

**COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY**

**INDEPENDENT AUDITOR'S REPORT AND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(WITH THE ADDITIONAL REPORTS AND INFORMATION
REQUIRED UNDER TITLE 2 U.S CODE OF FEDERAL REGULATIONS PART 200)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
FISCAL YEAR ENDED JUNE 30, 2018
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PART I - FINANCIAL SECTION

Independent Auditor's Report

Honorable Glorimar Andújar
Secretary of the Department of the Family
San Juan, Puerto Rico

Report on the Financial Statement

We have audited the accompanying Statement of Cash Receipts and Disbursements (the Statement) of the Department of the Family of the Commonwealth of Puerto Rico (the PRDF) for the year ended June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management's is responsible for the preparation and fair presentation of this Statement in accordance with the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the Statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on this Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness

of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinions

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Department of the Family of the Commonwealth of Puerto Rico for the year ended June 30, 2018, in accordance with the cash basis of accounting described in Note A.

Emphasis of Matters

Uncertainty about Ability to Continue as a Going Concern

The accompanying Statement has been prepared assuming that the PRDF will continue as a going concern. As discussed in Note B to the Statement, the Commonwealth's, including its executive agencies, recurring deficits, negative financial position, further deterioration of its economic condition, and inability to access the credit market raises substantial doubt about its ability to continue as going concern. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note A to the Statement, which describes the basis of accounting. The Statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on other information

Our audit was conducted for the purpose of forming an opinion on the PRDF's Statement as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards*, and is not a required part of the Statement of the PRDF.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Statement. Such information has been subjected to the auditing procedures applied in the audit of the Statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Statement or to the Statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of

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Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic Statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report **December 31, 2019**, on our consideration of the PRFF's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PRDF's internal control over financial reporting and compliance.

Carolina, Puerto Rico

December 31, 2019

Stamp number
of Puerto Rico CPA Society
has been affixed to the
original report

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Receipts			
Grants and contributions	\$ -	\$ 2,457,397,716	\$ 2,457,397,716
Legislative appropriations and other assignments	247,752,640	-	247,752,640
	<u>247,752,640</u>	<u>2,457,397,716</u>	<u>2,705,150,356</u>
Disbursements			
Personnel:			
Salaries and fringe benefits:			
Regular employees	103,862,261	53,982,418	157,844,679
Transitory employees	8,297,942	611,220	8,909,162
Irregular employees	86,118	(903)	85,215
	<u>112,246,321</u>	<u>54,592,735</u>	<u>166,839,056</u>
Non-personnel:			
Advertising	13,865	196,853	210,718
Capital outlays	153,006	1,101,793	1,254,799
Donations, grants and other distributions	99,099,658	2,427,106,275	2,526,205,933
Facilities and utilities	7,364,336	1,289,551	8,653,887
Materials	705,740	898,062	1,603,802
Miscellaneous services	27,139,357	18,374,982	45,514,339
Operating transfers	(2,413,861)	5,574,962	3,161,101
Other	1,410,000	3,813,404	5,223,404
Professional services	5,649,696	9,103,403	14,753,099
Transportation and subsistence	1,355,286	896,870	2,252,156
	<u>140,477,083</u>	<u>2,468,356,155</u>	<u>2,608,833,238</u>
	<u>252,723,404</u>	<u>2,522,948,890</u>	<u>2,775,672,294</u>
Excess of disbursements over receipts	<u>\$ (4,970,764)</u>	<u>\$ (65,551,174)</u>	<u>\$ (70,521,938)</u>

See accompanying notes to the Statement of Cash Receipts and Disbursements.

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NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The Department of the Family (the PRDF) is an executive agency of the Commonwealth of Puerto Rico (the Commonwealth) created by Act No. 171 of June 30, 1968 and amended by the Reorganization Plan Number 1 of July 28, 1995. The PRDF is responsible for carrying out the programs directed towards the solution or mitigation of social problems in Puerto Rico, including social services programs with emphasis on the rehabilitation of individuals and on the interrelationships between individuals, families and the community.

Through its own actions or in coordination with other government or private organizations, the PRDF carries out programs of direct economic aid to needy persons, service for the welfare of children, youths and disabled persons, rehabilitation and training programs, community improvement projects, programs for providing employment to unemployed persons, guidance programs for individuals and families, and any other activity which leads to the social improvement of individuals as well as of families and communities. The Secretary of the PRDF is appointed by the Governor of the Commonwealth.

The PRDF, which has ten regional offices and at least one service office in each municipality of Puerto Rico, is organized as follows:

1. Secretariat, which is responsible for the fiscal control, general administration, planning, coordination, supervision, and evaluation of the operations of the PRDF and its components. The Secretariat is responsible for documenting, evaluating and adjudicating all disability claims made to the Social Security - Disability Insurance by insured workers, their widows (if between 50 and 59 years old) and disabled dependents that are at least 18 years old. Additionally, the Secretariat facilitates the procedures to obtain information and provides counseling to the claimants.
2. The Families and Children Administration, which is responsible for promoting and supporting the efforts of individuals, families and communities contributing to its own development and that of the society. Accordingly, it facilitates social, educational, remedial and preventive services directed to achieving a better and more effective participation, equality and social justice.
3. The Child Support Enforcement Administration, which is responsible for procuring the compliance of the: i) non custodial parents of minors under 21 years; ii) the descendent of people older than 60 years; and iii) the people legally responsible for contributing to the support and welfare of the children of elderly parents, safeguarding their rights to receive alimony and increasing the auto-sufficiency of the families by applying the legal mechanisms available.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. The Socioeconomic Development Administration, which is responsible for facilitating: i) the development of opportunities to socially and economically disadvantaged people to let them achieve self-sufficiency and integration to the social system in a productive way; and ii) the familiar and community common living.
5. The Integral Care and Development of the Children Administration, which is responsible for ensuring the care and development of the minors that, participate in the Head Start Program and in the Child Care and Development Program.

The Secretary of the PRDF has oversight responsibilities over the Corporation of Industries of the Blind, Mentally Retarded, and Other Disabled People (the CIB), which is responsible for contributing to the social and economic rehabilitation of the blind and disabled people. Although the PRDF has oversight responsibilities over the CIB, it is not included in the accompanying Statement since its operations are subject to a separate financial or single audit, as applicable.

Basis of presentation

The accounts of the PRDF are organized in two fund types: A General Fund and a Special Revenue Fund. The PRDF maintains appropriation for several individual state and federal funds within each fund type. The General Fund is the general operating fund used to account for the funds appropriated by the Legislature of the Commonwealth of Puerto Rico and is the fund through which most functions are typically financed. The Special Revenue Fund accounts for federal financial assistance programs funded by the Federal Government which are legally restricted to expenditures for specific purposes.

Basis of accounting

The Statement of Cash Receipts and Disbursements has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, cash receipts and disbursements are recorded when cash is received or disbursed, respectively. Noncash transactions are not recognized in the Statement. Because the PRDF participates in a pooled cash arrangement as further discussed herein, cash receipts from Commonwealth appropriations are considered received when the related disbursement is made, except for cash receipts related to indirect cost and special accounts, which are recognized when cash is received. The timing of cash receipts from the Federal Government may differ from the date federally-funded payments are made. PRDF draws amounts from the pooled cash account when federal funds have not yet been received and the same is replenished once the federal funds are received. All of these factors in cash receipts recognition result in excess of cash receipts over (under) disbursements at year -end.

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NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories

The PRDF purchases office and printing supplies and other items. The cost of purchases is recorded as a cash disbursement in the financial statement.

Property and equipment

Property and equipment acquired are recorded as cash disbursement in the financial statement.

Risk management

The Puerto Rico Department of Treasury purchases commercial insurance covering casualty, theft, tort, claims, and other losses of the PRDF. The PRDF reimburses the Commonwealth for premium payments made on its behalf. The PRDF's current insurance policies have not been cancelled or terminated. The State Insurance Fund Corporation, a component unit of the Commonwealth, provides the workers compensation insurance to the PRDF's employees.

Claims and judgments

The estimated amount of the liability for claim and judgments, if any, which is due on demand, such as from adjudicated or settled claims, is recorded when paid.

NOTE B- GOING CONCERN

As of June 30, 2018, the Commonwealth faces significant budgetary risks and uncertainties, including liquidity risk, which is the risk of not having sufficient liquid financial resources to meet its obligations when they become due. Because of budgetary constraints, the financial support that the Commonwealth has provided to the Administration may be affected in the near future.

The Commonwealth's approved fiscal plan includes fiscal reform measures directed toward revenue enhancement, government right-sizing, reduce healthcare spending, and reform pension plans.

Given that the PRDF is an Executive Agency of the Commonwealth and the high dependency on Commonwealth appropriations, the PRDF financial condition and liquidity is also affected. As a result, management of the PRDF has concluded that there is a substantial doubt as to the ability of the PRDF to continue as a going concern.

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**NOTE C - CASH WITH FINANCIAL INSTITUTIONS AND WITH FISCAL AGENT
(DEPARTMENT OF THE TREASURY OF THE COMMONWEALTH OF PUERTO
RICO)**

The funds of the PRDF are under custody and control of the Secretary of the Treasury Department of Puerto Rico pursuant to Act No. 230 of July 23, 1974, as amended, known as “Accounting Law of the Government of Puerto Rico”. The Treasury Department follows the practice of pooling cash and cash equivalents under the custody and control of the Secretary of the Treasury. The funds of the PRDF in such pooled cash accounts are available to meet its current operating requirements.

NOTE D - LEASE COMMITMENTS

The PRDF is obligated under certain leases accounted for as operating leases. Operational leases do not give rise to property rights or lease obligations and, therefore, neither the assets nor the liabilities of the lease agreements are reflected in the accounting records. Most leased property is from the Puerto Rico Public Buildings Authority (the Authority), a component unit of the Commonwealth of Puerto Rico. The Office of Management and Budget, along with the Department of the Treasury of Puerto Rico are responsible of making these payments to the Authority on behalf of the PRDF. Rental expense is recognized as disbursements when paid. Total rental payments made during the year ended June 30, 2018 amounted to \$9,230,025.

NOTE E - RETIREMENT SYSTEM

Plan description

The Employees’ Retirement System (ERS) of the Government of Puerto Rico and its instrumentalities is a cost-sharing, multiple-employer, defined benefit pension plan sponsored by, and reported as a component unit of, the Commonwealth of Puerto Rico. All regular employees of the PRDF under age 55 at the date of employment become members of the system as a condition of the employment.

ERS provides retirement, death and disability benefits pursuant to Act No. 447, approved on May 15, 1951, as amended, which became effective on January 1, 1952. Retirement benefits depend upon age at retirement and number of years of credited service. Benefits vest after ten years of plan participation. Participants who have attained an age of at least fifty-five (55) years and have completed at least twenty-five (25) years of creditable service or members who have attained an age of at least fifty-eight (58) years and have completed at least ten (10) years of creditable service or who have attained an age of at least sixty five (65) years and have completed at least ten (10) years of service if hired after April 1990 are entitled to an annual benefit, payable monthly for life.

The annuity, for which a plan member is eligible, is limited to a minimum of \$400 per month and a maximum of 75% of his average compensation.

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NOTE E - RETIREMENT SYSTEM (CONTINUED)

Participants who have completed at least thirty (30) years of creditable service are entitled to receive a Merit Annuity. Participants who have not attained fifty-five (55) years of age will receive 65% of their average compensation. Participants who have attained fifty-five (55) years of age will receive 75% of their average compensation. Disability retirement benefits are available to members for occupational and non-occupational disability. However, for non-occupational disability a member must have at least ten (10) years of creditable service.

No benefit is payable if the participant receives a refund of his accumulated contributions. Commonwealth law requires employees hired on or before March 31, 1990 to contribute to the ERS 5.775 percent for the first \$550 of their gross monthly salary and 8.275 percent in excess of \$550.

The contribution for employees hired after April 1, 1990 is 8.275 percent of their gross monthly salary. The PRDF is required to contribute 9.275 percent of the participants' gross salaries. The PRDF's contribution for the year ended June 30, 2015, 2016 and 2017 was approximately 14.6, 11.4 and \$2.7 million, respectively. On September 24, 1999 the law, which created ERS was amended for the purpose of establishing a defined contribution plan, known as System 2000.

System 2000 became effective on January 1, 2000. PRDF employees participating in the defined- benefit plan system at December 31, 1999, had the option to either stay in the defined benefit plan or transfer to System 2000. Those employed by the PRDF on or after January 1, 2000 are only allowed to become members of System 2000.

System 2000 is a hybrid defined contribution plan; also known as a cash plan. Under this plan, there will be a pool of plan assets, which will be invested by ERS, together with those of the defined-benefit plan. Benefits at retirement age will not be guaranteed. The annuity will be based on a formula which assumes that each year the participants' contribution (with a minimum of 8.275% of the participants' salary up to a maximum of 10%) will be invested as instructed by the participant in an account which either: (1) earns a fixed rate based on the two-year Constant Maturity Treasury Notes; (2) earns a rate equal to 75% of the return of ERS's Investment portfolio (net of management fees); or (3) earns a combination of both alternatives.

Participants receive periodic account statements similar to those of defined contribution plans showing their accrued balances. Disability pensions are not granted under System 2000. The employers' contributions (9.275% of the employee's salary) will be used to fund the defined benefit plan instead of System 2000. Prior to July 1, 2013, System 2000 members could retire upon attainment of age 55 for Public Officers in High Risk Positions and attainment of age 60 otherwise.

Furthermore, on April 4, 2013, the Governor of Puerto Rico signed into law Act No. 3 of 2013, which represents a comprehensive reform of the ERS.

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NOTE E - RETIREMENT SYSTEM (CONTINUED)

Act No. 3 became effective on July 1, 2013 and amends the provisions of the different benefits structures under the ERS, including, but not limited to, the following:

1. For active participants of the contributory defined benefit programs under Act No. 447 of 1951 and Act No. 1 of 1990, all retirement benefits accrued through June 30, 2013 will be frozen, and thereafter, all future benefits will accrue under the defined contribution formula used for System 2000 participants, and will be paid at retirement through a lifetime annuity.
2. Increases the minimum pension for current retirees from \$400 to \$500 per month.
3. The retirement age for Act No. 447 participants will be gradually increased from age 58 to age 61.
4. The retirement age for current System 2000 participants is increased gradually from age 60 to age 65.
5. Eliminates the “merit annuity” available to participants who joined the ERS prior to April 1, 1990.
6. The retirement age for new employees is increased to age 67, except for new state and municipal police officers, firefighters, and custody officers, which will be age 58.
7. The employee contribution rate will increase from 8.275% to 10%.
8. For System 2000 participants, the retirement benefits will no longer be paid as a lump sum distribution, instead, they will be paid through a lifetime annuity.
9. Eliminates or reduces various retirement benefits previously granted by special laws, including Christmas and summer bonuses. The Christmas bonus payable to current retirees is reduced from \$600 to \$200 and is eliminated for future retirees. The summer bonus will be eliminated.
10. Disability benefits will be eliminated and substituted for a mandatory disability insurance policy.
11. Survivor benefits will be modified.

On October 30, 2016, the Fiscal Oversight Board for Puerto Rico designated the Government of Puerto Rico, the ERS for Government Employees, the Judicial ERS, and the Teacher ERS (together the "ERSs"), the University of Puerto Rico and 21 other public corporations of Puerto Rico as covered entities, subject to fiscal supervision in accordance with the federal legislation Puerto Rico Oversight, Management, and Economic Stability Act, better known as PROMESA.

Due to the lack of projected liquidity of the ERSs, the Government of Puerto Rico will protect payments to pensioners. Effective July 1, 2017, the Government of Puerto Rico adopted the "PayGo" system. Under this new system, the Government will be responsible for paying the deficiency of the ERSs to provide retirement benefits for the pensioners.

Also, as of July 1, 2017, employer contributions, contributions under special laws and the Uniform Additional Contribution (Law no. 32-2013) will be eliminated and replaced with the “PayGo”.

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NOTE E - RETIREMENT SYSTEM (CONTINUED)

On August 23, 2017, Law Number 106 was established to guarantee payment to pensioners and establish a new defined contribution plan for public employees.

Accordingly, the Puerto Rico Department of the Treasury will bill government agencies, public corporations, municipalities, the executive branch, the legislative branch and the judicial branch (together the "Government Agencies") a monthly charge to cover the retirement benefits to their pensioners. The ERSs will determine and administer the amount of the payment by pensioner that will correspond to each of the Government Agencies. This charge is known as the "PayGo".

Additional information of ERS is provided in its financial statements for the year ended June 30, 2014 a copy of which can be obtained from the administrator of the Retirement System: P.O. Box 42003, San Juan, Puerto Rico 00940.

NOTE F - COMPENSATED ABSENCES

Regular employees accrue vacation and sick leave of 2.5 days and 1.5 days per calendar month, respectively. The allowed maximum number of accumulated days of regular vacation and sick leave is 60 days and 90 days, respectively. The expense of regular vacations and sick leave is recorded when paid.

NOTE G - INDIRECT COST ALLOCATION PLAN

The United States Department of Health and Human Services (the "HHS"), the Audit Cognizant Agency, approves the rates used by the PRDF to allocate qualified types of expenditures from state funds to federal financial assistance programs. For the year ended June 30, 2018, rates in the indirect cost allocation plan approved by HHS ranged from 7.5% to 19.5%.

NOTE H - CONTINGENCIES

Litigation

The PRDF is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. According to the laws of the Commonwealth, the PRDF is fully represented by the Puerto Rico Department of Justice in defense of all legal cases against it. Any claims with negative financial impact would be paid from the General Fund of the Commonwealth, with no effect on the budget or resources of the PRDF.

Federal awards

The PRDF participates in a number of federal financial assistance programs funded by the Federal Government. Expenditures financed by these programs are subject to financial and compliance audits by the appropriate grantors. If expenditures are disallowed due to noncompliance with grant program regulations, the PRDF may be required to reimburse the grantors.

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NOTE H - CONTINGENCIES (CONTINUED)

The Independent Auditor's Reports in the accompanying compliance section on pages 17 through 22 disclose several material weaknesses and significant deficiencies over both financial reporting and programmatic controls including instances of noncompliance with applicable laws and regulations. The PRDF is also audited by the Office of the Comptroller for Puerto Rico (the "Comptroller") and the Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS). The Comptroller and the OIG have issued several reports on audits over the operations and management of several federal programs of the PRDF.

Date of management's review

The PRDF's management has evaluated subsequent events through **August 30, 2019**, the date the statement was available to be issued.

NOTE I - SUBSEQUENT EVENTS

New Fiscal Plan – October 23, 2018

The Commonwealth submitted the Fiscal Plan on February 28, 2017 and the Oversight Board certifies the plan with some modifications on March 13, 2017. In September 2017, just months after the certification, Hurricanes Irma and María struck the Island, causing great devastation and fundamentally altering the Island macroeconomic reality, and ultimately requiring a new Fiscal Plan.

Following the passage of Hurricanes Irma and María, the Oversight Board requested the Government of Puerto Rico to review the Fiscal Plan approved in March 2017, considering the fiscal crisis, the new approved Federal Funds and the economic expectations for the next 5 years and not for 10 years as the Fiscal Plan originally approved.

After months of hard work, engagement with stakeholders, and intense negotiations with the Government, the Oversight Board determined that the Fiscal Plan complied with the requirements of PROMESA, and accordingly, certified it in April 2018. Due to further Government and Oversight Board discussions concerning the repeal of Law 80, the Oversight Board certified an updated fiscal plan in June 2018. That plan served as the basis for the FY2019 Budget. The New Fiscal Plan has been subsequently updated on October 23, 2018, to reflect actual revenue and expenditure numbers, refined healthcare projections based on actuarial estimates, new federal fund estimates, and changes in Government policy that may impact overall growth.

PART II- SINGLE AUDIT SECTION

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Agency/Pass-Through Agency/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Disbursement	Federal Disbursements
<u>U.S Department of Agriculture</u>				
Pass-through PR Department of Education				
Child and Adult Care Food Program	10.558	NAV	-	\$ 406,799
Direct Programs				
Nutrition Assistance Program for Puerto Rico	10.566		-	2,338,050,295
Food Distribution Cluster:				
Emergency Food Assistance Program (Administrative Costs)	10.568		-	1,782,619
Emergency Food Assistance Program (Food Commodities)	10.569		-	7,401,268
			-	9,183,887
Sub-total U.S Department of Agriculture				2,347,640,981
<u>U.S. Department of Housing and Urban Development</u>				
Pass-through PR Housing Department:				
Continuum of Care Program	14.267	NAV	-	156,188
Direct Program:				
Emergency Shelter Grants Program	14.231		2,904,805	3,112,865
Sub-total U.S Department of Housing and Urban Development			2,904,805	3,269,053
Sub-total carried forward			\$ 2,904,805	\$ 2,350,910,034

(Continues)

See accompanying notes to the Schedule of Expenditures of Federal Awards

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Agency/Pass-Through Agency/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Disbursement	Federal Disbursements
Sub-total brought forward			\$ 2,904,805	\$ 2,350,910,034
<u>U.S. Department of Health and Human Services</u>				
Direct Programs:				
Promoting Safe and Stable Families	93.556		552,230	2,729,365
Temporary Assistance for Needy Families	93.558		-	26,438,011
Family Support Payments to States Assistance Payments	93.560		-	29,348,422
Child Support Enforcement	93.563		-	20,650,415
Low-Income Home Energy Assistance	93.568		-	11,611,820
Community Services Block Grant	93.569		1,879,905	2,050,114
Child Care and Development Block Grant	93.575		18,048,284	26,669,617
Community-Based Child Abuse Prevention Grants	93.590		139,083	141,652
Access and Visitation Program Grant	93.597		-	51,159
Chafee Education and Training Vouchers Program	93.599		-	365,673
Children Justice Grants to States	93.643		-	17,755
Child Welfare Services- State Grants	93.645		-	3,548,891
Foster Care_ Title IV-E	93.658		-	3,796,469
Social Services Block Grant	93.667		-	6,152,676
Child Abuse and Neglect-State Grants	93.669		-	158,400
Domestic Violence	93.671		882,083	883,709
Chafee Foster Care Independence Program	93.674		-	1,130,812
Head Start	93.600		32,951,440	35,777,531
Sub-total U.S. Department of Health and Human Services			54,453,025	171,522,491
<u>U.S. Social Security Administration</u>				
Direct Program:				
Social Security-Disability Insurance	96.001		-	7,795,262
<u>Federal Emergency Management Agency (FEMA)</u>				
Direct Program:				
Disaster Grants-Public Assistance (Presidentially Declared Disaster)	83.516			123,040
				2,530,473,867
Total Cash Disbursements of Federal Awards			\$ 57,357,830	\$ 2,530,350,827

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE A -BASIS OF ACCOUNTING

The accompanying Schedule of Cash Disbursements of Federal Awards (the Schedule) includes the federal grants activities of the Department of the Family (PRDF) and is presented on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

State or local governments redistributions of federal awards to the PRDF known as "pass-through awards", should be treated by the PRDF as though they were received directly from the federal government. The Uniform Guidance requires the Schedule to include the name of the passthrough entity and the identifying number assigned to the pass-through entity for the federal awards received. Numbers identified as NAV are not available.

The Schedule includes one program for which receipts and disbursements are in the form of non-cash items. These non-cash items are valued in accordance with the guidelines established by the United States Department of Agriculture. The transactions for this program are not included in the PRDF's Statement.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies used by the PRDF in the preparation of the Schedule follows:

- a) The accompanying Schedule of Cash Disbursements of Federal Awards is prepared from the PRDF's accounting records and is not intended to present the financial position or results of operations of the PRDF.
- b) Disbursements are recognized in the accounting period in which they are paid.
- c) The PRDF has not elected to use the 10 percent "de minimis" indirect cost rate allowed under the Uniform Guidance.

NOTE C - CLUSTER

The Schedule identifies some programs as clusters. A cluster of programs is comprised of federal programs with different CFDA numbers that are closely related programs and share common requirements.

<u>Cluster</u>	<u>Federal Program</u>	<u>CFDA Number</u>
Food Distribution Cluster	Emergency Food Assistance Program (Administrative Program)	10.568
	Emergency Food Assistance Program (Food Commodities)	10.569

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE D - MAJOR FEDERAL PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Costs.

NOTE E - TRANSFERABILITY

For purposes of the Schedule, the expenditures of the funds transferred from the Temporary Assistance for Needy Families (CFDA No. 93.558) to the Social Services Block Grant (CFDA No. 93.667) in the amount of \$1,789,062, was included in the total expenditures of the receiving program.

NOTE F -RECONCILIATION WITH THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENT

The PRDF is the recipients of a federal financial assistance program that does not result in cash receipts or disbursements and is therefore not recorded in the PRDF's statements of cash receipts and disbursements.

Schedule of Expenditures of Federal Awards	\$ 2,530,350,827
Less: Entitlement amount of Food Commodities	(7,401,268)
	(669)
Federeral expenditures per Statement of Cash Receipts and Disbusements	<u>\$ 2,522,948,890</u>

NOTE G -IMPACTED OF HURRICANE MARIA

Due to the passage of the hurricane Maria, the reporting package of the Financial Statement as of June 30, 2017 was submitted after the due date. This caused the delay of the closing fiscal year 2018.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND ON
COMPLIANCE AND OTHER MATTERS**

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

Honorable Glorimar Andújar
Secretary of the Department of the Family
San Juan, Puerto Rico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Statement of Cash Receipts and Disbursements (the Statement) of the Department of the Family of the Commonwealth of Puerto Rico (the PRDF) for the year ended June 30, 2018, and the related notes to the Statement and have issued our report thereon dated **December 31, 2019**. Our report on the Statement includes an emphasis of-matter paragraph drawing attention to Note A to the Statement, which states that the PRDF prepares the Statement on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our report, also includes an emphasis of matter paragraph which states, that the PRDF, as an executive agency of the Commonwealth of Puerto Rico, faces significant risks and uncertainties, including liquidity risk. These conditions raise substantial doubt about PRDF's ability to continue as a going concern.

Internal Control over Financial Reporting

In planning and performing our audit of the Statement, we considered PRDF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of PRDF's internal control. Accordingly, we do not express an opinion on the effectiveness of PRDF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was a for the limited purpose described in the first paragraph of this section and was a not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PRDF's Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the Statement amounts. However, providing an opinion on compliance with those provisions was a not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001.

Puerto Rico Department of the Family's Response to Findings

PRDF's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. PRDF's response was a not subjected to the auditing procedures applied in the audit of the Statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PRDF's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the PRDF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carolina, Puerto Rico
December 31, 2019

Stamp number
of Puerto Rico CPA Society
has been affixed to the
original report

**Independent Auditor's Report on Compliance
for each Major Federal Program and on Internal Control over Compliance Required by the
Uniform Guidance**

Honorable Glorimar Andujar
Secretary of the Department of the Family
San Juan, Puerto Rico

Report on Compliance for Each Major Federal Program

We have audited the Puerto Rico Department of the Family of the Commonwealth of Puerto Rico's (the PRDF) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of PRDF's major federal programs for the year ended June 30, 2018. The PRDF's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of PRDF's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PRDF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of PRDF's compliance.

Basis for Qualified Opinion on CFDA 10.568, Emergency Food Assistance Program (Administrative Costs).

As describe in the accompanying schedule of findings and question cost, the PRDF’s did not comply with requirement Cash Management for CFDA 10.568, Emergency Food Assistance Program (Administrative Cost), as described in finding numbers 2018-003.

Finding Number	Compliance Requirement (s)	Federal Program Name	CFDA Number
2018-003	Cash Management	Emergency Food Assistance Program (Administrative Cost)	10.568

Compliance with such requirements is necessary, in our opinion, for the PRDF to comply with the requirements applicable to those programs.

Qualified Opinion on CFDA 10.568, Emergency Food Assistance Program (Administrative Costs).

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraphs, the PRDF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Emergency Food Assistance Program (Administrative) for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, PRDF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011. 2018-012, 2018-013 and 2018-014. Our opinion on each major federal program is not modified with respect to these matters.

PRDF’s response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. PRDF’s response was a not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of PRDF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PRDF's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PRDF's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-003, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011, 2018-013, and 2018-014 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-004, 2018-005, 2018-006, and 2018-012 to be significant deficiencies.

PRDF's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The PRDF's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carolina, Puerto Rico
December 31, 2019

Stamp number
of Puerto Rico CPA Society
has been affixed to the
original report

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I- Summary of Auditor's Results

A. Summary of audit results:

Part I-**Financial Statements**

1. Type of auditor's report issued: Unmodified opinion Qualified opinion
 Adverse opinion Disclaimer of opinion

Internal control over financial reporting:

2. Significant deficiencies identified? Yes No
3. Significant deficiencies reported as material weaknesses? Yes
4. Noncompliance material to financial statements noted? Yes No

Part II- **Federal Awards**

Internal control over major programs:

1. Significant deficiencies identified? Yes No
2. Significant deficiencies reported as material weaknesses? Yes None reported
3. Type of auditor's reported on compliance for major programs: Unmodified opinion Qualified opinion
 Adverse opinion Disclaimer opinion
4. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance Yes No

5. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.566	Nutrition Assistance for Puerto Rico
Food Distribution Cluster:	
10.568	Emergency Food Assistance Program (Administrative Cost)
10.569	Emergency Food Assistance Program (Food Commodities)
93.558	Temporary Assistance for Needy Families
93.560	Family Support Payment to State_ Assistance Payment
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
96.001	Social Security_Disability Insurance

6. Dollar threshold used to distinguish between Type A and Type B programs: \$7,584,488

7. Auditee qualified as low-risk? Yes No

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section II- FINDINGS FINANCIAL AUDIT

Financial findings comprise Finding 2018-001. Refer to Section III-Federal Award Findings and Questioned Costs, for a detailed description of the findings.

Finding Number: 2018-001

Agency: U.S. Department of Agriculture, U.S. Department of Health and Human Services

Federal Program: Nutrition Assistance Program for Puerto Rico, Emergency Food Assistance Program, Temporary Assistance for Needy Families, Family Support Payment to State_Assistance Payment

CFDA: 10.566, 10.568, 93.558, 93.560

Grant Number: 1PR400426, 1PR810826, 1PR430446
1701PRTANF,1801PRTANF

Grant Period: October 1, 2016 through September 30, 2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Financial Administration – Standards for Financial Management System

Category: Financial, Internal Control Weakness and Noncompliance

Criteria

2 CFR Part 200, Section 302 and 45 CFR Part 75, Section 302- Financial management and standards for financial management systems state that (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used

according to the Federal statutes, regulations, and the terms and conditions of the Federal award, (b) The financial management system of each non-Federal entity must provide for the following: (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance. (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. (4) Effective control over, and accountability for, all funds, property, and other assets, and (5) Comparison of expenditures with budget amounts for each Federal award. Act Number 230 of July 23, 1974, Puerto Rico Government Accounting Law, as amended, states that the accounting system of the instrumentalities of the Commonwealth of Puerto Rico should be designed to reflect or provide complete and clear information related to their financial results of operations.

Condition

During our audit procedures for the year ended June 30, 2018, we noted the following deficiencies related to the accounting policies, procedures, and financial reporting practices of the PRDF:

- Many transactions are posted months after the applicable closing, with a retroactive effect.

Effect

The lack of adequate accounting and financial reporting practices and policies causes the PRDF to be unable to prepare accurate and complete financial reports. The lack of submission of adequate reports to management and federal agencies does not allow the performance of the following procedures:

- Detection of irregularities or instances of fraud on a timely basis;
- Preparation of a timely comparison of actual expenditures to budget;
- Discussion of reports with corresponding personnel and explanation for significant variations from budget;
- The PRDF's reports related to state and federal funding may be misleading for internal management decision making and for reliability of external financial reporting; and
- Inadequate control over the accounting process may cause non-compliance with federal regulations and the awarding agencies could reduce or recapture the federal program funds.

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cause

This situation is caused by the lack of analysis, reconciliations of the financial transactions recorded during the fiscal year and the lack of monitoring and supervision of the PRDF's management.

Prior Year Audit Finding

2017-001

Recommendation

The PRDF shall enhance its accounting and financial reporting practices and policies to provide for accurate and complete financial information. In coordination with the Department of Treasury of the Commonwealth of Puerto Rico (PRDT), the PRDF should implement an accounting and financial reporting system that permits the preparation of financial reports required by the different oversight entities including the need to supply information to the Commonwealth of Puerto Rico for its government-wide reporting.

The PRDF should perform monthly reconciliations of transactions recorded in the general ledger (PRIFAS) with the transactions recorded in the subsidiary ledger. Any reconciling item should be investigated and disposed of as deemed necessary, on a timely basis.

In addition, the PRDF should provide training to the accounting personnel in charge of financial reporting regarding state and federal laws requirements and regulations.

Questioned Costs

None

Management's Response

Refer to Grantee's Corrective Action Plan

**COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section III- FINDINGS-MAJOR FEDERAL AWARDS PROGRAM AUDIT

Finding Number: 2018-002

Agency: U.S. Department of Agriculture, U.S. Department of Health and Human Services, Social Security Administration

Federal Program: Nutrition Assistance Program for Puerto Rico, Emergency Food Assistance Program, Temporary Assistance for Needy Families, Family Support Payment to State_Assistance Payment, Social Security Disability Insurance, Child Support Enforcement

CFDA: 10.566, 10.568, 93.558, 93.560, 96.001, 93.563

Grant Number: 1PR400426, 1PR810826, 1PR430446
1701PRTANF,1801PRTANF,
1704PRCSES,1804PRCSES, 1804RQD100

Grant Period: October 1, 2016 through September 30, 2018

Administration:

Administration for Socioeconomic Development of the Family, Secretariat, Administration for Children Families

Compliance Requirement: Allowable Costs/Cost Principles

Category: Internal Control Weakness and Noncompliance

Criteria

2 CFR Section 200.430- personal services establishes (a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

- (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
 - (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
 - (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.
- (i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.

Condition

During our audit, on a sample of eighty (80) personnel file, we observed that the personnel files are not being kept current and in some instance were incomplete and missing the following documents;

Document missing	# of incidents
Social Security Identification	2
Identification (ID)	10
Birth Certificate	2
Designation of benefits to the retirement system	4
Designation of beneficiaries to the ELA employee association	2
State registration for new employee form (PR-SD-NH-1) (ASN)	10
Certification of income tax return	7
Asume certification	4
Government Ethics Certification	2
Healt Certificate	20
I-9 Employment Eligibility	19
Crim Debt Certificate	4
Withholding form (499-R)	20
Certificate of double compensation (DEFAM-406)	3

Effect

Incomplete files may result in inadequate documentation to support compliance with the aforementioned criteria over management and administration of personnel files. Also, in the case of employees paid with federal funds, it may result in cost disallowances for personnel that do not meet the requirements to be employed by the corresponding federal program.

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cause

The PRDF has not established have effective internal controls designed to ensure the accuracy and completeness of the employee files.

Prior Year Audit Finding

Not applicable

Recommendation

The PRDF should immediately undertake a process to review all personnel files and validate that the minimum requirement documents are appropriately completed and included in each personnel file.

Questioned Costs

None

Management's Response

Refer to Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-003

Agency: U.S. Department of Agriculture

Federal Program: Emergency Food Assistance Program(Administrative Cost)

CFDA: 10.568

Grant Number: 1PR810826, 1PR430446

Grant Period: 2016-2017, 2017-2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Cash Management

Category: Internal Control Weakness and Noncompliance

Criteria

31 CFR, Part 205 (Subpart B), Section 205.33 (a) How are funds transfers processed? establishes that (a) A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

2 CFR Part 200 Section 303 - Internal controls, states that the non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.(c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

findings.(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Condition

The PRDF failed to minimize the time elapsing between the transfer of funds and the related disbursements. In twenty (20) instances the period fluctuated between nineteen (13) to sixty days (79).

Voucher Number	Voucher Date	Check Date	Total Amount Check	Date Cleared	Petition Number	Petition Date	Receipt Voucher Date	Credit Notice Number	Credit Notice Date	Days Elapsed between funds
18AP5087	2017-08-10	08/14/2017	\$51,990	2017-08-15	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-14
18AP5085	2017-08-10	08/14/2017	\$27,220	08/14/2017	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-13
18AP5102	2017-08-10	08/14/2017	\$51,990	2017-08-15	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-14
18AP5104	2017-08-10	08/14/2017	\$51,990	2017-08-15	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-14
18AP1585	2017-08-10	08/14/2017	\$52,501	2017-08-29	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-28
18AP5086	2017-08-10	08/14/2017	\$ 3,524	08/14/2017	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-13
18AP5087	2017-08-10	08/14/2017	\$34,024	08/14/2017	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-13
18AP1584	2017-08-10	08/14/2017	\$ 4,257	2017-08-15	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-14
18AP1583	2017-08-10	08/14/2017	\$39,306	2017-08-29	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-28
18AP5085	2017-08-10	08/14/2017	\$27,220	08/14/2017	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-13
18AP5019	2017-08-10	08/14/2017	\$ 665	2017-10-19	152018000033	2017-08-01	2017-07-31	17213007	2017-08-01	-79
18675764	2018-03-12	2018-03-14	\$51,990	2018-03-26	152018000448	2018-02-26	2018-02-23	18057013	2018-02-26	-28
18675744	2018-03-12	2018-03-14	\$34,024	2018-03-14	152018000448	2018-02-26	2018-02-23	18057013	2018-02-26	-16
18675762	2018-03-12	2018-03-14	\$51,990	2018-03-14	152018000448	2018-02-26	2018-02-23	18057013	2018-02-26	-16
18675743	2018-03-12	2018-03-14	\$34,024	2018-03-14	152018000448	2018-02-26	2018-02-23	18057013	2018-02-26	-16
18675922	2018-05-17	2018-05-21	\$34,024	2018-05-21	152018000586	2018-04-27	2018-04-26	18117011	2018-04-27	-24
18675921	2018-05-17	2018-05-21	\$34,024	2018-05-21	152018000586	2018-04-27	2018-04-26	18117011	2018-04-27	-24
18675923	2018-05-17	2018-05-21	\$ 3,088	2018-05-21	152018000586	2018-04-27	2018-04-26	18117011	2018-04-27	-24
18675907	2018-05-17	2018-05-21	\$51,990	2018-05-21	152018000586	2018-04-27	2018-04-26	18117011	2018-04-27	-24
18675906	2018-05-17	2018-05-21	\$51,990	2018-05-21	152018000586	2018-04-27	2018-04-26	18117011	2018-04-27	-24

Effect

The PRDF is not in compliance with federal regulations on cash management. The PRDF could be exposed to administrative sanctions by the grantor, including the assessment of interest cost on funds that were not disbursed within the required time.

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cause

This situation was a primarily caused by the lack of effective internal control over cash management procedures. The PRDF does not maintain a regular monitoring over the cash requisitions, the payments supporting documents, and the accounting records.

Prior Year Audit Finding

2017-005

Recommendation

The PRDF should enforce internal control procedures to comply with cash management requirements established by the federal regulations. The PRDF should establish written policies and procedures for the proper review and authorization of request of federal drawdowns and the related disbursements supporting documentation.

Questioned Costs

None

Management's Response:

See Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-004

Agency: U.S. Department of Agriculture

Federal Program: Emergency Food Assistance Program
(Food Commodities)

CFDA: 10.569

Grant Number: 1PR810826, 1PR430446

Grant Period: 2016-2017, 2017-2018

Administration: Administration for Socioeconomic Development of
the Family

Compliance Requirement: Eligibility

Category: Internal Control Weakness and Noncompliance

Criteria

7 CFR Part 251.5(b)- Eligibility determination, (a)(1) Agencies distribution to households, establishes that Organizations distributing commodities to households for home consumption must limit the distribution of commodities provided under this part those household which meet the eligibility criteria established by the State agency in accordance with paragraph (b) of this section. (b) Criteria for determining recipient eligibility- Each agency must establish uniform Statewide criteria for determining the eligibility of households to receive commodities provide under this part for home consumption. The criteria must: (1) Enable the State agency to ensure that only households which are in need of food assistance because of inadequate income receive TEFAP commodities; (2) Include income based standards and the methods by which households may demonstrate eligibility under such standards; and (3) Include a requirement that the household reside in the geographic location served by the State agency at the time of applying for assistance, but length of residency shall not be used as an eligibility criterion.

Receipt of USDA Foods for Household Use – An ERA certifies households eligible to receive USDA Foods for household consumption by applying income eligibility criteria established by the State agency (7 CFR section 251.5(b)). These criteria are approved in advance by FNS as part of the State agency’s distribution plan (7 CFR section 251.6(a)).

2 CFR Part 200 Section 303 - Internal controls, states that the non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.(c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Condition

Required documentation for participant’s eligibility determination could not be provide for evaluation

Effect

The PRDF is not in compliance with the federal regulations and internal control procedures. The PRDF may be qualifying individuals that do not meet the eligibility requirement of the Program.

Cause

This situation is caused by the lack of adherence and enforcement to the internal control procedures included in the federal regulations and the state agency’s distribution plan.

Context

As part of our audit procedures over individual’s eligibility requirements, we evaluated twenty participants and found eighteen that PRDF not provide to us the evidence of the Public Housing Occupancy List for the participants.

Our sample was a statistically valid sample.

Prior Year Audit Finding

Not applicable

Recommendation

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DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

We recommend management to strengthen internal control procedures over the evaluation process of the participants to assure that individuals selected comply with Program's objectives and procedures and that all supporting documentation for eligibility determination is evaluated and maintained on file.

Questioned Cost

Could not be determined

Management Response:

See Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Finding Number: 2018-005

Agency: U.S. Department of Agriculture

Federal Program: Emergency Food Assistance Program
(Food Commodities)

CFDA: 10.569

Grant Number: 1PR810826, 1PR430446

Grant Period: 2016-2017, 2017-2018

Administration: Administration for Socioeconomic Development of
the Family

Compliance Requirement: Period of Performance

Category: Internal Control Weakness and Noncompliance

Criteria

2 CFR Part 200.343 (b)- Closeout, established that Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

2 CFR Part 200 Section 303 - Internal controls, states that the non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.(c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Condition

An unliquidated balance of \$12,984 for the grant fiscal year 2017, was still outstanding in January 2019 and no authorization was request from the federal agency.

Effect

The PRDF is not in compliance with the federal regulations. Unliquidated obligation or disbursement made outside the period of performance shall be returned to the Federal agency.

Cause

The PRDF has not implemented adequate internal controls procedures to ensure that all disbursements are made within the established period of performance.

Context

From the balance of unliquidated obligation for the fiscal year 2017 grant, we observed that \$12,984 are still unliquidated as of January 2, 2019. No sample selection was involved.

Prior Year Audit Finding

Not applicable

Recommendation

The PRDF should enforce the monitoring procedures over the disbursement process to ensure that all Program's payments are made within the period established in the federal regulations. The PRDF shall enforce policies and procedures to ascertain that the budgetary process considers the period of performance, as to obligation and disbursement of federal funds, and provide for the identification and communication of period cut-off requirements.

Questioned Cost

Not applicable

Management Response:

See Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-006

Agency: U.S. Department of Health and Human Services

Federal Program: Temporary Assistance for Needy Families, Family Support Payment to State Assistance_Payment

CFDA: 93.558, 93.560

Grant Number: 1701PRTANF /1801PRTANF

Grant Period: October 1, 2016-September 30, 2017
October 1, 2017-September 30, 2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Eligibility

Category: Internal Control Weakness and Noncompliance

Criteria

The PRDF as an eligible State has submitted to the Secretary of the U.S. Treasury a State Plan that outlines the way the State intends to conduct the TANF program as requested by 42 U.S.C. Part 602 Section (a)(1)(A)(i). The State Plan shall set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process as required by 42 U.S.C. Part 602 Section (a) (1) (B) (iii).

The Temporary Assistance for Needy Families Program State Plan of Operation for fiscal years 2018 through 2020 of the Government of Puerto Rico (the State Plan), Chapter IV-Application Process, establishes financial and non-financial eligibility requirements for applications and redeterminations; the assistance unit that will be considered for benefits and services; supportive evidence of eligibility requirements; and other eligibility factors and criteria.

2 CFR Part 200 Section 303 - Internal controls, states that the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

should be in compliance with guidance in “Standards for Internal Control in the Federal Government”, issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.(c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Condition

Internal control deficiencies have permitted that participants’ files do not include required documentation for eligibility determination purposes or file not provide for revision.

Effect

The PRDF is not adhering to the established internal controls and is not adequately documenting participants’ eligibility. The PRDF may be qualifying participants that do not meet the eligibility requirements established by the federal regulations. The PRDF should reimburse the Federal agency for benefits awarded to erroneously determined eligible participants.

Cause

The PRDF did not have adequate internal control procedures over the process of evaluating the eligibility of participants, employees did not adhere to established internal control procedures and the enforcement remedies were not adequately implemented.

Context

A sample of eighty participants’ files was selected for audit from a population of 24,039 participants from one office of each region. The test found the following exceptions:

- One file not provided for our revision.

Our sample was a statistically valid sample.

Prior Year Audit Finding

2017-006

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Recommendation

The PRDF should enforce existing internal control procedures to manage, review, and monitor and safeguard of participants' files to ensure that they contain all documentation required by the federal regulations and State Plan. Internal controls should also provide remedies for appropriate enforcement and disciplinary actions, if necessary.

Questioned Cost

Could not be determined

Management Response

See Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-007

Agency: U.S. Department of Health and Human Services

Federal Program: Temporary Assistance for Needy Families, Family Support Payment to State Assistance_Payment

CFDA: 93.558, 93.560

Grant Number: 1701PRTANF /1801PRTANF

Grant Period: October 1, 2016-September 30, 2017
October 1, 2017-September 30, 2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Special Test- Child Support Non-Cooperation

Category: Internal Control Weakness

Criteria

If the State agency responsible for administering the State plan approved under Title IV-D of the Social Security Act determines that an individual is not cooperating with the State in establishing paternity, or in establishing, modifying or enforcing a support order with respect to a child of the individual, and reports that information to the State agency responsible for TANF, the State TANF agency must (1) deduct an amount equal to not less than 25 percent from the TANF assistance that would otherwise be provided to the family of the individual, and (2) may deny the family any TANF assistance. HHS may penalize a State for up to five percent of the SFAG for failure to substantially comply with this required State child support program (42 USC 608(a)(2) and 609(a)(8); 45 CFR sections 264.30 and 264.31).

The Temporary Assistance for Needy Families Program State Plan of Operation for fiscal years 2018 through 2020 of the Government of Puerto Rico (the State Plan) Chapter VIII (A) (3) (g), establishes that the PRDF will sanction an adult who without good cause fails to cooperate in establishing paternity or in obtaining child support on behalf of the minor for whom assistance is being requested:

- i. New Application: The program will deny the family any assistance.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

- ii. Inactive cases: The program shall deduct from the assistance that would otherwise be provided to the family of the individual under the state program funded under this part, an amount equal to and not less than 25 percent of the amount of such assistance. In this situation (g), the needs of the individual will be excluded from the budget and the minor dependent child will receive assistance through a protective payment.

Condition

For the participants selected that have the status of Child Support Non-Cooperation category, the PRDF failed to provide files for our revision and we were unable to determine whether they met with the procedures established in the State Plan. On the other hand, they failed to assign the correct codification related with their status.

Effect

The PRDF is not in compliance with the Program's procedures regarding participants who do not cooperate in establishing paternity, or in establishing or enforcing a support order with respect to a child of the individual and may be exposed to HHS penalties. The PRDF may be providing benefits to participants that do not cooperate as established by the State Plan.

Cause

This situation is caused by the lack of adherence to and enforcement of the internal control procedures already established in the State Plan by the PRDF.

Context

A sample of eight participants that have the status of Child Support Non-Cooperation category was selected for audit from a population twenty-two participants of region selected for the fiscal year 2017-2018 provided by the Office of Information System and noted the following:

- In six cases the codification of the participants was incorrect.
- One file not provide for our revision.

Prior Year Audit Finding

2017-008

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Recommendation

We recommend management to enforce compliance with the internal control procedures over the process performed by the eligibility technicians or the case managers to assure compliance with child support non-cooperation and filing of documents in accordance with the program procedures and state and federal regulations. The PRDF should strengthen the internal controls over its computer applications to reduce or avoid data entry errors.

Questioned Cost

None

Management's Response

Refer to Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-008

Agency: U.S. Department of Health and Human Services

Federal Program: Temporary Assistance for Needy Families

CFDA: 93.558

Grant Number: 1701PRTANF /1801PRTANF

Grant Period: October 1, 2016-September 30, 2017
October 1, 2017-September 30, 2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Special Test- Penalty for Refusal to Work

Category: Internal Control Weakness and Compliance

Criteria

45 CFR 261.14 (a)(c) What is the penalty if an individual refuses to engage in work?, establishes that if an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish. (c) A State that fails to impose penalties on individuals in accordance with the provisions of Section 407 (e) of the Act may be subject to the State penalty specified at 261.54.

The Temporary Assistance for Needy Families Program State Plan of Operation for fiscal years 2018 through 2020 of the Government of Puerto Rico (the State Plan) Chapter VII (B), establishes a sanction policy to participants who do not comply with the Individual Responsibility Plan. An individual who refuses to engage in work activities as established in his Individual Responsibility Plan, will be penalized. The penalties will be applied as follow:

- First penalty – if an individual refuses to participate in work activities without a good cause, as established in our policy, his cash assistance benefit will be reduced. The reduction consists in not including the adult portion in the total amount of the benefit. This action will last 3 months.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

- Second penalty – if the individual refuses to engage in work activities after being advised to participate and the first penalty has been applied, the cash assistance payment to the family is terminated for the next three months, and the case will be closed. The individual must comply with the penalty term in order to be able to re-apply for benefits.
- Third penalty – if the individual refuses to participate as required and the second penalty has been applied, the cash assistance benefits will be terminated for the next six months and the case will be closed. The participant must comply with the penalty term, after this period he is able to re-apply. If the individual subsequently fails to cooperate this penalty will be re- applied.

Compliance with work activities and participation hours will be defined by the Individual Responsibility Plan. The eligibility technician and the case manager will make continuous contact with the individual to encourage him to engage in work activities.

Condition

For the participants with codification of ABEN (“Abandono de Empleo sin Justa Causa”) or ABJU (“Abandono de Empleo sin Justa Causa PTR”) in their Individual Responsibility Plan, the PRDF failed to provided evidence of the penalty and fail to provide file for audit review.

Effect

The PRDF is not in compliance with the Program’s procedures regarding participants who do not comply with the Individual Responsibility Plan requirements and may be exposed to HHS penalties. The PRDF may be providing benefits to participants that do not meet the Individual Responsibility Plan requirements established by state regulations. Also, statistics used for the calculation of the work participation rate are not accurate due to incorrect participant codification.

Cause

This situation is caused by the lack of adherence to and enforcement of internal control procedures already established by the PRDF in the State Plan for the Individual Responsibility Plan compliance requirements.

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DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Context

A sample of four participants with codification of ABEN or ABJU in their Individual Responsibility Plan was selected for audit from a population of Thirty-two for the fiscal year 2017-2018 provided by the Office of Information System. The test revealed the following exceptions:

- two case the file was not provided for revision.
- one case the codification of the participants was incorrect.

Prior Year Audit Finding

2017-009

Recommendation

We recommend management to enforce compliance with internal control procedures over the process performed by the eligibility technician or the case manager to assure compliance with the Individual Responsibility Plan and filing of documents in accordance with the Program's procedures and state and federal regulations.

Questioned Cost

None

Management's Response

Refer to Grantee's Corrective Action Plan

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-009

Agency: U.S. Department of Health and Human Services

Federal Program: Temporary Assistance for Needy Families

CFDA: 93.558

Grant Number: 1701PRTANF /1801PRTANF

Grant Period: October 1, 2016-September 30, 2017
October 1, 2017-September 30, 2018

Administration: Administration for Socioeconomic Development of
the Family

Compliance Requirement: Special Test- Adult Custodial Parent of Child Under
Six When Child Care Not Available

Category: Internal Control Weakness

Criteria

45 CFR 261.14 (a)(c) What is the penalty if an individual refuses to engage in work, establishes that if an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish. (c) A State that fails to impose penalties on individuals in accordance with the provisions of Section 407 (e) of the Act may be subject to the State penalty specified at 261.54.

The Temporary Assistance for Needy Families Program State Plan of Operation for fiscal years 2018 through 2020 of the Government of Puerto Rico (the State Plan) Chapter VII (B), establishes a sanction policy to participants who do not comply with the Individual Responsibility Plan. An individual who refuses to engage in work activities as established in his Individual Responsibility Plan, will be penalized. The penalties will be applied as follow:

- First penalty – if an individual refuses to participate in work activities without a good cause, as established in our policy, his cash assistance benefit will be reduced. The reduction.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

- consists in not including the adult portion in the total amount of the benefit. This action will last 3 months.
- Second penalty – if the individual refuses to engage in work activities after being advised to participate and the first penalty has been applied, the cash assistance payment to the family is terminated for the next three months, and the case will be closed. The individual must comply with the penalty term in order to be able to re-apply for benefits.
- Third penalty – if the individual refuses to participate as required and the second penalty has been applied, the cash assistance benefits will be terminated for the next six months and the case will be closed. The participant must comply with the penalty term, after this period he is able to re-apply. If the individual subsequently fails to cooperate this penalty will be re- applied.

Compliance with work activities and participation hours will be defined by the Individual Responsibility Plan. The eligibility technician and the case manager will make continuous contact with the individual to encourage him to engage in work activities.

Condition

For the participants with codification of JC06, Adult Custodial Parent of Child under Six When Child Care not available without any good cause in their Individual Responsibility Plan, the PRDF failed to provide file for audit review and codify correctly the good cause according to procedures established in the State Plan.

Effect

The PRDF is not in compliance with the Program’s procedures regarding participants who do not comply with the Individual Responsibility Plan requirements and may be exposed to HHS penalties. The PRDF may be providing benefits to participants that do not meet the Individual Responsibility Plan requirements established by state regulations. Also, statistics used for the calculation of the work participation rate are not accurate due to incorrect participant codification.

Cause

This situation is caused by the lack of adherence to and enforcement of the internal control procedures already established by the PRDF in the State Plan for the Individual Responsibility Plan compliance requirements.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Context

A sample of four participants with codification of JC06, Adult Custodial Parent of Child under Six When Child Care not available without any good cause, was selected for audit from a population of twenty-nine for the fiscal year 2017-2018 provided by the Office of Information System and noted the following:

- Two files not provide for audit review
- One case the codifications of the participant were incorrect.

Prior Year Audit Finding

2017-010

Recommendation

We recommend management to enforce compliance with internal control procedures over the process performed by the eligibility technician or the case manager to assure compliance with Individual Responsibility Plan and filing of documents in accordance with the Program's procedures and state and federal regulations. The PRDF should strengthen the internal controls over its computer applications to reduce or avoid data entry errors.

Questioned Cost

None

Management's Response

Refer to Grantee's Corrective Action Plan

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DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-010

Agency: U.S. Department of Health and Human Services

Federal Program: Temporary Assistance for Needy Families, Family
CFDA: 93.558

Grant Number: 1701PRTANF /1801PRTANF

Grant Period: October 1, 2016-September 30, 2017
October 1, 2017-September 30, 2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Special Test- Income Eligibility and Verification System

Category: Internal Control Weakness

Criteria

As required by Section 1137 of the Social Security Act, each State shall participate in the Income and Verification System (IEVS) to request and obtain income and benefit information when making eligibility determinations. The Temporary Assistance for Needy Families Program State Plan of Operation for fiscal years 2018 through 2020 of the Government of Puerto Rico (the State Plan) Chapter XI (A), establishes that through the Office of Information System TANF caseload is crosscheck with the data base of IEVS to identify participants that may have income. The system creates a list of participants which should be reviewed by eligibility technicians. The technician is responsible to interview the participant to verify the information and to take actions over those cases.

PRDF Local Office Procedure Manual (the Manual), establishes the following procedures for the exchange of information of persons receiving Social Security Benefits (BENDEX): (a) The BENDEX list is issued monthly to the Director of each Region. (b) The Regional Director sends it to the corresponding local office. (c) The list is assigned and delivered to the technicians to crosscheck the information of the list with the participants' file. (d) The technicians will make a note on the Daily Contact Form (ADSEF-106G) including the finding, date of crosscheck, and name. In the BENDEX list the technicians must write their initials and the date in which the evaluation was made.

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DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Condition

The PRDF failed to provide file for audit review.

Effect

The PRDF is not in compliance with the Program's procedures regarding Income and Verification System when making the eligibility determinations and may be exposed to HHS penalties. The PRDF may be providing benefits to participants that do not meet the income range established by the State regulations.

Cause

This situation is caused by the lack of adherence to and enforcement of the internal control procedures already established by the PRDF.

Context

A sample of twelve participant was selected for audit from the List of Participants receiving Social Security Benefits (BENDEX) and with the identification code (SWICA) for the fiscal year 2017-2018 provided by the Office of Information System noted the following:

- Three case that the ADSEF staff not verified income of the participants.

Prior Year Audit Finding

Not applicable

Recommendation

We recommend management to enforce compliance with internal control procedures over the process performed by the eligibility technicians to assure compliance with Income and Verification System and filing of documents in accordance with the program procedures and state and federal regulations.

Questioned Cost

Not applicable

Management's Response

Refer to Grantee's Corrective Action Plan

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DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-011

Agency: U.S. Department of Health and Human Service

Federal Program: Low-Income Home Energy Assistance Program (LIHEAP)

CFDA: 93.568

Grant Number: G17B1PRLIEA/G18B1PRLIEA

Grant Period: October 1, 2016-September 30, 2018
October 1, 2017-September 30, 2019

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Eligibility

Category: Internal Control Weakness and Noncompliance

Criteria

Grantees may provide assistance to (a) households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) benefits, or certain needs-tested veterans benefits; or (b) households with incomes which do not exceed the greater of 150 percent of the State's established poverty level, or 60 percent of the State median income. Grantees may establish lower income eligibility criteria, but no household may be excluded solely on the basis of income if the household income is less than 110 percent of the State's poverty level. Grantees may give priority to those households with the highest home energy costs or needs in relation to income (42 USC 8624(b)(2)).

45 CFR Part 75 Section 303 - Internal controls, states that the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States and the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Commission (COSO). (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards. (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards. (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Condition

The PRDF fail to provide three files for audit review and internal control deficiency have permitted that participants' file does not include required documentation for the eligibility determination purpose.

Effect

The PRDF is not in compliance with the eligibility requirements set forth by federal regulations, which could affect the future award of its federal grants.

Cause

The PRDF did not have adequate internal control procedures over the process of evaluating the eligibility of participants, employees did not adhere to established internal control procedures and the enforcement remedies were not adequately implemented.

Context

A sample of forty participants' files was a selected for audit. The test found the following exception

- Three files were not provided for our revision

Prior Year Audit Finding

2017-013

Recommendation

The PRDF should enforce existing internal control procedures to manage, review, and monitor participants' files to ensure that they contain all documentation required by the federal regulations and State Plan. Internal controls should also provide remedies for appropriate enforcement and disciplinary actions, if necessary.

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Questioned Cost

Could not be determined

Management Response

See Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-012

Agency: U.S. Department of Agriculture

Federal Program: Nutrition Assistance Program for Puerto Rico

CFDA: 10.566

Grant Number: 1PR400426

Grant Period: 10-1-2016 to 9-30-2017
10-1-2017 to 9-30-2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Eligibility

Category: Internal Control Weakness and Noncompliance

Criteria

7 CFR Part 285 Section 3 - Plan of Operation, states (b) The plan of operation shall include the following information: (2) A description of the needy persons residing in the Commonwealth of Puerto Rico and an assessment of the food and nutrition needs of these persons. The description and assessment shall demonstrate that the Nutrition Assistance Program is directed toward the neediest persons in the Commonwealth of Puerto Rico.

The PR Department of the Family is required to identify in its annual plan the population eligible for NAP benefits. In testing the propriety of eligibility determinations and disbursements for NAP benefits, the auditor shall apply the eligibility criteria established by the PR Department of the Family and identified in the annual plan (7 CFR section 285.3(b)(2)).

2 CFR Part 200 Section 303 - Internal controls, states that the non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.(c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.(d) Take prompt action when

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

instances of noncompliance are identified including noncompliance identified in audit findings.(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

Condition

Internal control deficiencies have permitted that participants' files do not include required documentation for eligibility determination purposes.

Effect

The PRDF is not adhering to the established internal controls procedures and not adequately documenting the eligibility of participants. The PRDF may be qualifying participants that do not meet the eligibility requirements established by federal regulations. The PRDF should reimburse the Federal agency benefits awarded to erroneously determined eligible participants.

Cause

The PRDF did not have adequate internal control procedures over the process of evaluating the eligibility of participants, employees were not adhering to the established internal control procedures and the enforcement remedies were not adequately implemented.

Context

A sample of 40 participant's files was a selected for audit from a population of 819,777. The selection was form one office for each region. The test revealed the following deficiencies:

- One participant file did not include the Mandatory SWIP Enrollment or Job Search Activities Certification.
- One participant file did not include Identification card.
- In one case there was a no evidence of the Resident Alien Status.

Prior Year Audit Finding

Not applicable

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Recommendation

The PRDF should enforce existing internal control procedures to manage, review and monitor participants' files to ensure that they contain all documentation required by federal regulations and State Plan. Internal controls should also provide remedies for appropriate enforcement and disciplinary actions, if necessary.

Questioned Costs

Could not be determined

Management's Response

See Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-013

Agency: U.S. Department of Agriculture/ U.S. Department of Health and Human Services

Federal Program: Nutrition Assistance Program for Puerto Rico Temporary Assistance for Needy Families, Family

CFDA: 10.566, 93.558

Grant Number: 1PR400426/1701PRTANF /1801PRTANF

Grant Period: 10-1-2016 to 9-30-2017
10-1-2017 to 9-30-2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Procurement, Suspension and Debarment

Category: Internal Control Weakness and Noncompliance

Criteria

2 CFR Part 200 Section 317-Procurements by states - When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds.

2 CFR Part 200 Section 303 - Internal controls, states that the non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.(c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.(d) Take prompt action when

COMMONWEALTH OF PUERTO RICO
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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

instances of noncompliance are identified including noncompliance identified in audit findings.(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

2 CFR Part 200 Section 333- Retention requirements for records, states that financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

(a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

(b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

(c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

(d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.

Condition

Internal control deficiencies have permitted that services contract files do not provide for revision.

Effect

PRDF is not adhering to the established internal controls procedures and not adequately documenting the contract service file. Also, the lack of review of contracts could result in noncompliance with federal regulations and cost disallowance by the grantors.

Cause

The PRDF did not have adequate internal control procedures over the process of evaluating contracted service.

Context

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

A sample of 7 services contract files was a selected for audit from a population of 32. For the test performed, the PRDF do not provide the file for the contract #2018-000019 and for 2018-000009.

Prior Year Audit Finding

Not applicable

Recommendation

The PRDF should establish adequate internal control procedures to manage, review and monitor contract services files and maintain adequate documentation to support the allowability of its expenditures. The PRDF shall improve its internal control over safeguarding of documents in order to provide them on time for the auditor's review.

Questioned Costs

Could not be determined

Management's Response

See Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding Number: 2018-014

Agency: All Federal Agencies in the SEFA

Federal Program: All Federal Agencies in the SEFA

CFDA: All Federal Agencies in the SEFA

Grant Number: All Federal Agencies in the SEFA

Grant Period: October 1, 2016 through September 30, 2018

Administration: Administration for Socioeconomic Development of the Family

Compliance Requirement: Reporting

Category: Financial, Internal Control Weakness and Noncompliance

Criteria

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal, Part 200.512, Report Submission, (a) General, (1) states that the audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Condition

PRDF did not comply with the required due date for the submission of the Single Audit Report.

Effect

The PRDF could be sanctioned by the Federal Government for the noncompliance of this requirement.

Cause

The passage of Hurricane Maria through Puerto Rico caused the audit report of the fiscal year ended in 2017 to be submitted at the end of 2018, causing the delay of the closing fiscal year 2018.

Prior Year Audit Finding

Not applicable

COMMONWEALTH OF PUERTO RICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Recommendation

The PRDF must update all accounting and financial information to provide for accurate and complete financial information. In addition, shall establish controls and procedures to enable compliance with completion and submitting of the Single Audit Report of PRDF to the Federal Clearinghouse before the 9 months deadline.

Questioned Costs

None

Management's Response

Refer to Grantee's Corrective Action Plan

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Reference Number: 2017-001

CFDA: 10.566, 10.568, 93.558, 93.560

Federal Program: Nutrition Assistance Program for Puerto Rico, Emergency Food Assistance Program, Temporary Assistance for Needy Families, Family Support Payment to State_Assistance Payment

Administration: Administration for Socioeconomic Development of the Family

Audit Finding: Financial Administration – Standards for Financial Management System

Question Cost: None

Status of Corrective Action Plan: Remain Uncorrected

Reference Number: 2017-002

CFDA: 93.569, 93.645, 93.001

Federal Program: Community Service Block Grant, Stephannie Tubbs Child Welfare Service, Social Security-Disability Insurance

Administration: Administration for Children and Families, The Office of the

Audit Finding: All Compliance Requirement applicable

Question Cost: Could not be determine

Status of Corrective Action Plan: Remain Uncorrected

Reference Number: 2017-003

CFDA: 10.566

Federal Program: Nutrition Assistance Program for Puerto Rico

Administration: Administration for Socioeconomic Development of the Family

Audit Finding: Reporting

Question Cost: None

Status of Corrective Action Plan: Corrected

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SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Reference Number: 2017-004
CFDA: 10.568
Federal Program: Emergency Food Assistance Program (Administrative Cost)
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Cash Management
Question Cost: None
Status of Corrective Action Plan: Remain Uncorrected

Reference Number: 2017-005
CFDA: 10.568
Federal Program: Emergency Food Assistance Program (Administrative Cost)
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Reporting
Question Cost: None
Status of Corrective Action Plan: Corrected

Reference Number: 2017-006
CFDA: 93.558, 93.560
Federal Program: Temporary Assistance for Needy Families, Family Support
Payment to State Assistance Payment
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Eligibility
Question Cost: Could not be determined
Status of Corrective Action Plan: Remain Uncorrected

COMMONWEALTH OF PUERTO RICO
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SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Reference Number: 2017-007
CFDA: 93.558, 93.560
Federal Program: Temporary Assistance for Needy Families, Family Support
Payment to State Assistance Payment
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Reporting
Question Cost: None
Status of Corrective Action Plan: Corrected

Reference Number: 2017-008
CFDA: 93.558
Federal Program: Temporary Assistance for Needy Families
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Special Test-Child Support Non-Cooperation
Question Cost: None
Status of Corrective Action Plan: Remain Uncorrected

Reference Number: 2017-009
CFDA: 93.558
Federal Program: Temporary Assistance for Needy Families
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Special Test-Penalty for Refusal to Work
Question Cost: Could not be determined
Status of Corrective Action Plan: Remain Uncorrected

COMMONWEALTH OF PUERTO RICO
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SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Reference Number: 2017-010
CFDA: 93.558
Federal Program: Temporary Assistance for Needy Families
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Special Test- Adult Custodial Parent of Child Under Six When Child Care Not Available
Question Cost: None
Status of Corrective Action Plan: Remain Uncorrected

Reference Number: 2017-011
CFDA: 93.558
Federal Program: Temporary Assistance for Needy Families
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Special Test – Income Eligibility and Verification System
Question Cost: None
Status of Corrective Action Plan: Remain Uncorrected

Reference Number: 2017-012
CFDA: 93.568
Federal Program: Low-Income Home Energy Assistance Program
Administration: Administration for Socioeconomic Development of the Family
Audit Finding: Cash Management
Question Cost: None
Status of Corrective Action Plan: Corrected

COMMONWEALTH OF PUERTO RICO
DEPARTMENT OF THE FAMILY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Reference Number: 2017-013

CFDA: 93.568

Federal Program: Low-Income Home Energy Assistance Program

Administration: Administration for Socioeconomic Development of the Family

Audit Finding: Eligibility

Question Cost: None

Status of Corrective Action Plan: Remain Uncorrected

Reference Number: 2017-014

CFDA: 93.568

Federal Program: Temporary Assistance for Needy Families

Administration: Administration for Socioeconomic Development of the Family

Audit Finding: Reporting

Question Cost: None

Status of Corrective Action Plan: Corrected
