**Certification of Internal Controls Over the Payment Process**

**Frequently Asked Questions**

**Question:**

Our agency completes a risk assessment as part of complying with the Division of Budget’s (DOB) Internal Control Summary and Certification. Can our agency rely on this risk assessment to identify the highest risk payment-related area as required for OSC’s annual certification?

**Answer:**

The agency may rely on any risk assessment it conducts as long as it sufficiently assesses risks specifically related to the processing of claims for payment.

**Question:**

How does the Comptroller’s certification requirement differ from the Annual Internal Control Summary and Certification that certain agencies are required to submit to the Division of Budget (DOB)?

**Answer:**

The DOB and OSC certifications are two separate and distinct requirements. DOB’s annual [Internal Control Summary and Certification](http://www.budget.ny.gov/guide/bprm/b/b350.html) provides supporting justification for an agency’s level of compliance with the requirements of the Internal Control Act. As part of this certification process, agencies typically assess controls on an agency-wide level.

OSC’s certification requirement derives from Title 2, Chapter I, Part 6.6(b) of the New York Codes, Rules and Regulations. This requires agency heads to certify that their agencies have established sufficient internal controls specific to ensuring claims are appropriate to pay.

**Question:**

Is it acceptable to submit the DOB certification form in place of OSC’s form?

**Answer:**

No. As explained above, the DOB and OSC certifications are two separate and distinct requirements. As such, agency heads are required to complete and sign OSC’s annual certification form. The form should be submitted to BSEInternalControlCert@osc.ny.gov by April 30th of each year.

**Question:**

How should agencies that are hosted by the Business Service Center (BSC) comply with the Comptroller’s requirement to certify internal controls over the payment process?

**Answer:**

The Office of General Services’ Internal Audit Department will coordinate the review and certification of internal controls over payment processes the BSC performs. The hosted agency will still be required to certify any controls over payment processes that the agency performs and can rely on the BSC’s certification for those processes the BSC performs on its behalf. The hosted agency’s reliance on the BSC’s certification will vary based on the extent of the processes the BSC performs on the hosted agency’s behalf and any unresolved control weaknesses identified at the BSC.

Two examples of payment processes that are typically performed at a hosted agency are receiving and travel. For receiving, the hosted agency usually indicates to the BSC whether goods or services have been received and therefore can be paid. As such, the controls over receiving are part of the payment process and the hosted agency would certify as to the adequacy of these controls. For travel, the traveler and supervisor approving the travel voucher are typically from the hosted agency. As such, the hosted agency needs to certify the controls over those functions.

**Question:**

How do agencies obtain the data necessary to select a representative sample of transactions to review and perform testing procedures?

**Answer:**

Online and bulkload agencies should use SFS Analytics, located on the Statewide Financial System’s (SFS) Home Page, to obtain data from the reports included below. Bulkload agencies can contact SFS’s Help Desk ([helpdesk@sfs.ny.gov](file:///%5C%5C110oscnas%5Cshared%5Cstexpd%5CInternal%20Controls%5CAgency%20Internal%20Control%20Certification%5C2022%5Chelpdesk%40sfs.ny.gov)) to request access to SFS Analytics.

It is recommended that agencies use the various SFS Analytics reports, along with information from their own financial management system, to assist with testing.

***For data to identify paid vouchers:***

* Select Document Listing Reports.
* Select Report DW330 - Voucher Listing.
* On the Report DW330 screen, each tab provides data as follows:
	+ The Listing tab identifies vouchers with distribution line detail for the selected criteria, including Purchase Order ID.
	+ The Paid Vouchers tab identifies vouchers with payment line detail for the selected criteria. The Paid Voucher tab does not include the Purchase Order ID.
	+ The agency should use these tabs concurrently to identify paid vouchers, through matching the Invoice Number and/or Voucher ID in both tabs.
* Please see the Help tab for additional assistance with running this report.

***For data to identify purchase order detail:***

* Select Document Listing Reports.
* Select Report DW951 - Purchase Order Listing.
* On the Report DW951 each tab provides data as follows:
	+ The Purchase Order Header tab provides aggregate level of detail and relevant purchase order identifiers by Purchase Order
	+ The Purchase Order Line tab provides line level detail and associated descriptive fields by Purchase Order.
* Please see the Help tab for additional assistance with running this report.

***For data to identify credit adjustment vouchers:***

* Use the data obtained above from report DW330 - Voucher Listings.
* Filter ‘AP Amount’ column on negative amounts to identify potential credits.
* Use the ‘Invoice Number’ field to identify transactions with a description that includes either “Refund of Appropriation” (also referred to as ROA) or “Credit Memo.”

**Question:**

How do agencies identify grant contracts?

**Answer:**

Open Book New York defines grant contracts as contracts providing money that has been appropriated through the budget process for programs determined to be for the public good. Grant contracts include contracts held by not-for-profit organizations, municipalities or certain New York State (NYS) Assembly Member initiatives.

For the 2024 certification, agencies should assess controls over State-funded grant payments. Agencies may also consider assessing internal controls over Federally-funded grant payments if a risk assessment identifies this as a priority risk area.

To obtain data to identify grant contracts for planning and testing purposes, online and bulkload agencies can use [Open Book New York](https://www.osc.ny.gov/open-book-new-york) or SFS Analytics, located on the Statewide Financial System’s (SFS) Home Page. Bulkload agencies can contact the SFS Help Desk ([helpdesk@sfs.ny.gov](file:///%5C%5C110oscnas%5Cshared%5Cstexpd%5CInternal%20Controls%5CAgency%20Internal%20Control%20Certification%5C2022%5Chelpdesk%40sfs.ny.gov)) to request access to SFS Analytics. Please note, contracts not subject to OSC Pre-Audit are not given a contract type in Open Book New York.

***To obtain SFS Analytics data to identify grant contracts:***

* Open SFS Analytics
* Select Contract Reports
* Select Report DW128 – Contract Dashboard.
* On the Report DW128 screen, each tab provides data as noted below, with the option to search for grants using transactional account code 60301 – Local Grants and Public Assistance:
	+ The Contract Dashboard tab is a summary of disbursements for selected contracts.
	+ The Voucher Details tab details information for vouchers associated to selected contracts.
	+ The Encumbrances tab details information for encumbrances (purchase orders) associated with selected contracts.
* Please see the Help tab for additional assistance with running this report.

***Agencies may also consider the steps below to identify grant contracts:***

* Contact the agency’s procurement unit to obtain an understanding about the agency’s grant contracts population.
* Refer to the agency’s NYS Single Audit Reports or the State Agency’s Schedule of Expenditures of Federal Awards to identify the agency’s federal grants and/or programs. Please see Guide to Financial Operations (GFO) Section IX.11.C - Single Audit Act of 1984 for more information.
* Refer to the [NYS Fund Classification Manual](https://www.osc.ny.gov/files/state-agencies/pdf/fund-classification-manual.pdf) to identify fund codes for Federally and/or State funded contracts. In conjunction with other methods to identify grant contracts, use this information to determine if the contracts/payments are funded by Federal or State grants.
* Refer to the [Open Budget Appropriations](https://openbudget.ny.gov/budgetPrepForm.html) tool to identify appropriation data by agency and appropriation category. Use this information to identify programs categorized as local assistance and the appropriations available for each program. In conjunction with other methods to identify grant contracts, use this information to identify contracts/payments that are funded by State grants.

**Question:**

How should smaller-sized agencies or agencies without an internal audit function, where it could be more difficult to conduct an independent review, obtain sufficient evidence to support their assessment of internal controls over the payment process?

**Answer:**

Smaller-sized agencies or agencies without an internal audit function may use a variety of resources, tools and techniques to obtain evidence to support the certification of internal controls over the payment process to support the validity of the [agency claim certification](https://origin.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii4b-certification-vouchers) for processing payments. This may include internal audit programs, checklists, surveys or other tools. For smaller agencies, a self-assessment can be done using many of these techniques.

In addition, the Comptroller’s office will provide a series of audit programs concerning controls related to specific segments of the payment process or particular payment types. Smaller-sized agencies or agencies without an internal audit function may consider using these programs to help assess internal controls over the agency’s payments. Please see [Section XII.4.D](https://origin.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii4d-certification-internal-controls-over-payment-process) of the GFO for more details on these programs.

Please remember to retain documentation to support your agency’s assessment of internal controls over the payment process and all additional segments required by the Comptroller, which should include support of the approach your agency took to assess the controls and your justification for using that approach.

**Question:**

Are agencies that have multiple facilities/campuses required to submit an individual certification for each facility/campus?

**Answer:**

No. The agency is not required to submit an individual Internal Controls Certification for each facility/campus. However, the facilities/campuses selected for review should be based on a risk assessment and the certification should indicate the areas covered. Please remember to retain documentation to support your agency’s assessment of internal controls over the payment process and all additional segments required by the Comptroller, which should include support of the approach your agency took to assess the controls and your justification for using that approach.

**Question:**

What entities are required to submit an annual Internal Control Certification in accordance with Title 2, Chapter I, Part 6.6(b) of the New York Codes, Rules and Regulations?

**Answer:**

Any entity that certifies claims for payment to the Comptroller’s office, including through SFS or otherwise. This includes, but is not limited to, State agencies, public authorities, as well as the New York State Insurance Fund. Please contact the Knowledge Management Unit at BSEInternalControlCert@osc.ny.gov for additional guidance on whether your entity is required to comply.

**Question:**

What is e-invoicing?

**Answer:**

E-invoicing refers to the submission by a vendor of electronic invoices to the eSettlements module in SFS, in lieu of a paper invoice. A vendor may submit an e-invoice once the Office of the State Comptroller Vendor Management Unit enables the vendor in the Statewide Financial System to electronically invoice the State, and only if the e-invoice references a Purchase Order. As such, in order to receive an e-invoice from a vendor, Agencies must issue Purchase Orders to obtain goods or services from such vendor. E-invoicing is primarily used to allow for more straight-forward purchase order and invoice matching in the Statewide Financial System. Please see Section XII.4.E – *Electronic Invoicing* of the GFO for more guidance on this topic.

**Question:**

What is the agency’s scope period for the annual certification?

**Answer:**

At a minimum, the agency should consider reviewing one year’s worth of documentation to arrive at their assessment of controls as Satisfactory, Satisfactory with Weaknesses, or Unsatisfactory. However, the agency should also consider its resources available to perform this review and adjust its scope accordingly. It is good practice to document the agency’s justification for determining the scope in the event that OSC requests documentation for audit.

**Question:**

What if I still have questions?

**Answer:**

Please refer to the guidance located in [Section XII.4.D](https://origin.osc.state.ny.us/state-agencies/gfo/chapter-xii/xii4d-certification-internal-controls-over-payment-process) of the GFO. If you have additional questions, please contact the Knowledge Management Unit at BSEInternalControlCert@osc.ny.gov.