

Voucher Certification and Review

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Introductions



Office of the State
Comptroller



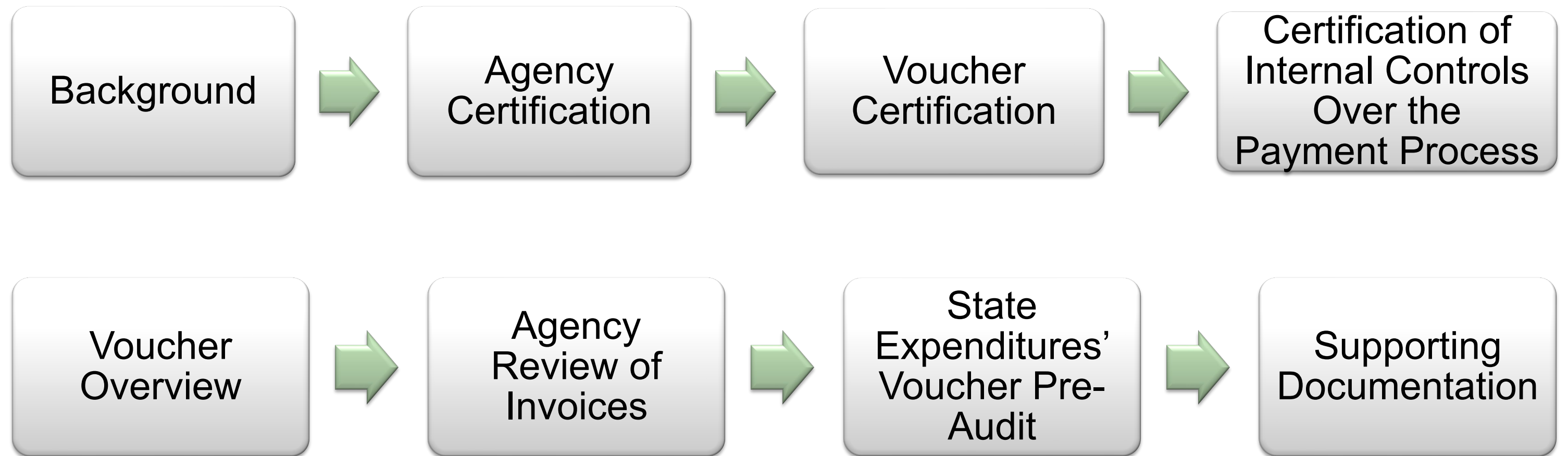
Office of Operations



Bureau of State
Expenditures



Presentation Overview



Background



BSE is responsible for meeting the State Comptroller's constitutional and statutory requirement to audit all State expenditures prior to payment



BSE auditors engage with agencies on comprehensive audits of contracts, programs, and payment streams

Agency Certification

State Finance Law §110

- **Certification or approval of vouchers and expense reports shall be made by the agency head, or by those designated by the agency head to do so**
 - Voucher Authorizer
- **Any designation by the department head should be in writing and filed with OSC**



Agency Certification


2 NYCRR Part 6 and State Finance Law §109

- **Each agency must maintain adequate internal controls over the payment process to support the validity of the agency claim certification**
- **Head of department or designee must certify to Comptroller that claim is just, true and correct and therefore appropriate to pay**



Agency Certification

SFS Terms of Service



Agency Portal

User ID

Password

[I forgot my password](#)

☐ I agree to [SFS Online Terms of Service](#)

Sign In

The Statewide Financial System is designed for the sole use of transacting business on behalf of New York State. By entering my User ID and Password and accessing the system, I will use the Statewide Financial System to execute transactions and associate attachments consistent with and subject to the [SFS Online Terms of Service](#) and all applicable laws.



Agency Certification

SFS Terms of Service

- **Agency user is:**
 - Authorized to execute transactions within SFS
 - Familiar, and will use SFS in accordance with the Ethics in Government Act
 - Familiar, and will use SFS in accordance with OSC's policies on confidential, personal, and private information



Agency Certification

SFS Terms of Service

- **Vouchers approved by agency reviewers and sent to OSC are just, true, correct, and appropriate to pay**
- **Expense reports processed to OSC are just, true, correct, and appropriate to pay**
- **Goods or services rendered or furnished are for use in the performance of the official functions and duties of the agency**



Voucher Certification

- **Prior to certifying any voucher, the agency must complete necessary control activities and the Voucher Authorizer should ensure:**
 - The agency has acceptable evidence of receipt
 - An agency representative can readily explain how the agency determined the invoice is appropriate
 - An agency representative has reviewed (or someone within the agency has reviewed) the evidence and deems it sufficient to approve for payment



Voucher Certification

- **Upon voucher approval, the Voucher Authorizer is certifying that:**
 - The payment is approved,
 - Information entered is just, true and correct, and
 - Goods or services rendered or furnished are for use in the performance of the official functions and duties of the agency



Certification of Internal Controls Over the Payment Process

GFO Section XII.4.D

The certification has two parts:

1. Adequacy of controls over one or more payment related area (e.g., accounts payable, travel and expense, procurement card)
2. Adequacy of controls over the Voucher Authorizer designation process



Voucher Overview

Vendor (e.g., contractor, not-for-profit, grantee, authority) requests payment

Agency reviews invoice and supporting documentation

If satisfactory agency review, agency enters voucher and certifies it is just, true, correct and appropriate to pay

OSC receives voucher for audit

OSC audits voucher and approves

If OSC approved, payment issued to vendor

Agency Review of Invoices

Management Responsibility

- **Ensure all employees have the necessary skills, capabilities, supervision, monitoring and training to ensure the organization can carry out its work**
- **Ensure all claims for payment are delegated to appropriate staff for review**
- **Ensure all affected staff are aware of their responsibilities to validate claims, invoices or expense reports**



Agency Review of Invoices

Management Responsibility

- **Provide affected staff with tools, such as those in this section, to aid in validating claims, invoices or expense reports**
- **Ensure any risk assessment completed has the appropriate level of review**



Agency Review of Invoices

Staff Responsibility

- **Provide an initial or final review of claims, invoices or expense reports, whether they are in the finance office or in a program area**
- **All staff should have a clear understanding of their responsibilities and have tools necessary to aid in their validation**



Agency Review of Invoices

Staff Responsibility

- **To determine if a claim for payment is appropriate to pay prior to being certified and submitted to the OSC, agency staff need to know:**
 - The type of claim for which the vendor or employee is seeking payment
 - The types of information that can support the claim
 - Where the reviewer can obtain supporting information (e.g., agency program staff, vendor, etc.)
 - How to evaluate the supporting information



Agency Review of Invoices

Effective review of claims helps:

- Reduce the risk of agencies overpaying vendors for the incorrect type, quantity, and/or price of goods and services billed
- Ensure vendors are only reimbursed for expenses to which they are entitled



Agency Review of Invoices

- **When reviewing claims for payment, agencies may use a risk-based approach, with greater focus on claims that pose a higher risk of being incorrect**
- **This risk-based approach is based on a documented risk assessment**



Agency Review of Invoices

GFO Section XI.11.F – Contract Monitoring



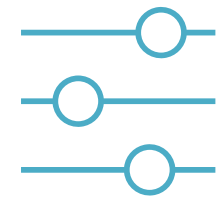
Identify payments to review and who is responsible for reviewing



Understand requirements



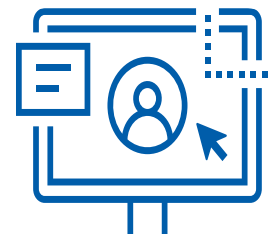
Identify risks



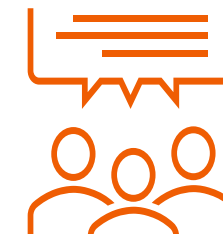
Prioritize risks



Determine risk response



Design/execute monitoring activities



Follow up

State Expenditures' Voucher Audit

Audit Authority

- Article V, § 1 of the State Constitution
- § 8 of the State Finance Law
- § 111 of the State Finance Law

BSE conducts audits on a pre- and post-audit basis in accordance with the Generally Accepted Government Auditing Standards



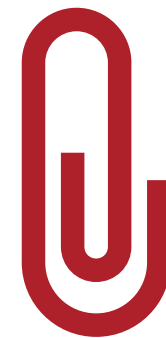
Pre-Audit Process



Risk based
approach



Documentation
Request and
understanding of
agency's review



Use of
attachments

Pre-Audit Process

The “Two-Day Pre-Audit” refers to the amount of time between agency voucher submission and approval/rejection



Agencies should strive to respond to requests for documentation within the requested timeframe to ensure the voucher will not be denied unnecessarily



If additional time to gather documentation is needed, OSC can return the voucher

Pre-Audit Process

“Please provide the supporting documentation (for example, invoices, purchase orders, receiving documentation, timesheets, and contract pricing pages, as applicable) and the steps taken by your agency to ensure the payment is just, due, and owing prior to certifying the payment in SFS.”



Pre-Audit Process

Supporting Documentation

- **Enough documentation to support the charges on the invoice**
- **Clear explanation of how the documentation supports the charges (e.g., an expense summary)**
- **Provide the documentation within the requested turnaround time**



Pre-Audit Process

Supporting Documentation

- **Section of contract/law**
- **Disbursement terms**
- **SFS attachments**
- **Appropriation**
 - If it helps explain the purpose/intent of the payment



Pre-Audit Process

Supporting Documentation

- **Things to avoid:**
 - Copious documentation
 - Spreadsheets in PDF
 - Pointing to the law/contract/appropriation as a whole instead of the specific, applicable section or instead of providing appropriate supporting documentation



Supporting Documentation

Vouchers Must Be:

- Supported by sufficient original source documentation
- Reviewed by the agency

Voucher Authorizers Must:

- Ensure the agency has acceptable evidence of receipt and/or inspection on file
- Ensure they can speak to or refer us to the appropriate person to the review process

Supporting Documentation



Invoice



Receipt of goods or services



Reasonable Assurance



GFO Section XII.4.B.1
Supporting Information

Supporting Documentation



Physical Evidence

Summary memos,
photographs, videos,
drawings, charts, maps, or
physical samples



Documentary Evidence

Contracts, accounting
records, invoices,
payroll records,
spreadsheets,
database extracts



Testimonial Evidence

Inquiries, interviews

Supporting Documentation Example

Goods

Type of Information	Source of Information	Intended Use of Information
Invoice	<ul style="list-style-type: none">• Agency Finance Office• Vendor• BSC	<ul style="list-style-type: none">• Re-perform calculations for accuracy• Verify quantifies, descriptions and prices match PO and contract
Receiving Report	<ul style="list-style-type: none">• Receiver• SFS• Agency Financial System	<ul style="list-style-type: none">• Verify description and quantity of goods received matches invoice and PO
Contract or Program Requirements	<ul style="list-style-type: none">• Agency Procurement Office• Contract• Program Area	<ul style="list-style-type: none">• Verify effective dates of the contract correlate to the dates the goods were provided• Verify rates are appropriate• Verify all expenses are allowable (e.g., tax)

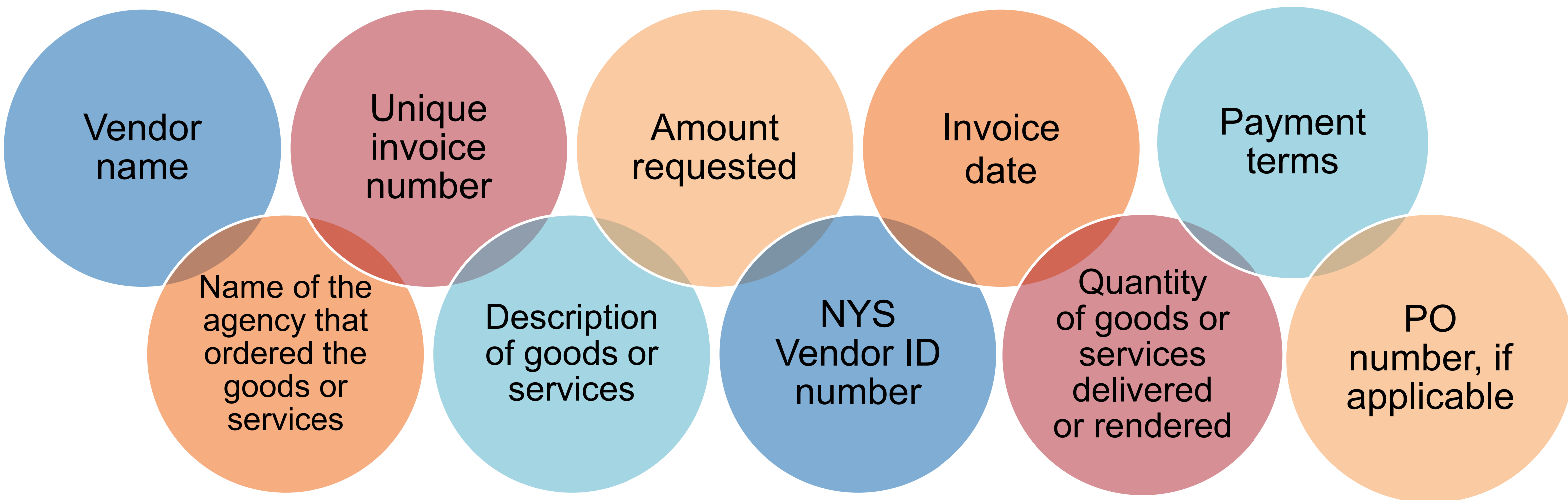
Supporting Documentation Example

Services

Type of Information	Source of Information	Intended Use of Information
Invoice	<ul style="list-style-type: none">• Agency Finance Office• Vendor• BSC	<ul style="list-style-type: none">• Re-perform calculations for accuracy• Verify names, titles, rates, dates, hours worked, descriptions and prices match PO and contract
Licenses, Certifications, and other qualifications	<ul style="list-style-type: none">• NYS Education Department• NYS Department of State• Contract	<ul style="list-style-type: none">• Verify professional providing services met qualifications
Payroll records	<ul style="list-style-type: none">• Vendor• Third-party payroll service provider	<ul style="list-style-type: none">• Verify hours on payroll records match timesheets• Verify rates are appropriate
Subcontractor Agreements	<ul style="list-style-type: none">• Vendor• Subcontractor• Agency Procurement Office	<ul style="list-style-type: none">• Verify services are billed for in accordance with the subcontractor agreements

Proper Invoice

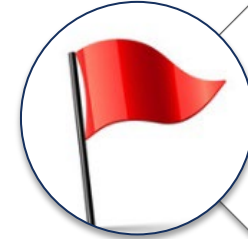
GFO Section XII.4.F Invoice Checklist



Red Flags



Photocopied or altered invoices



Handwritten invoices



Invoice number sequential to, repeated with, or inconsistent with other invoices from the same vendor



Similar or the same template used by multiple vendors



Invoice counts and/or dollars that do not add up



Vendor address is a PO Box, suite number, or mail drop address



Vague information to describe the goods or services



Vendor is not in the Statewide Vendor File

Red Flags



Higher quantity on invoice than on the related purchase order



Items on invoice that were not contained in the contract, approved budget or purchase order



No company letterhead or logo on the invoice



Invoices with a lack of typical information (e.g., vendor address)



Misspellings on invoice or supporting documents



Recurring identical amounts from the same vendor on different invoices for goods or services that are not identical



Unusual items included in the invoice



Fully subcontracted work

GFO Sections

- XI.11.F - Contract Monitoring
- XII.3 Record Retention – Accounts Payable Vouchers and Land Claims
- XII.4.B Certification of Vouchers
- XII.4.B.1 Supporting Information
- XII.4.D Certification of Internal Controls over the Payment Process
- XII.4.F Proper Invoice
 - Invoice Checklist



Q & A