in the Internal Controls Over Receiving Audit Program. Upon approval from the Executive Director, implementation will be immediate. These modifications will be made to the Regulating District's

		Procurement Policy and brought to the Board for review and approval.
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X 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.



7/27/2021

Signature of Commissioner/Department Head

Date

**INTERNAL CONTROLS OVER RECEIVING
AUDIT PROGRAM**

Complete the audit program below to support the Business Unit's assessment of internal controls over Receiving. Please disclose (i) whether the controls are working as intended to provide reasonable assurance that goods and services are properly received and reported, (ii) any lack of controls or weaknesses in established controls, and (iii) a corrective action plan or compensating controls for any lack of controls or weaknesses in established controls.

Control Objective and Activities	Testing	Results of Testing; Corrective Action Plan or Compensating Controls for Weaknesses Identified
<p>Business Unit ensures goods are properly received for contract and non-contract procurements and has a process that includes verifying the following:</p> <ul style="list-style-type: none"> a. Date of delivery and the individual accepting the delivery are documented. b. Time of delivery where applicable (e.g., overnight delivery services). c. Quantity of goods is documented. d. Description of goods received matches description of goods ordered. e. Condition of goods received matches quality of goods ordered. f. Quantity of goods received is recorded independent of the quantity ordered (e.g., using SFS, the agency's accounting system, or purchase orders without quantities), maintained and transmitted to Accounts Payable. Incompatible duties are segregated (e.g., purchasing staff should not do receiving). 	<ol style="list-style-type: none"> 1. Review written policies and procedures related to receiving to determine if they include guidance on items a. – f. or, in the absence of such guidance, determine whether the Business Unit's practice addresses these items. 2. For a representative sample of payments, perform the following procedures: <ol style="list-style-type: none"> a. Physically observe the item and evaluate conformity with the item ordered (e.g., match the quantity, description, serial numbers, and/or other identifying information to the purchase order, receiving report, and/or invoice; b. If there are multiple items, consider observing a representative sample; c. For perishable or other consumable goods (e.g., paper or produce), consider other evidence as follows: <ol style="list-style-type: none"> i. Match receiving documentation to invoice; ii. Assess the current process in the Receiving Department for receiving similar goods; iii. Assess process in the requesting unit for verifying the receipt of these specific goods and similar goods; iv. Assess the process in Accounts Payable for paying invoices for these goods and similar 	<p>The Regulating District's policies related to receiving do not include guidance relating to receipt of goods. This is the case even though its procurement policy and procedures are quite explicit and reviewed and approved by the Board annually in accordance with statute and regulations.</p> <p>We reviewed nearly fifty payments made throughout the 2020-21 Fiscal Year, all of which required prior approval in accordance with the Regulating District's Procurement Policy. In a significant number of cases, we could not verify that items ordered and items received were a complete match. Stamping and filing of receiving documentation was incomplete in many cases. Payment of invoices follows an established procedure, including segregation of duties to the extent possible for a very small organization.</p> <p>The Regulating District has brought this situation to the attention of management and a corrective action</p>

<p>Business Unit ensures goods are properly delivered to the requesting unit and has a process that includes verifying the following:</p> <ul style="list-style-type: none"> a. Goods are delivered to end users upon receipt or in a timely manner. b. Storage location of purchased goods is recorded, if applicable. c. Employees are required to sign and date the receiving report upon receipt of goods. d. Assets of material value or those that are more susceptible to theft are tracked after they have been received by the receiving unit. e. Assets of material value are tracked after they have been received by end users f. Assets are continuously monitored. 	<p>goods;</p> <ul style="list-style-type: none"> v. Observe the existence of similar goods, where possible; vi. Other (specify) <p>d. Review documentation accompanying payment to determine whether receipt of goods was promptly and accurately reported to Accounts Payable.</p> <p>Document material exceptions and review with management.</p>	<p>plan is being formulated for immediate implementation.</p> <p>The nature of the Regulating District's day-to-day operations and its accompanying Safety Plan resulted in the COVID-19 public health emergency having minimal impacts on payment processes, procedures, and related internal controls.</p>
<p>Business Unit ensures goods are properly delivered to the requesting unit and has a process that includes verifying the following:</p> <ul style="list-style-type: none"> 1. Review written policies and procedures related to receiving goods to determine if they include guidance on items a. – f. or, in the absence of such guidance, determine whether the Business Unit's practice addresses these items. 2. For a representative sample of payments, perform the following tests for goods/items purchased, particularly those that are susceptible to theft: <ul style="list-style-type: none"> a. Assess the process in the requesting unit for verifying the receipt of these goods. b. Review payment documentation for appropriate sign-off from requesting unit, where applicable/required by Business Unit policies and procedures. c. Physically verify the existence of the goods. d. For goods requested by the receiving unit for its own use, determine whether there was an independent review to ensure the goods ordered were properly authorized and received. Examine relevant documentation for appropriate sign offs. Determine whether: <ul style="list-style-type: none"> i. Goods purchased were received by the receiving department ii. Separation of duties existed between Receiving Department, Purchasing Department and Accounts Payable. iii. Business Unit conducts periodic reviews to ensure goods ordered were properly authorized and received (i.e., supervisory 	<p>The Regulating District's policies related to receiving do not include guidance relating to delivery of goods. This is the case even though its procurement policy and procedures are quite explicit and reviewed and approved by the Board annually in accordance with statute and regulations.</p> <p>We reviewed nearly fifty payments made throughout the 2020-21 Fiscal Year, all of which required prior approval in accordance with the Regulating District's Procurement Policy. In a significant number of cases, we could not verify that items requested, ordered and received were a complete match. Stamping and filing of receiving documentation was incomplete in many cases. Payment of invoices follows an established procedure, including segregation of duties to the extent possible for a very small organization.</p> <p>The Regulating District has brought this situation to the attention of management and a corrective action plan is being formulated for immediate implementation.</p>	<p>The nature of the Regulating District's day-to-day operations and its accompanying Safety Plan resulted in the COVID-19 public health emergency having minimal impacts on payment processes, procedures, and related internal controls.</p> <p>The Regulating District's policies related to receiving do not include guidance relating to delivery of goods. This is the case even though its procurement policy and procedures are quite explicit and reviewed and approved by the Board annually in accordance with statute and regulations.</p> <p>We reviewed nearly fifty payments made throughout the 2020-21 Fiscal Year, all of which required prior approval in accordance with the Regulating District's Procurement Policy. In a significant number of cases, we could not verify that items requested, ordered and received were a complete match. Stamping and filing of receiving documentation was incomplete in many cases. Payment of invoices follows an established procedure, including segregation of duties to the extent possible for a very small organization.</p> <p>The Regulating District has brought this situation to the attention of management and a corrective action plan is being formulated for immediate implementation.</p>

<p>Business Unit ensures services are properly received for non-contract and contract procurements and has a process that includes verifying the following:</p> <ul style="list-style-type: none"> a. If and when the services are performed. b. Quality of services performed. c. Services were performed according to specifications. d. Sufficient documentation is maintained to support the receipt of services. e. Communication of payment approval to Accounts Payable. f. Incompatible duties are segregated. 	<p>review).</p> <p>Document material exceptions and review with management.</p>	<p>The nature of the Regulating District's day-to-day operations and its accompanying Safety Plan resulted in the COVID-19 public health emergency having minimal impacts on payment processes, procedures, and related internal controls.</p>
<p>Business Unit ensures services are properly received for non-contract and contract procurements and has a process that includes verifying the following:</p> <ul style="list-style-type: none"> a. If and when the services are performed. b. Quality of services performed. c. Services were performed according to specifications. d. Sufficient documentation is maintained to support the receipt of services. e. Communication of payment approval to Accounts Payable. f. Incompatible duties are segregated. 	<p>1. Review written policies and procedures related to receiving services to determine if they include guidance on items a. – f. or, in the absence of such guidance, determine whether the Business Unit's practice addresses these items.</p> <p>2. For a representative sample of payments, consider performing the following procedures:</p> <ul style="list-style-type: none"> a. If the service is for a specific work product or deliverable (e.g., report or system), physically observe that work product; b. If the vendor is billing on a percentage of completion basis, review progress reports and work in progress on site; determine reasonableness; c. If the vendor is billing on a time and materials basis, review time sheets, payroll, work orders, invoices, or other supporting evidence to show the business unit is paying for actual hours worked and/or materials obtained. Interview appropriate officials to determine whether the vendor's work efforts are reasonable based on the time billed; d. If the vendor is billing based on usage (e.g., toll free numbers) or population served (e.g., training seminars), review usage reports, sign in sheets, training materials, or other supporting evidence for reasonableness; e. Other (specify). <p>Document material exceptions and review with management.</p>	<p>The Regulating District's policies related to receiving do not include sufficient guidance relating to proper receipt of services. Procedures for determining adequacy of service delivery and detailed documentation necessary to support payment are in place and followed, especially as it relates to Engineering and Construction services.</p> <p>Most vendors are billing on a time and materials basis and procedures are in place to review detailed invoices and other supporting documentation. This leads to payment of invoices as described above.</p> <p>The nature of the Regulating District's day-to-day operations and its accompanying Safety Plan resulted in the COVID-19 public health emergency having minimal impacts on payment processes, procedures, and related internal controls.</p>

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

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.

Rev. December 2020

Business Unit	Business Unit Name	Salutation	Filename	Middle Initial	LN Name	Suffix	Title	Company Name	Phone1	Phone2	ExtP1	ExtP2	ExtP3	ExtP4	ExtP5	Facility	Address	Building	City	State	Zip1	Organizational Role
PECO1	Public Benefit Corporations	Mr.	John	C	Callahan		Executive Director	Hudson River - Black River Resulating District	518-465-3481							350 Northern Boulevard	350 Northern Boulevard	307	Albany	NY	12204	Deputy for Administration; State Agency - Voucher Authorizer
PECO1	Public Benefit Corporations	Mr.	Timothy	M	Mandula		Chief Risk Officer/Treasurer	Hudson River - Black River Resulating District	518-465-3481							350 Northern Boulevard	350 Northern Boulevard	307	Albany	NY	12204	Officer State Agency - Internal Control
PECO1	Public Benefit Corporations	Mr.	Robert		Lesie		Chief Financial Officer/Secretary/Treasurer	Hudson River - Black River Resulating District	518-465-3481							350 Northern Boulevard	350 Northern Boulevard	307	Albany	NY	12204	State Agency - Voucher Authorizer
PECO1	Public Benefit Corporations	Ms.	Stephanie		Ruzicky		Compliance Officer	Hudson River - Black River Resulating District	518-465-3481							737 Bunker Hill Road			Mayfield	NY	12117	State Agency - Voucher Authorizer