

STATE OF NEW YORK
UNIFIED COURT SYSTEM
OFFICE OF COURT ADMINISTRATION
DIVISION OF FINANCIAL MANAGEMENT
AGENCY BLDG. 4 - 19TH FLOOR
4 ESP, SUITE 2001
EMPIRE STATE PLAZA
ALBANY, NEW YORK 12223-1450
(518) 474-4971

JONATHAN LIPPMAN
Chief Administrative Judge

ANN T. PFAU
Deputy Chief Administrative Judge

JOSEPH M. DECHANTS
Assistant Deputy Chief
Administrator

TO: All Holders of the Financial Planning and Control Manual

NEW ACCOUNTING PROCEDURES

BULLETIN NUMBER: 276	November 28, 2000
SUBJECT: Internal Controls - "A" Routed Payment Checks	

***This supersedes the provisions of New Accounting Procedures
Bulletin number 216, dated October 5, 1994.***

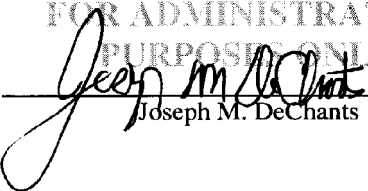
Attached is a copy of OSC Procurement and Disbursement Guidelines Bulletin G-189, dated November 22, 2000. This bulletin reaffirms the criteria for routing of payment checks back to the originating agency which requested the payment, whether paid via Standard Voucher, Special Charge Voucher, or Quick Pay Voucher. For purposes of internal control, the "A" routing of checks should be limited to the following payment types:

- ' Postage meter replenishment checks
- ' Subscription renewals for which checks must be accompanied by paperwork
- ' Conference registrations for which checks must be accompanied by registration paperwork
- ' Prepayments for which checks must be accompanied by paperwork
- ' Certain payments to the Federal government

- ' Court-ordered payments for which checks must be submitted with court documents
- ' Employee travel and other employee expense reimbursement checks
- ' Advance account reimbursements (where applicable)

Under no circumstances should the "A"-routing of checks be used to circumvent applicable provisions of the State Finance Law and/or established rules and regulations.

Please distribute this bulletin to all personnel within your respective jurisdictions who may be responsible for the processing of, or the monitoring of internal controls relating to, UCS voucher payments.

NYS UNIFIED COURT SYSTEM
FOR ADMINISTRATIVE
PURPOSES ONLY


Joseph M. DeChants



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

PROCUREMENT AND DISBURSEMENT GUIDELINES

BULLETIN:	G-189
SUBJECT:	A-Route Guidelines
DATE:	11/22/00

Purpose

This bulletin will outline the guidelines for using an “A” in the route code on a voucher. When an “A” is entered into the route code on a voucher, the check will be returned directly to the agency instead of being mailed directly to the payee. There are circumstances when the use of the A-route is appropriate, however, this should not be done on a routine basis for regular vendor payments. Returning checks to the person requesting payment is an internal control activity that normally is avoided, if possible.

Background

In the past, we have allowed checks to be A-routed to expedite payment to a vendor, but with our recent payment processing changes, we have reduced the voucher turnaround time significantly. Also, agency staff can make arrangements to have the check sent by overnight mail, or by electronic funds transfer, and eliminate the need to have the check returned to them.

Appropriate A-Route Payments

- Postage meter checks, and inmate wage checks could be A-routed.
- Real property closings that require the check to be presented at the closing.

Possible A-Routes

The following payments may need to be A-routed, depending on the circumstances. OSC auditors may request additional justification if it appears an A-route is not appropriate.

- **Employee reimbursement checks**

Agency staff may A-route travel or other reimbursement checks to be distributed to employees who work on site.



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➤ **Subscriptions**

Some subscriptions have paperwork that must accompany the check.

➤ **Conference registrations**

Checks may be A-routed when the check must accompany registration documents.

➤ **Payments to the Federal Government (e.g. Library of Congress, Superintendent of Documents)**

➤ **Court orders when the check must accompany court documents.**

➤ **Prepayments**

There are some circumstances when prepayments are required and documentation must be submitted with the check. Prepayments are not allowed on routine vendor purchases.

Inappropriate Use of A-routes

➤ **Merchandise Not Received**

Agency staff, by law, should not A-route a check to a vendor for goods that have not been received. It is inappropriate to submit a voucher prior to receipt of goods and hold the check at the agency until the order is received. This is outlined in the State Finance Law, as follows:

Article 7, Section 109. Proofs required upon audit by the comptroller. 1. The comptroller shall not draw his warrant for the payment of any sum appropriated, except for salaries and



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other expenditures and appropriations, the amounts of which are duly established and fixed by law, until the person demanding the same presents to him a detailed statement thereof in items and makes all reports required of him by law. If such statement is for services rendered or articles furnished, it must show when, where, to whom and under what authority they were rendered or furnished.

➤ **Lapsing Funds**

Agency staff should not A-route a check for merchandise that has not been received in order to preserve lapsing funds.

For example, agency management ordered a storage building to be constructed. They received the architectural drawings from the vendor in May. It was clear that the project would not be completed until well after the June 30th lapse date. The agency staff did not want to lose the funds, so they requested the vendor to fax them an invoice for the full amount. They prepared a voucher and submitted it to OSC with an “A” in the route code to have the check sent back to the agency. The payment was made, and the agency finance office held the check.

In a subsequent review of the agency’s vouchers, OSC auditors questioned the payment and found that the building had not yet been constructed, even though the agency finance office had certified that the merchandise had been received. The agency manager was instructed to return the check.

Conclusion

Agency staff should not A-route vendor payments on a routine basis. This reduces internal control over the payment, and increases the likelihood that the payment may be handled inappropriately. When we find agency managers are not following proper procedures, we may take several steps, including site visits; a reassessment of an agency



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management's internal controls; and in severe cases, suspend an agency's quick pay capability.

If you have any questions concerning this bulletin, you may contact:

Dawn Warriner
State Expenditure Help Line
Office of the State Comptroller
Bureau of State Expenditures
(518) 474-4868