

**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

Agency 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. Please check all that were assessed:

☐
☐
☐
☐
☐

Accounts Payable

Contracts Requiring Electronic Payments

Credit Card Reconciliations

Employee Expenses

X Evidence and Record
Retention

☐
☐
☐
☐
☐

Grants

P-Card Purchases

Program Area Payments

Purchase Order Use

Purchasing

☐
☐
☐

Receiving

SFS/FMS Security Access

Other (please specify):

In accordance with Title 2, Chapter I, Part 6, Section 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 Agency 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 Chief Fiscal Officer (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 2022

**INTERNAL CONTROLS OVER OBTAINING AND RETAINING RECORDS TO SUPPORT PAYMENTS
AUDIT PROGRAM**

Complete the audit program below to support the agency’s assessment of internal controls in this area. Please describe the controls in place, the testing done to determine whether the controls are working as intended and the results of this testing. Also, if the agency identifies a lack of controls or any weaknesses in established controls, include a plan for corrective action or identify any compensating controls.

Please note: Agencies that are customers of the Business Service Center (BSC) or are hosted by another agency are required to certify any controls over the portion of the payment processes that take place at the agency.

Control Objective and Activities	Testing	Results of Testing; Corrective Action Plan or Compensating Controls for Weaknesses Identified
<p>Agency ensures it obtained and retained sufficient, appropriate original source documentation (i.e., in hard copy and/or electronic format) to support claims for payment are just, true and correct, and therefore appropriate to pay. The agency has a process that includes verifying the following:</p> <p>A. Agency has adequate processes to obtain sufficient, appropriate evidence to provide reasonable assurance vendor performance complied with deliverables (e.g., percent completion, other milestones, entitlements, payment terms, etc.) contained in the agreement (e.g., contract, purchase order, appropriation) for the correct price.</p> <p>B. Agency ensures protection, authenticity, reliability, integrity, and usability of imaged records.</p> <p>C. Agency maintained the supporting documentation accompanying the payment request for time frames consistent with State records retention laws.</p>	<p>1. Review written policies and procedures related to obtaining and retaining sufficient, appropriate evidence (i.e., in hard copy and/or electronic format) to support payments, and determine if they include guidance on items A, B and C. or, in the absence of such guidance, determine whether the agency’s practice addresses these items.</p> <p>2. For a representative sample of payments, perform the testing below. New York State Archives requires records (i.e., in hard copy and/or electronic format) be retained for multiple years. Agencies should consider a representative sample that spans the appropriate number of years for the document type in order to accurately test this requirement.</p> <p>a. Review the documentation (e.g., invoice, receiving documents, work orders, time sheets, reports, agreements, sign in sheets, certifications, third-party invoices, etc.) retained by the agency to determine whether it fully supports the payment.</p> <p>i. Obtain the vendor agreement in effect at the time of purchase which specified pricing and related deliverables (e.g., purchase order, formal contract, grant document, price list, appropriation, etc.), the invoice, and documentation to support the receipt of the deliverables. Assess whether sufficient, appropriate evidence exists and complete the following:</p> <p>a. Compare the pricing of the deliverable (e.g., price per unit or hourly rate) on the invoice to the pricing on the vendor agreement.</p> <p>b. Review the information on the invoice, receiving report, purchase order and any additional supporting documentation to determine whether the following items match:</p>	<p>I reviewed the Regulating District’s written policies and procedures related to obtaining and retraining sufficient, appropriate evidence to support payments. While those policies and procedures do not speak specifically to all aspects of Control Objectives A., B., and C., the Regulating District’s practices address these and related items.</p> <p>For a representative sample of payments in both the Hudson River Area and Black River Area going back to 2019, the documentation relied on to initially review, approve and make payments was sufficient at that time to support the payment. In many cases, the documentation relied on and the process to review, approve and make payments has gotten better over time.</p>

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	<ul style="list-style-type: none">i. Quantity expected and delivered (e.g., Was the correct number of goods received?, Was the milestone met?, Was the percentage of work completed?, etc.).ii. Quality of the deliverable for which the agency received, and paid for, matches what the agency expected.iii. Amount billed.iv. Payee name, ID and address.v. Item description.c. Recalculate the extensions and totals on the invoice to determine if the invoice was calculated correctly. <ul style="list-style-type: none">ii. If applicable, for agreements that include advances or retainages, review language from the agreement between the vendor and the agency to identify the requirements the vendor was obligated to fulfill prior to final payment. Examine the vendor agreement and payment requirements to determine if all requirements were met before the final payment was authorized.iii. For partially filled orders, verify payment is for only the portion received. For pre-payments, ensure the amount is appropriate per the payment terms. For example, for advances based on a percentage of the budget, ensure the vendor used the appropriate percentage and budget amount to calculate the payment amount. Or for training, ensure those registered to attend paid the agreed upon price. Consider performing the following testing:<ul style="list-style-type: none">a. Determine whether the vendor has satisfied the terms and conditions in the vendor agreement in order to receive the payment.b. Review the schedule of payments, if applicable, and determine if the payment amount and payment date are in accordance with the schedule.c. Review the budget and expenditures to date and determine if expenditures are within the budgeted costs.d. Other (specify)iv. If Accounts Payable staff relied on end user departments to confirm an invoice as appropriate to pay, determine whether the end user departments obtained and verified appropriate supporting information before signing off that the invoice was appropriate.	<p>Section XX of the Regulating District’s Procurement Policy (which is reviewed and approved annually by the Regulating District’s Board at its March meeting) stipulates that “Every purchase transaction must be billed on the vendor’s own printed form or on the State Voucher form for that purpose. The Senior Staff Manager that initiated the transaction shall deny or approve invoices and sign the certifications required by the Regulating District’s Chief Fiscal Officer and/or OSC. The Senior Staff Manager’s approval of invoices for payment shall constitute the Senior Staff Manager’s certification that the terms of the transaction have been fulfilled, including receipt and deployment of said products and/or services. The Senior Staff Manager shall ensure that products and/or services have been provided in accordance with the Regulating District’s purchase authorizations (written or verbal) before approving invoices for payment. The Executive Director may designate another Senior Staff Manager to deny or approve invoices and sign required certifications. Any such designation must be made in writing and received by the Regulating District’s Chief Fiscal Officer for it to be valid.”</p>
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**INTERNAL CONTROLS OVER OBTAINING AND RETAINING RECORDS TO SUPPORT PAYMENTS
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	<p>v. Determine whether the agency obtained information from third party sources to verify payment claims or expense reports when appropriate or necessary to support the payment. Information obtained from third party sources is generally more reliable than information obtained from those directly benefiting from the claim.</p> <p>b. Determine whether the documentation is clear, legible, well organized and easily accessible.</p> <p>i. For supporting documentation stored in SFS, determine whether the agency followed procedures set forth in the Guide to Financial Operations Section XIV.9 – Statewide Financial System Imaging and Attachment Guidance, as follows:</p> <p>a. Documents must be accurate, legible, and complete.</p> <p>b. The file size for a single attachment may not exceed two megabytes.</p> <p>c. The file type for attachments should be PDF or TIFF.</p> <p>d. The agency developed a process that includes attaching and reviewing relevant documents, as well as redacting private and confidential information. This process includes controls to ensure its imaging system produces legible, accurate reproductions of original documents.</p> <p>e. Transactions and attachments in SFS may be considered the “official record” as long as the appropriate guidelines have been followed.</p> <p>f. Review the electronic documents for redacted information or confidential information that was not redacted.</p> <p>- If the documents contain redacted information, determine if the agency retained the original hard copy in its files.</p> <p>- If that supporting documentation is stored in the agency’s FMS, determine whether the agency followed its procedures for imaging and attachments.</p> <p>c. Determine if the length of time the agency retained the documentation is appropriate per the following:</p> <p>i. New York State Archives State General Schedule and/or</p> <p>ii. Agency-specific schedules that cover SFS-related records.</p> <p>Document material exceptions and review with management.</p>	<p>Documents utilized to support the initial payment remain clear, legible, well organized and easily accessible.</p> <p>The Regulating District utilizes SFS to obtain the countersignature of the Office of the State Comptroller for payments from its General Fund in both the Black River Area and Hudson River Area. This countersignature requirement is codified in the Regulating District’s enabling statute (Environmental Conservation Law, Section 15-2129(8)). As such, the Regulating District follows procedures set forth in the Guide to Financial Operations Section XIV.9.</p> <p>The overwhelming majority of the Regulating District’s records relating to payment have been stored electronically in recent years. For those not stored electronically, the physical records are stored in locations and in manners consistent with Regulating District policies, which are consistent with the New York State Archives General Schedule. The Regulating District’s most recent Records Retention and Disposal Schedule was reviewed and approved by the New York State Archives in July 2020. That process was overseen by the Regulating Districts Records Retention Officer, who also happens to serve as the Regulating District’s General Counsel.</p>
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