

**THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**

INTERNAL CONTROL AND ACCOUNTABILITY DIRECTIVE

**DIRECTIVE 8 - SPECIAL AUDIT PROCEDURES FOR HIGH RISK PAYMENT
VOUCHERS**

INTRODUCTION

This directive sets forth uniform procedures agencies must follow when processing high risk payment vouchers. Compliance with the directive's guidelines will facilitate the Office of the Comptroller's post audit of these payments.

The Office of the Comptroller may classify vouchers as high risk as a result of our ongoing monitoring and review of each agency's voucher preparation practices and procedures. Vouchers may be designated high risk when it is determined that excessive or erroneous payments occur too frequently. The payments currently designated high risk are listed in §2.0 of the directive.

Agency vouchers not classified high risk are exempt from the directive's formal post-audit documentation requirements but will continue to be selectively audited, as deemed appropriate, by the Office of the Comptroller. Agencies, therefore, must maintain appropriate documentation for all vouchered payments.

1.0 GENERAL INFORMATION

1.1 Organization

- 1.0 General Information
- 2.0 Vouchers Designated High Risk
- 3.0 Submission of High Risk Voucher Documentation for Post Audit
- 4.0 Reporting Audit Results

1.2 Effective Date

This directive is effective immediately. The previous version, issued April 13, 1982, and Comptroller's Memorandum (C.M.) 94-02, *Reclassification of Welfare (Security) - Active Employee Vouchers Governed by Directive #8*, issued July 30, 1993, are superseded.

1.3 Assistance

Requests for additional copies and questions concerning this directive should be addressed to The Office of the Comptroller, attention:, Directives/Policy Unit, Bureau of Accountancy, Municipal Building, One Centre Street, Room 200 South, New York, NY 10007, (212) 669-3675, e mail directives@comptroller.nyc.gov

1.5 Internet Availability

An inventory of existing Comptroller's Internal Control and Accountability Directives, with download and print capability, are available on the Comptroller's website at <http://www.comptroller.nyc.gov>

2.0 VOUCHERS DESIGNATED HIGH RISK

The Office of the Comptroller has designated the following as high risk payments for all agencies:

- Uniformed Active Employee Welfare Funds
- Retiree Welfare Funds
- Annuity Funds
- Retroactive Payments to Any Welfare or Annuity Fund

In addition, the following Board of Education and the City University of New York (CUNY) payments are designated high risk:

- Non-Uniformed Active Employee Welfare Funds
- Part-Time Active Employee Welfare Funds

All agency vouchers authorizing any of the above payments are subject to the provisions of this directive. The high risk payment voucher designations will remain in effect until the Comptroller's Office is reasonably assured that agencies are processing the vouchers with acceptable accuracy.

The Office of the Comptroller monitors agency voucher preparation activities as an ongoing practice and may identify additional payment types as high risk in the future.

3.0 SUBMISSION OF HIGH RISK VOUCHER DOCUMENTATION FOR POST AUDIT

Whenever a high risk voucher is submitted to the Financial Information Services Agency (FISA) for payment, the agency must simultaneously forward a copy of the voucher, accompanied

by all pertinent supporting documentation, to:

The Office of the Comptroller
Bureau of Audit – Special Reports Group
One Centre Street - Room 1100
New York, N.Y. 10007

Documentation will not be returned to the agency.

Agencies must file signatory designations and signature specimens with the Office of the Comptroller for those individuals authorized to sign high risk payment vouchers. Designations and signature samples must be submitted to the above address.

The Comptroller's Office will audit each voucher and its supporting documentation to assess the accuracy of the payment. When deemed appropriate, the Comptroller may expand its audit to include an on-site review of the agency's internal voucher preparation, audit and approval process.

4.0 REPORTING AUDIT RESULTS

When it is determined that erroneous or excessive payments have been processed, the Comptroller's Office will notify the Agency Head of the findings and will request corrective action. Audit findings will be communicated either in the form of a letter report or an audit report.

Where it is determined that overpayments have been made, the agency must either reduce the next payment owed to the payee, or obtain a refund check from the payee, payable to The Comptroller, The City of New York. In instances of underpayment, the agency must make an appropriate adjustment on the payee's next payment voucher.

Should an agency disagree with the Comptroller's audit assessment, the Agency Head must notify the Chief of the Bureau of Financial Audit within ten business (10) days, detailing the reason(s) for the objection. Time extensions will be considered upon application.