**INTERNAL CONTROLS OVER CONTRACTS REQUIRING ELECTRONIC 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.

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| **Control Objective and Activities** | **Testing** | **Results of Testing; Corrective Action Plan or Compensating Controls for Weaknesses Identified** |
| **Agency ensures payments are in compliance with the contract payment terms and has a process that includes verifying the following:**   1. Vendors are paid through ACH where required. | 1. Determine the type of contract:    1. Centralized    2. Agency-specific    3. Property lease    4. Grants Gateway 2. For a representative sample of contracts, determine if the contract payment terms require electronic payment. For example, agencies should consider a representative sample that focuses on the highest and/or most frequently paid vendors.   To obtain payment information, online agencies should access several reports in SFS Analytics as follows:   * Log-on to SFS, go to the Navigator, select Reporting Tools, and then SFS Analytics. * Select Document Listing Reports, then report DW330 - Voucher Listing. * On this screen there are two reports/tab to run: **Listing** (for accounting information on all vouchers) and **Paid Vouchers** (information on which vouchers were paid). * Compare the Listing report to the Paid Vouchers report to determine which vouchers were paid and the payment method. * Use these reports in conjunction with the query noted under #3 below to assist with your testing.   Agencies should contact SFS (helpdesk@sfs.ny.gov) to request access to SFS Analytics.   * 1. If the contract is centralized, review the contract to determine if it contains Appendix B, *Section 48(b) – Terms and Conditions – Contract Invoicing*, which requires electronic payment. This requirement should exist in contracts dated June 2014 and later. Agencies should refer to the [Office of General Services Procurement Services website](https://nyspro.ogs.ny.gov/content/procurement-services-contract-portal) for a list of all centralized contracts. Agencies may request a list of all centralized contracts that were exempt from ACH by the OGS Commissioner.   2. If the contract is agency-specific or a property lease, review the payment terms and conditions to determine if electronic payment is required.   3. If the contract originates in Grants Gateway, please note in *Section III(A) – Payment and Reporting Terms and Conditions*, electronic payment is required unless the head of the State agency authorizes otherwise due to extenuating circumstances.   Refer to [Section XII.5.D](http://www.osc.state.ny.us/agencies/guide/MyWebHelp/Content/XII/5/D.htm) of the Guide to Financial Operations (GFO) for guidance on paying vendors through ACH for the following tests. Agencies can use the query NY\_ACH\_VENDORS\_REPORT to obtain vendor payment information (e.g., location, payment method, etc.). Agencies should contact SFS (helpdesk@sfs.ny.gov) to request access to run queries in SFS.   1. For a representative sample of payments on contracts that require electronic payments, identify the payments that were not made through ACH and determine:    1. If the vendor has a location for ACH as the payment method.    2. If the vendor received a written waiver to opt out of electronic payments, where allowable per contract terms.    3. If the agency selected the appropriate payment location.    4. If the agency ensured open purchase orders were updated to reflect the proper location for electronic payments.    5. If the vendor has a location for ACH, the agency selected that location, the purchase order has been updated to reflect the ACH location, and the agency did not exempt the vendor from receiving ACH, but the vendor still received a check, ask the Primary Contact/Administrator for the vendor to validate and update the banking information through the [NYS Vendor Portal](https://esupplier.sfs.ny.gov/psp/fscm/SUPPLIER/?&) as necessary. Vendors should refer to the [Office of the State Comptroller’s website](https://www.osc.state.ny.us/vendor_management/forms.htm) for more details on updating vendor information. 2. Document material exceptions and review with management. |  |