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STATE OF NEW YORK  
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May 13, 1999

Ms. Jean Somers Miller  
Commissioner  
Office of Alcoholism and Substance Abuse Services  
1450 Western Avenue  
Albany, New York 12203

Re: Internal Controls Over Quick Pay  
Report 98-S-85

Dear Ms. Miller:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have audited the internal controls over the Quick Pay process at the Office of Alcoholism and Substance Abuse Services (OASAS) for the period April 1, 1998 through March 31, 1999.

**Background**

The State Comptroller's Quick Pay voucher process is an efficient and effective way for agencies to process high volumes of small dollar value payments. Under this process, agencies enter voucher information into the Central Accounting System, and payments can be made as quickly as the next day without forwarding batches of hardcopy vouchers to the Office of the State Comptroller (OSC). OASAS, responsible for administering the State's substance abuse system, is among the agencies selectively approved by OSC to participate in the Quick Pay voucher process at the current maximum limit of \$2,500 for both vendor payments and employee travel reimbursements. To maintain participation in the Quick Pay voucher process at the maximum limit, OASAS must submit to an independent annual internal or external audit of its Quick Pay process. This report satisfies OASAS' audit requirement for the period April 1, 1998 through

March 31, 1999. During the 1998-99 fiscal year, OASAS processed 7,378 Quick Pay vouchers totaling over \$2 million in payments, as detailed below.

<b>Type</b>	<b>Vouchers</b>	<b>Value</b>	<b>Average</b>
Regular	4,313	\$ 1,803,281	\$ 418.10
Travel	3,065	262,162	85.53
Total	7,378	\$ 2,065,443	\$ 279.95

### **Audit Scope, Objectives and Methodology**

We have audited the Quick Pay voucher process at OASAS for the period April 1, 1998 through March 31, 1999. The objectives of our audit were to determine whether the internal controls in place at OASAS over processing and approving Quick Pay vouchers are proper and effective, and to examine selected Quick Pay vouchers to determine if they represent bona-fide transactions of OASAS and conform to all applicable Quick Pay and purchasing procedures. To accomplish our objectives we interviewed OASAS officials, reviewed OSC guidelines and OASAS policies and procedures, observed the Quick Pay voucher process, and tested a random sample of Quick Pay vouchers.

Our audit was conducted in accordance with generally accepted government auditing standards. Such standards require that we plan and preform our audit to adequately assess those OASAS operations that are included within the audit scope. Further, these standards require that we understand OASAS' internal control structure and compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we considered necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe our audit provides a reasonable basis for our conclusions.

### **Results of Audit**

We concluded that the internal controls in place at OASAS over processing and approving Quick Pay vouchers are proper and effective, and provide reasonable assurance that disbursements made through the Quick Pay voucher process are appropriate, properly authorized and adequately supported. Further, we systematically selected 51 Quick Pay vouchers from a randomly selected list of 226 vouchers, to determine if they represent bona-fide transactions. We concluded that all 51 vouchers represent bona-fide transactions of OASAS and conform to all applicable OSC guidelines and OASAS policies and procedures. There were no items in our sample that caused us to believe the internal controls in place were not adequate or were not operating as they should.

Major contributors to this report were Howard Feigenbaum, Lawrence Wagner, Maureen Costello and Brian Krawiecki.

We appreciate the courtesies and cooperation extended to our auditors by the management and staff of the Office of Alcoholism and Substance Abuse Services during our audit.

Very truly yours,

Kevin M. McClune  
Audit Director

cc: Charles Conaway, DOB  
John Brennan, OSC  
Neil Grogan, OASAS