

**DEPARTMENT OF HEALTH OF THE  
COMMONWEALTH OF PUERTO RICO**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022

---

**PART I – FINANCIAL SECTION:**

Independent auditor’s report.....	1-3
Statement of Cash Receipts and Disbursements.....	4-6
Notes to the Statement of Cash Receipts and Disbursements.....	7-16

**PART II – SUPPLEMENTARY INFORMATION AND COMPLIANCE SECTION**

**Supplementary Information**

Schedule of Expenditures of Federal Awards.....	18-21
Notes to the Schedule of Expenditures of Federal Awards.....	22

**Compliance**

Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statement performed in accordance with government auditing standards.....	24-25
Independent auditor’s report on compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	26-29
Schedule of Findings and Questioned Costs... ..	31-52
Summary Schedule of Prior Year Findings.....	53-61
Auditor’s Rebuttals to PRDOH Audit Findings Responses.....	62

**PART I - FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Honorable Carlos R. Mellado López, MD  
Secretary  
Department of Health of the  
Commonwealth of Puerto Rico

### **Report on the Audit of the Financial Statement**

#### **Opinion**

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities and governmental funds of the Department of Health of the Commonwealth of Puerto Rico (the "PRDH"), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statement.

In our opinion, the cash basis financial statement referred to above present fairly, in all material respects, the cash receipts and disbursements of the governmental activities, each major fund and the aggregate remaining fund information of the PRDH, as of June 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department of Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

We draw attention to Note A to the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash receipts and cash disbursements 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.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PRDH's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 PRDH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the PRDH's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PRDH's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 on our consideration of the PRDH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PRDH's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PRDH's internal control over financial reporting and compliance.

Carolina, Puerto Rico  
March 26, 2024

Aquino, De Córdova, LLC  
by Edward Bowler-Green  
Lic. # 3171

Stan E567168  
of Puerto Rico CPA Society  
has been attached to the  
original



**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Program	State Funds		Federal Funds		Totals	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
Acquisition of Materials and Personal Protective Equipment	\$ 116,352	\$ 4,576,256	\$ -	\$ -	\$ 116,352	\$ 4,576,256
Auxiliary Services	4,903,594	4,789,764	-	-	4,903,594	4,789,764
Bayamon Hospital	18,306,288	22,686,038	-	-	18,306,288	22,686,038
Bureau of Investigation	3,727,785	1,728,023	-	-	3,727,785	1,728,023
CARES	5,000,000	5,000,000	-	-	5,000,000	5,000,000
Clinical Laboratory Services	4,729,212	3,178,017	-	-	4,729,212	3,178,017
Commission for the Prevention of Suicide	180,750	167,850	-	-	180,750	167,850
COVID-19 Testing and Contact Tracing Program	9,786,388	67,114,794	-	-	9,786,388	67,114,794
Economic Aid to Medical Indigent	48,118,287	26,775,993	3,221,136,575	3,211,798,428	3,269,254,862	3,238,574,421
Emergency Assistance - Public Hospitals	2,850,165	2,948,349	-	-	2,850,165	2,948,349
Epidemiology and Investigation	-	-	730,619	664,807	730,619	664,807
General Management	158,435	452,047	-	-	158,435	452,047
Health Institutions	11,385,180	24,200,932	-	-	11,385,180	24,200,932
Health Institutions - Health Centers	1,000,200	330,636	-	-	1,000,200	330,636
Health Promotion and Protection	9,423,069	7,670,558	4,204,372	4,099,585	13,627,441	11,770,143
Health Promotion and Protection - Bloque Titulo V	474,488	204,458	-	-	474,488	204,458
Health Promotion and Protection - Epidemiology (BRFSS)	138,000	(50,437)	-	-	138,000	(50,437)
Health Promotion and Protection - Ley 107	8,668	-	-	-	8,668	-
Health Promotion and Protection - OCASET	1,666,987	444,502	-	-	1,666,987	444,502
Health Promotion and Protection - ZIKA	-	-	-	-	-	-
Hospital's Stimulus	-	-	-	-	-	-
Human Resources	28,195	840	-	-	28,195	840
Incentives Personal face-to-face work during pandemic	24,098,993	10,166,407	-	-	24,098,993	10,166,407
Indirect Costs	5,761,476	4,641,552	-	-	5,761,476	4,641,552
Integrated Services to Communities	2,100,000	845,042	63,294,065	64,730,028	65,394,065	65,575,070
Intellectual Disability	56,036,580	46,291,853	-	-	56,036,580	46,291,853
Management and Administration	141,636,235	48,226,316	33,306,956	43,957,488	174,943,191	92,183,804
Medicaid	10,386,633	17,438,319	-	-	10,386,633	17,438,319
Office of Research and Medicinal Cannabis	390,652	169,001	-	-	390,652	169,001
Own Income Fund - Equipment	16,052	-	-	-	16,052	-
Own Income Fund- Facilities and Payments for Public Services	4,080,368	-	-	-	4,080,368.00	-
Own Income Fund - Materials and Supplies	6,532,549	-	-	-	6,532,549	-
Own Income Fund - Other Expenses	2,439,698	-	-	-	2,439,698	-
Own Income Fund - Payment of Debts Contracted in Previous Years	300,000	-	-	-	300,000	-
Own Income Fund- Payroll	1,228,540	6,280,899	-	-	1,228,540	6,280,899

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Program	State Funds		Federal Funds		Totals	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
Own Income Fund - Professional Services	6,331,190	3,859,226	-	-	6,331,190	3,859,226
Own Income Fund - Services Purchased	12,482,656	-	-	-	12,482,656	-
Own Income Fund including Bureau of Investigation - Transportation and Subsistence Expenses	12,200	-	-	-	12,200	-
Own Income Fund including Bureau of Investigation - Materials and Supplies	-	223,692	-	-	-	223,692
Own Income Fund including Bureau of Investigation - Other Expenses	-	9,195	-	-	-	9,195
Own Income Fund including Bureau of Investigation - Professional Services	-	(24,661)	-	-	-	(24,661)
Own Income Fund including Bureau of Investigation - Services Purchased	-	162,397	-	-	-	162,397
Own Income Fund including Bureau of Investigation - Transportation and Subsistence Expenses	-	82,772	-	-	-	82,772
Planning, Evaluation and Statistics in the Health Area	4,318,320	6,541,139	3,803,135	3,815,863	8,121,455	10,357,002
Planning, Evaluation and Statistics in the Health Area - NACHO	-	7,985	-	-	-	7,985
Planning, Evaluation and Statistics in the Health Area - OIAT	85,188	-	-	-	85,188	-
Planning, Evaluation and Statistics in the Health Area - Vital Statistic Cooperative Program	292,492	81,567	-	-	292,492	81,567
Premium Pay	4,958,000	4,932,000	-	-	4,958,000	4,932,000
Premium Pay - Hospitals	2,997,000	1,906,000	-	-	2,997,000	1,906,000
Program Integrity	1,043,493	-	-	-	1,043,493	-
Program of Assistance and Care - Homeless Population	27,626	25,900	-	-	27,626	25,900
Provided Enrollment	1,194	-	-	-	1,194	-
Public Health Preparation and Response Office	199,337	181,711	12,301,274	14,058,866	12,500,611	14,240,577
Registration and Issuance of Documents of the Demographic Register	7,480,593	5,544,903	-	-	7,480,593	5,544,903
Registration and Issuance of Documents of the Demographic Register - Enumeration at Birth	30,484	-	-	-	30,484	-
Registration and Issuance of Documents of the Demographic Register - Non Electronic Death Registration	1,334	-	-	-	1,334	-
Regulation and Accreditation of Health Facilities	3,375,664	1,376,642	977,101	883,841	4,352,765	2,260,483
Registration and Certification of Health Professionals	16,646,416	11,439,338	-	-	16,646,416	11,439,338



**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Program	State Funds		Federal Funds		Totals	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
Regulations on Health Environment	12,119,429	6,600,846	72,055,683	67,902,757	84,175,112	74,503,603
Regulations on Health Environment - MOSA Radiological Health	-	10,097	-	-	-	10,097
Regulations on Health Environment - PR Food Contract	-	-	-	-	-	-
Regulations on Health Environment - School Lunch	-	50,637	-	-	-	50,637
Remote Work Programs of the Government of Puerto Rico	424,087	1,682,756	-	-	424,087	1,682,756
Ryan White	-	-	-	-	-	-
Ryan White - ASES	66,690,177	46,727,691	-	-	66,690,177	46,727,691
Ryan White - Rebates	2,145,267	1,995,988	-	-	2,145,267	1,995,988
Settlement Payment - Pre-Retirement	-	-	-	-	-	-
Special Account	98,455,909	89,535,658	-	-	98,455,909	89,535,658
Special Supplemental Nutrition Program for Woman, Infants and Children	21,445	2,944	163,704,564	164,113,838	163,726,009	164,116,782
State Special Fund- Payroll	-	2,587,074	-	-	-	2,587,074
State Special Fund - Professional Services	-	156,074	-	-	-	156,074
Telemedicine Program in Puerto Rico	2,238,637	5,611,373	-	-	2,238,637	5,611,373
Trauma Centers	7,133,253	4,834,241	-	-	7,133,253	4,834,241
University Adult Hospital	106,279,964	139,437,183	-	-	106,279,964	139,437,183
University Pediatric Hospital	55,854,467	50,673,999	1,821,002	1,042,838	57,675,469	51,716,837
Vaccination Incentive Program	6,032,500	2,293,250	-	-	6,032,500	2,293,250
<b>Total</b>	<b>\$ 794,688,120</b>	<b>\$ 694,827,623</b>	<b>\$ 3,577,335,346</b>	<b>\$ 3,577,068,340</b>	<b>\$ 4,372,023,466</b>	<b>\$ 4,271,895,963</b>

See notes to Statement of Cash Receipts and Disbursements.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

The Department of Health of the Commonwealth of Puerto Rico (“the PRDH”) is an executive department of the Commonwealth of Puerto Rico (“the Commonwealth”) established under Article IV Section 6 of the Constitution with the objective of promoting and preserving health as a state or condition of physical, emotional and social well-being, that would allow human beings the full enjoyment of life and their contribution to the productive creative efforts of the society as a whole.

The PRDH is under the direction and supervision of a Secretary appointed by the Governor of the Commonwealth. The Secretary is responsible for the design, implementation and supervision of the operations for the PRDH including its fiscal organization.

Oversight responsibilities of the Secretary of the PRDH

The Secretary of the PRDH is a compulsory board member and has oversight responsibilities over several public corporations and entities of the Commonwealth. The accompanying financial statement does not include the activities of these public corporations and entities. Their operations are subject to separate financial or single audits, as applicable or required. The financial statements of these entities are all included in the Commonwealth’s financial statement. A brief description of these entities is as follows:

- Puerto Rico Medical Services Administration (“PRMSA”) – is a public corporation and an instrumentality of the Commonwealth ascribed to the PRDH. It was created by Act No. 66 dated June 22, 1978, as amended, to plan, organize, and administer the centralized health services, provided in support of the hospital and other functions, offered by the member institutions and users of the medical complex known as the Puerto Rico Medical Center.
- Puerto Rico Health Insurance Administration (“PRHIA”) – is a public corporation created by Act No. 72 of September 7, 1993, as amended. It was created for implementing, administering, and negotiating a health insurance system through contracts with insurance underwriters to provide quality medical and hospital care to low-income individuals, employees of the Commonwealth and policemen who voluntary subscribe to the Puerto Rico health insurance medical plan. PRHIA financial support is provided through legislative appropriations of the Commonwealth.
- Cardiovascular Center Corporation of Puerto Rico and the Caribbean (“CCCPRC”) – is a public corporation created by Act No. 51 of June 30, 1986, as amended. The purpose of the CCCPRC is to provide special treatment to patients suffering from cardiovascular diseases. The Commonwealth provides financial support to the CCCPRC through legislative appropriations.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED**

- Mental Health and Anti-Addiction Services Administration (“MHAASA”) – was created by virtue of Public Law No. 67 of August 7, 1993. The MHAASA is responsible for the planning, implementation and evaluation of alcohol and drug abuse program, which use a dynamic approach across human development stages from prevention through treatment and rehabilitation. Also, the authority to approve the manufacturing, dispensing and distribution of controlled substances for therapeutic usage that previously rested on MHAASA has now been transferred to the Secretary. The operations of the MHAASA are funded through annual budgetary appropriations approved by the Legislature of the Commonwealth. In addition, MHAASA receives federal financial assistance for specific purposes. The Puerto Rico Department of the Treasury (“PRTD”) acts as the disbursing agent for MHAASA, except for certain payments made by specially appointed paymasters under the monitored supervision of the PRTD.

Complete financial statements of these entities can be obtained directly from their administrative offices at:

Puerto Rico Medical Services Administration  
PO BOX 2129  
San Juan, PR 00922-2129

Cardiovascular Center Corporation of  
Puerto Rico and the Caribbean  
PO Box 366528  
San Juan, PR 00936-6528

Puerto Rico Health Insurance Administration  
PO Box 195661  
San Juan, PR 00919-5661

Mental Health and Anti- Addiction  
Services Administration  
PO Box 607087  
Bayamón, PR 00960-7087

**Summary of significant accounting policies**

**Basis of Presentation**

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balanced set of accounts. The financial activities of the PRDH that are reported in the accompanying statement of cash receipts and disbursements have been classified into governmental funds. Major individual governmental funds are reported as separate columns, with non-major funds being combined into a single column. As more fully explained in Note A, each fund is accounted for with a set of accounts which include only cash receipts and cash disbursements. The individual funds account for the governmental resources allocated to them for purposes of carrying on specific activities in accordance with laws, regulations and other restrictions.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED**

The programs included in these fund types are:

The individual funds included in these program types are classified in the following programs:

*Auxiliary Services* – This program is used to account for the resources and expenditures related to the management and administrative support provided to the program areas of the PRDH to assist them in meeting their program objectives.

*Clinical Laboratory Services* – This program is used to account for resources and expenditures related to clinical services provided for general bacteriology, immunology, rabies, tuberculosis and parasitology, as approved by the Control Disease Center (“CDC”); toxicology services provided to the Agencies of Law Enforcement; certification of laboratories for drinking water; and monitoring the quality of services offered by public and private clinical laboratories in Puerto Rico.

*Economic Aid to Medical Indigent* – This program is used to account for resources and expenditures related to providing access to quality health care to the medically indigent population financing the hospital medical expenses for people whose income and/or resources are insufficient to meet the costs for health care.

*Health Institutions* – This program is used to account for the resources and expenditures related to the administration of public health facilities providing state medical and hospital services primary, secondary and tertiary levels in different specialties and subspecialties of medicine.

*Health Promotion and Protection*- This program is used to account for resources and expenditures related to the development of standards, planning and evaluation of primary health services with a preventive, comprehensive and holistic approach to the individuals within the context of family group.

*Indirect costs* – Funds claimed/ reimbursed as part of the federal proposal/grant to cover administrative efforts and/ or expenditures related to the federal grant. The amount is based on a ratio that may vary every year.

*Integrated Services to Communities* – This program is used to account for resources and expenditures related to the development of standards and planning and evaluation of primary health services, with a preventive and holistic approach of the individual, within the family context.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED**

*Intellectual Disability* – This program is used to account for the resources and expenditures related to the offering of habilitation and clinical treatment services, focused on the individual, through Population Services Division with intellectual Disability.

*Management and Administration* - This program is used to account for resources and expenditures related to the supervision and coordination of all services and operation of central level to each department offices around the island.

*Planning, Evaluation and Statistics in the Health Area* – This program is used to account for resources and expenditures related to health planning, evaluation and statistics which serves as the institutional instrument and support to different management levels of the PRDH to facilitate decision making and enable fulfillment of the mission of the PRDH, effectively and productively.

*Registration and Certification of Health Professionals* – Advises the Secretary of the Department of Health in the implementation of Law No. 11 of June 23, 1976, as amended, known as the “Puerto Rico Health Services Comprehensive Reform Act” and the Organic Laws of the Examining Boards; and supervises and audits the laws and regulations governing them. The Medical Discipline Examiner Board has the mission to regulate the practice of medicine in Puerto Rico and the development of education programs of medical clinic for students domiciled on the island and enrolled in foreign medical schools. In addition, it monitors and guards all records of health professionals, and warns these professionals to meet the requirements of registration and continuing education.

*Registration and Issuance of Documents of the Demographic Register* – This fund is used to account for resources and expenditures related to the registration services and the issuance of vital events of the highest quality to ensure confidentiality, privacy and security.

*Regulation and Accreditation of Health Facilities* – This program is used to account for resources and expenditures related to the planning, issuance of regulatory standards and operating licenses to health care institutions to regulate and accredit institutions and health services.

*Regulation and Certification of Health Professionals* – This program is used to account for resources and expenditures related to the development and implementation of administrative arrangements for the proper functioning of the Board of Examiners and monitoring and auditing of the laws and regulations that govern it.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED**

*Regulations on Health Environment* – This program is used to account for resources and expenditures related to the implementation and compliance with the sanitary laws and regulations established by the PRDH.

*State Special Funds* – The state special funds come from the Special Health Fund (Act. No. 220 of 9 August 1998), the Environmental Health Fund (Act No. 101 of 26 March 1999) and the Expert Fund of the Board of Licensing and Medical Discipline (Act. No. 139-2008, as amended by Act No. 57-2011). The use of these resources is provided by these laws to cover the operating costs of the PRDH.

*Special Supplemental Nutrition Program for Women, Infants, and Children* – This program is used to account for resources and expenditures related to the services provided in all municipalities to pregnant women, infants and children from 1 to 5 years of age, who have nutritional risk.

*University Adult Hospital* – This program is used to account for the resources and expenditures related to the tertiary health services provided to adults in the metropolitan area and the supra-tertiary services provided to all health regions in Puerto Rico.

*University Pediatric Hospital* – This program is used to account for the resources and expenditures related to the tertiary and supra-tertiary services provided to all children of Puerto Rico.

**Basis of Accounting**

The accompanying statement of cash receipts and disbursements has been prepared on the cash basis method of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, all transactions are recognized as either cash receipts or disbursements, when actual cash is received or paid, except for local funds appropriations for which cash is not received, but rather is made available for payments by the Treasury Department of the Commonwealth and non-cash transactions are not recognized.

**a. Budgetary Accounting**

Formal budgetary accounting is employed as a management control tool for all funds of the PRDH. Annual operating budgets are adopted each fiscal year through passage of an annual budget which is approved by the Legislature of the Commonwealth and amended as required throughout the year. All unencumbered budget appropriations of state funds lapse after the end of each fiscal year.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED**

The statement of cash receipts and disbursements is presented at the programmatic level. However, budgetary control and accounting is exercised at a lower level to provide management with detailed control over expenditures at the appropriate budget level.

**b. General Fund**

This is the main operating fund of the PRDH and is used to account for the funds appropriated by the Commonwealth.

**c. Medical Assistance Program Fund**

This fund consists of financial assistance received from federal agencies. Federal funds are legally restricted to expenditures for providing payments for medical assistance to low-income persons.

**d. Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Program Fund**

This fund consists of financial assistance received from federal agencies. Federal funds are legally restricted to expenditures for provide supplemental nutritious foods, nutrition education (including breastfeeding promotion and support), and referrals to health care for low-income persons during critical periods of growth and development specified purposes.

**e. Other Federal Funds**

These funds basically consist of indirect costs claims and financial assistance received from federal agencies to educate, promote, and preserve health.

**NOTE B - GOING CONCERN**

The PRDH significantly depends on appropriations from the Commonwealth. As of June 30, 2022, the Commonwealth faces significant budgetary risk and uncertainties, including liquidity risk, which is the risk of not having sufficient liquidity or financial resources to meet their obligations when they become due. Because of budgetary constraints, the financial support that the Commonwealth provides to PRDH could be affected in the near future.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -  
CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

**NOTE C - RETIREMENT PLAN**

The Employee's Retirement System of the Commonwealth of Puerto Rico and its Instrumentalities (the "System") is a cost-sharing multiple employers defined benefit pension plan sponsored by the Commonwealth of Puerto Rico. All regular full-time public employees of the PRDH under five (5) years at the date of employment become members of the System as a condition to their employment.

The System provides retirement, death and disability benefits pursuant to Act No. 447 of May 15, 1951, as amended. Disability retirement benefits are available to members for occupational and non-occupational disability benefits. Retirement benefits depend upon age at retirement and the number of years of creditable service. Benefits vest after ten years of plan participation.

No benefits are payable if the participant receives a refund of higher accumulated contributions. Members 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, are entitled to an annual benefit, payable monthly for life.

The amount of the annuity shall be one and one-half percent of the average compensation, as defined, multiplied by the number of years of creditable service up to twenty (20) years, plus two percent of the average compensation, as defined, multiplied by the number of years of creditable service in excess of twenty (20) years.

In no case will the annuity be less than \$200 per month. Participants who have not attained fifty-five (55) years of age will receive 65% of the average compensation, as defined, or if they have attained age fifty-five (55) will receive 75% of the average compensation, as defined.

On September 24, 1999, an amendment to Act No. 447 of May 15, 1951, which created the System, was enacted with the purpose of establishing a new pension program (System 2000). Employee participation in the current system as of December 31, 1999, may elect to stay in the defined benefit plan or transfer to the new program. Persons joining the PRDH on or after January 1, 2000, will only be allowed to become members of System 2000. System 2000 will reduce the retirement age from 65 years to 60 for those employees who joined the current plan on or after April 1, 1990.

System 2000 is a hybrid defined contribution plan, also known as a cash balance plan. Under this new plan, there will be a pool of pension assets, which will be invested by the System together with those of the current defined benefit plan. The Commonwealth will not guarantee benefits at retirement age. The annuity will be based on a formula which assumes that each year the employees' contribution (with a minimum of 8.275% of the employee's salary up to a maximum of 10%) will be invested in an account which will either: (1) earn a fixed rate based on the two-year constant Maturity Treasury Note or, (2) earn a rate equal to 75% of the return of the ERS's investment portfolio (net of management fees), or (3) earn a combination of both alternatives.

Participants will receive periodic account statements similar to those of defined contribution plans showing their accrued balances. Disability pensions will not be granted under System 2000. The employer's contribution (9.275% of the employee's salary) will be used to fund the current plan.



**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE C - RETIREMENT PLAN - CONTINUED**

Government legislation requires employees to contribute 5.775% for the first \$6,600 of their monthly gross salary and 8.275% for the salary in excess of \$6,600. The PRDH was required by the same statute to contribute 9.275% of the participant's gross salary.

On April 4, 2013 the Act 3 - 2013 was signed, to amend Act No. 447 of May 15, 1951, to include new guidelines as corrective measures to the actual plan's unfunded status. Amendments consist of: (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 were 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) increased 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 active System 2000 participants will be gradually increased from age 60 to age 65; (5) transitioning active participants under Act No. 1 and Act No. 447 to a defined contribution plan similar to System 2000; (6) eliminated the "merit annuity" available to participants who joined the System prior to April 1, 1990; (7) the retirement age for new employees was increased to age 67, except for new state and municipal police officers, firefighters, and custody officers, which will be age 58; (8) employee contribution rate was increased from 8.275% to 10%; (9) 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; (10) eliminated or reduced various retirement benefits previously granted by special laws, including Christmas and summer bonuses. The Christmas bonus payable to current retirees was reduced from \$600 to \$200 and was eliminated for future retirees. The summer bonus was eliminated. Resulting employer contribution savings will be contributed to the ERS; (11) disability benefits were eliminated and substituted for a mandatory disability insurance policy; and (12) survivor benefits were modified. The effective date of this Act will be July 1, 2013.

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".

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".

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE C - RETIREMENT SYSTEM- CONTINUED**

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”. For the fiscal year 2021-2022, the Department budgeted the amount of \$69.4 million for purpose of the “PayGo”.

Additional information on the Retirement System is provided in its financial statements, a copy of which can be obtained at: Retirement System, Minillas Station, P.O. Box 42003, San Juan, Puerto Rico 00940-2003.

**NOTE D - COMMITMENTS**

*Operating Leases* - The PRDH is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations; therefore, neither the assets nor the liabilities of the lease agreements are reflected in the accounting records. Real property is leased from the Puerto Rico Public Buildings Authority, a component unit of the Commonwealth, and from other private entities.

Rent paid during the fiscal year ended June 30, 2022, under these lease agreements amounted to approximately \$10.5 million. Information of the future minimum rental payments required under these operating leases was not available.

**NOTE E - CONTINGENCIES**

*Litigation and Claims* - The PRDH is a defendant in lawsuits arising in the normal course of operations. The Commonwealth's Act No. 104 of June 30, 1955, as amended, establishes that any claims and lawsuits initiated against an agency or instrumentality of the Commonwealth, or against any of its employees, directors, majors, and others, may be represented by the Department of Justice of the Commonwealth. Any adverse claim to the defendants is to be paid by the General Fund of the Commonwealth. However, the Secretary of the Treasury of the Commonwealth has the discretion of requesting reimbursement of the funds expended for these purposes from public corporations, governmental institutions, or municipalities of the defendants.

*Collective Bargaining Agreement* - As of June 30, 2022, PRDH had 3,582 employees of which 1,531 employees were covered by a collective bargaining agreement. Under the provisions of the agreement the PRDH must comply with specific requirements related to compensation, fringe benefits and other related matters. The union agreement expired on June 30, 2015. As of the date of the financial statement, there is no new collective bargaining agreement.

*Federal Awards* - The PRDH is a grantee in various Federal Financial Assistance Programs funded by the Federal Government. Entitlement to the resources is generally based on compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes.

*Investigation by the Office of Inspector General of the Department of Health and Human Services ("HHS")* - On October 8, 2015, the HHS conducted a raid at the PRDH's Medical Assistance and Children Health Insurance Programs offices, and confiscated several documents and information, as part of an investigation regarding the administration of federal funds. During the audit, the PRDH's Medical Assistance Program informed to auditors that as a result of the investigation, there were four arrest warrants and indictments to program employees.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -**  
**CONTINUED**  
**FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE E - CONTINGENCIES- CONTINUED**

Substantially all grants are subject to financial and compliance audits by the grantor agencies. All disallowed costs as a result of these audits become a liability of the fund that receives the grant and must be reimbursed to the Federal Government from the PRDH's local funds. The Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 2022 disclosed several instances of non-compliance with applicable laws and regulations and internal accounting and administrative control structure. The amount, if any, of expenditures which may be disallowed cannot be determined at this time.

**NOTE F - SUBSEQUENT EVENTS**

The PRDH evaluated subsequent events through March 26, 2024, the date on which the financial statement was available to be issued. There are no material subsequent events that would require adjustments in the accompanying financial statement for the fiscal year ended June 30, 2022.

**PART II- SUPPLEMENTARY INFORMATION AND COMPLIANCE  
SECTION**

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Federal Agency/Pass-Through Agency/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identity Identifying Number</b>	<b>Pass-Through to Subrecipient</b>	<b>Federal Expenditures</b>
<b><u>U.S Department of Agriculture</u></b>				
<b>Direct Programs</b>				
COVID 19 - Special Supplemental Nutrition Program for Woman, Infants and Children	10.557	NAV	\$ -	\$ 6,982,528
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	NAV	-	150,770,556
W.I.C. Grants to States (WGS)	10.578	NAV	-	6,360,753
Sub-total U.S Department of Agriculture			-	164,113,837
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>Direct Program</b>				
Covid-19 Housing Opportunities for Persons with AIDS	14.241	NAV	-	10,438
Housing Opportunities for Persons with AIDS	14.241	NAV	-	58,672
Sub-total U.S Department of Housing and Urban Development			-	69,110
<b><u>U.S. Environmental Protection Agency/Office of Water</u></b>				
<b>Direct Programs</b>				
State Public Water System Supervision	66.432	NAV	-	608,799
Capitalization Grants for Drinking Water State Revolving	66.468	NAV	-	792,740
Sub-total U.S. Environmental Protection Agency/Office Water			-	1,401,539
<b><u>U.S. Department of Education</u></b>				
<b>Direct Program</b>				
Special Education-Grants for Infants and Families	84.181	NAV	-	1,746,821
Special Education-Grants for Infants and Families	84.181A	NAV	-	1,117,098
Sub-total U.S. Department of Education			-	2,863,919
<b><u>U.S. Department of Homeland Security</u></b>				
<b>Direct Program</b>				
COVID-19 Pandemic	97.036	NAV	-	35,160,142
Disaster Grants- Public Assistance (Presidentially Declared Disaster- Hurricane Irma)	97.036	NAV	-	249,200
Disaster Grants- Public Assistance (Presidentially Declared Disaster- Hurricane Maria)	97.036	NAV	-	84,067
Sub-total Department of Homeland Security			-	35,493,409
Sub-total carried forward				203,941,814

See Notes to Schedule of Expenditures of Federal Awards

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Agency/Pass-Through Agency/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipient	Federal Expenditures
Sub total of Federal Grantor Programs from previous page				203,941,814
<b><u>U.S. Department of Health and Human Services</u></b>				
<b><u>Cluster Programs</u></b>				
Public Health Crisis Response	93.069		-	6,159,611
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		-	3,492
			-	6,163,103
<b><u>Direct Programs</u></b>				
COVID-19 Response for Aging and Disability Population	93.048		-	226,605
COVID-19 Planification	93.048		-	234,825
Environmental Public Health and Emergency Response	93.070		-	(9,491)
Puerto Rico Comprehensive Public Health Approach to Ashtma Control	93.070		-	354,863
Birth Defects and Development Disabilities- Prevention and Surveillance	93.073		-	31,870
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		-	349,580
Community-based Integrated Service System	93.110		-	4,905
COVID-19 Gender Equity	93.110		-	748
Gender Equity	93.110		-	23,087
PR State Systems Development Initiative	93.110		-	55,259
Zika Maternal and Child Services	93.110		-	1,755,586
Project Grants and Coopetative Agreements for Tuberculosis Control	93.116		-	371,524
Cooperative Agreements to States / Territories for the Coordination and Development of Primary Care Officers	93.130		-	138,398
COVID-19- Injury Prevention and Control Research and State and Community Based Programs	93.136		-	321,835
COVID-19 Rape Prevention and Education	93.136		-	122,776
PR Overose Data to Action	93.136		-	1,826,221
PR Childhood Lead Poisoning	93.197		-	18,302
Total Injury Prevention and Control Research and State and Community Based Programs				5,826,893
Title V State Sexual Risk Avoidance Eduacation (Title V State SRAE) Program	93.235		-	97,887
State Sexual Risk Avoidance Education	93.235		-	1,591,290
Grants to States to Support Oral Health Workforce Activities	93.236		-	227,330
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	15,307
Early Hearing Detection and Intervention	93.251		-	253,036
Substance Abuse and Mental Health Services Projects of Regional and Children's Hospitals Graduate Medical Education Payment Program	93.243		-	(11,111)
Children's Hospitals Graduate Medical Education Payment Program	93.255		-	1,042,838
COVID 19 - Immunization and Vaccines PPHF	93.268		-	5,303,169
Immunization and Vaccines PPHF	93.268		-	2,752,343
Integrated Viral Hepatitis Surveillance and Prevention Program	93.270		-	65,865
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		-	170,942
COVID-19- Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323		-	66,067,694
Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323		-	22,259
Total Epidemiology and Laboratory Capacity for Infectious Disease (ELC)				77,598,849
Behavioral Risk Factor Surveillance System	93.336		-	301,397
PR BRFSS Surveillance	93.336		-	153,793
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Reponse	93.354		-	(3,996)
COVID-19- Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Reponse	93.354		-	4,550,658
COVID-19 Workforce Supplementary Funding	93.354		-	2,945,267
Public Health Crisis Response	93.354		-	1,445,425
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Reponse				9,392,544
Prevention and Control of Chronic Disease and Associated Risk Factors in the U.S. Sub- total carried forward (U.S. Department of Health and Human Services)			-	302,923,203

See Notes to Schedule of Expenditures of Federal Awards.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Federal Agency/Pass-Through Agency/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Pass-Through to Subrecipient</b>	<b>Federal Expenditures</b>
Sub total of Federal Grantor Programs from previous page				302,923,203
Affiliated Pacific Island, U.S. Virgin Islands, and P.R.	93.377		-	902,678
Optimize PRQ Tabacco Education	93.387		-	72,595
Health/ Wellness	93.387		-	6,982
COVID-19- Health Disparities	93.391		-	1,393,810
PRAMS 2021 COVID-19 SUPPLEMENT	93.421		-	9,250
Behavioral Risk Factor Surveillance System	93.745		-	15,511
<u>Cluster Programs</u>				
COVID-19 Health Insurance Benefits Program	93.777		-	6,996
Clinical Laboratory Services	93.777		-	460,267
Health Insurance Benefits Programs	93.777		-	416,578
COVID-19- Medical Assistance Program	93.778		125,053,274	127,802,336
Medical Assistance Program	93.778		2,845,166,121	2,972,124,062
			<u>2,970,219,395</u>	<u>3,100,810,239</u>
Childrens Insurance Program	93.767		-	111,872,030
Total Medical Assistance Program			2,970,219,395	3,212,682,269
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		-	216,975
Maternal, Infant and Early Chilhood Home Visinting Grant	93.870		-	727,037
National Bioterrorism Hospital Preparedness Program	93.889		-	3,128,130
ADAP Shortfall Releif	93.917		-	5,176,404
HIV Care Formula Grants	93.917		3,080,784	22,747,921
COVID-19 Ryan WhitePart B	93.917		-	241,184
HIV Prevention Activities Health Department Based	93.940		-	4,556,807
Ending HIV Epidemic in SJ	93.940		-	97,967
Sub-total carried forward (U.S. Department of Health and Human Services)			<u>2,973,300,179</u>	<u>3,554,898,723</u>

See Notes to Schedule of Expenditures of Federal Awards

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Agency/Pass-Through Agency/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipient	Federal Expenditures
Sub total of Federal Grantor Programs from previous page			2,973,300,179	3,554,898,723
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Syndrome (AIDS) Surveillance	93.944		-	(9,657)
HIV Care Formula Grants	93.944		-	255,619
Medical Monitoring Project	93.944		-	257,928
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		-	160,918
Zika Health Care Services Program	93.966		-	4,322,587
COVID-19 PRDOH Strengthening STD Prevention and Control Grants	93.977		-	1,281,516
Preventive Health Services Block Grant	93.991		-	2,410,624
Maternal and Child Health Services Block Grant to the States	93.994		-	13,335,331
<u>U.S. Department of Transportation</u>				
Alcohol Toxicology Lab	20.607			154,751
Sub-total carried forward (U.S. Department of Health and Human Services)			2,973,300,179	22,169,617
Total			\$ 2,973,300,179	\$ 3,577,068,340

See Notes to Schedule of Expenditures of Federal Awards



**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the PRDH under programs of the federal government for the fiscal year ended June 30, 2022. The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance")

**NOTE B - ACCOUNTING BASIS**

Expenditures reported on the Schedule are reported on the cash basis method of accounting. They are drawn primarily from the PRDH's internal accounting records, which are the basis for the PRDH's statement of cash receipts and cash disbursements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

**NOTE C – ASSISTANCE LISTING NUMBER (CATALOG OF FEDERAL DOMESTIC ASSISTANT ("CFDA") NUMBER)**

The CFDA numbers included in the Schedule are determined based on the program name, review of grant contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance. CFDA numbers are presented for those programs for which such numbers were available.

**NOTE D - MAJOR FEDERAL PROGRAMS**

Major programs are identified in the summary of auditor's results section in the schedule of findings and questioned costs. Federal programs are presented by federal agency.

**NOTE E - SUB-RECIPIENTS**

During fiscal year ended June 30, 2022, the PRDH disbursed \$2,973,300,179 to sub-recipients to carry out healthcare, public service, diagnosis and sexual education for HIV patients and the administration and negotiation with the health insurance providers to give all beneficiaries of Medical Assistance Program the access to quality medical-hospital care, regardless of the economic condition.

**NOTE F - DE MINIMIS COST RATE**

The PRDH has not elected to use the 10 percent de-minimis indirect cost rate allowed under the Uniform Guidance.

**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 STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Honorable Carlos R. Mellado López, MD  
Secretary  
Department of Health of the Commonwealth of Puerto  
Rico

We have audited, in accordance with the 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 of the governmental activities, each major fund, and the aggregate remaining funds information of the Department of Health of the Commonwealth of Puerto Rico, (the "PRDH") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the PRDH's financial statement and have issued our report thereon dated March 26, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered PRDH's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PRDH's internal control. Accordingly, we do not express an opinion on the effectiveness of PRDH's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the findings 2022-001, 2022-004, 2022-005, 2022-006, 2022-007 and 2022-008 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiencies described in the findings 2022-002 and 2022-003 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PRDH's financial 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 financial statement. However, providing an opinion on compliance with those provisions was 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 2022-003 to 2022-008.

### PRDH's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the PRDH's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The PRDH's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

### 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carolina, Puerto Rico  
March 26, 2024

Aquino, De Córdova, LLC  
by Edward González-Green  
Lic. # 3171

State of Puerto Rico  
E567169  
of the CPA Society  
has been certified to the  
original report  
lic. 422  
PUERTO RICO



Aquino, De Córdova, LLC

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

Honorable Carlos R. Mellado López, MD  
Secretary  
Department of Health of the Commonwealth of Puerto Rico

**Report on Compliance for Each Major Federal Program**

**Qualified and Unmodified Opinions**

We have audited the Puerto Rico Department of Health (the "PRDH")' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of the PRDH's major federal programs for the fiscal year ended June 30, 2022. The PRDH's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on Medical Assistance Program (AL 93.778), State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (AL 93.777), Children's Insurance Program (AL 93.767) and Maternal and Child Health Services Block Grants to the States (AL 93.994)*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, PRDH complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Medical Assistance Program (AL 93.778), Children's Insurance Program (AL 93.767) and Maternal and Child Health Services Block Grants to the States (AL 93.994) for the year ended June 30, 2022.

*Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, PRDH complied, in all material respects, with the 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, 2022.

**Basis for Qualified and Unmodified Opinions**

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, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PRDH and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of PRDH’s compliance with the compliance requirements referred to above.

*Matter(s) Giving Rise to Qualified Opinion on Medical Assistance Program (AL 93.778), State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (AL 93.777), Children’s Insurance Program (AL 93.767) and Maternal and Child Health Services Block Grants to the States (AL 93.994)*

As described in the accompanying schedule of findings and questioned costs, PRDH did not comply with requirements that are applicable to AL 93.778, AL 93.777, AL 93.767, and AL 93.994.

<u>Federal Awarding Agency</u>	<u>Federal Program</u>	<u>Assistance Listing Number</u>	<u>Compliance Requirement</u>	<u>Finding No.</u>
U.S. Department of Health and Human Services	Maternal and Child Health Services Block Grants to the States	93.994	Earmarking	2022-004
U.S. Department of Health and Human Services	Children's Insurance Program	93.767	Reporting	2022-005
U.S. Department of Health and Human Services	Medical Assistance Program	93.778 / 93.777	Reporting	2022-006
U.S. Department of Health and Human Services	Medical Assistance Program	93.778 / 93.777	Special Test and Provisions	2022-007

Compliance with such requirements is necessary, in our opinion, for PRDH to comply with the requirements applicable to that program.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to PRDH’s federal programs.



## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on PRDH's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PRDH's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PRDH's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of PRDH's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 PRDH's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify 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 a 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 2022-004 to 2022-008 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 item 2022-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on PRDH's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. PRDH's response was not subject to the other 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  
March 26, 2024

Aquino, De Córdova, LLC  
by Edward González-Green  
LIC. # 3171

Star  
num E567170  
of the CERTIFIED CPA Society  
has ACCOUNTANTS to the  
original report  
PUERTO RICO





**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**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  No  
 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 auditors' 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
10.557	Special Supplemental Nutrition Program for Women Infants and Children
97.036	Disaster Grants- Public Assistance (Presidentially Declared Disaster)
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.767	Children's Health Insurance Program
93.778 / 93.777	Medical Assistance Program- Cluster
93.917	HIV Care Formula Grants
93.994	Maternal and Child Health Services Block Grant to the States

6. Dollar threshold used to distinguish between Type A and Type B programs: \$10,731,205

7. Auditee qualified as low-risk?  Yes  No

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Section II- Financial Statement Audit**

<b>Finding Number:</b>	2022-001
<b>Agency:</b>	U.S. Department of Health & Human Services
<b>Federal Program:</b>	All Programs
<b>CFDA:</b>	93.778 / 93.777, 93.767, 10.557, 93.994, 93.917, 93.323, 97.036
<b>Compliance Requirement:</b>	Financial Administration- Standards for Financial Management System
<b>Category:</b>	Financial, Internal Control Weakness and Noncompliance

**Criteria**

45 CFR, Part 74, Subpart C, Section 74.21; 7 CFR, Part 3016, Subpart C, Section 3016.20 establishes the following:

- a) A State must expend and account for grant funds in accordance with State Laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub-grantees and cost-type contractors, must be sufficient to:
  1. Allow preparation of reports required by this part and the statutes authorizing the grant, and
  2. Allow the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- b) The financial management systems of the grantees and sub-grantees must meet the following standards:
  1. Financial reporting - Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or sub-grant.
  2. Accounting records - Grantees and sub-grantees must maintain records that adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

3. Internal control - Effective control and accountability must be maintained for all grant and sub-grant cash, real and personal property, and other assets. Grantees and sub-grantees must adequately safeguard all such property and must ensure that it is used solely for authorized purposes.
4. Budget control - Actual expenditures or outlays must be compared with budgeted amounts for each grant or sub-grant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or sub-grant agreement. If unit cost data are required, estimates based on available documentation will be accepted, whenever possible.
5. Source documentation - Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc.

**Condition**

During our audit procedures for the fiscal year ended June 30, 2022, we noted the following deficiencies related with the accounting procedures and financial reporting practices of the PRDH:

- a) The PRDH has inappropriate and/or incomplete cut-off procedures, as well as incomplete month-end and year-end reconciliation and closing procedures which prevent the timely processing of adjustments. Many transactions and adjustments are posted months after the applicable closing with a retroactive effect due to delays in the processing of information, especially those related to payroll transactions.
- b) During our audit procedures related to compliance with the reporting requirements, we noted that the Finance Department does not reconcile, on a timely basis, the accounting transactions recorded in their system with the subsidiary ledger and reports prepared by the federal programs administration.

**Cause**

PRDH management has not implemented effective internal controls to ensure a reliable accounting system to accurately account for funds administered. Also, is caused by the lack of analysis of financial transactions recorded during the fiscal year and the lack of monitoring and supervision by the PRDH's management.

**Effect**

The PRDH is unable to prepare accurate and complete financial reports on a timely basis. Due to significant reconciliation efforts, report may contain significant errors that may pass undetected.

**Questioned Costs**

None

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Perspective Information**

Finding represents a significant problem. The Department of Health must plan to improve accounting and financial reporting practices.

**Prior Year Audit Finding**

2021-001

**Recommendation**

PRDH should evaluate their current accounting and financial reporting software to ensure that the PRDH maximizes its use, establishment or revision of policies and procedures, establishment of periodic reconciliation and analysis of accounting transactions and additional training to accounting personnel related to accounting and financial reporting matters, including year-end closing procedures.

**Views of Responsible Officials**

The PRDOH partially agrees with the finding. However, PRDOH has implemented various corrective actions. Regarding Project Costing Module, the PRDOH already has implemented the Travel and Expenses Module, Payment Management System, which integrates with the Account Receivable to streamline revenue records and Payroll Solutions. The effectiveness of these will be observed during the fiscal year 2024-2025. Also, the PRDOH and Central Government are currently working on ERP implementation in all Government Agencies. This new ERP will be in place in the fiscal year 2024-2025.

Furthermore, the PRDOH has established control in order for all program to ensure the timely performed reconciliations between the finance office, the federal affair office, this procedure has started since august 2022. In the other hand the State Department of Treasury has begun a series of training with regard the new ERP that will, be in place by July 2024. This new system, in order to close the monthly period all programs will need to reconcile first before closing of the period.

**Responsible Officials**

Mrs. Velmary Martinez Yace	Finance Director	Tel. 787-765-2929 ext. 3291
Mrs. Mayra Reyes	Accounting Office Supervisor	Tel. 787-765-2929 ext. 3294

**Estimated Completion Date**

October, 2025, for project implementation.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

<b>Finding Number:</b>	2022-002
<b>Agency:</b>	U.S. Department of Health & Human Services
<b>Federal Program:</b>	All Federal Programs
<b>CFDA:</b>	All Federal Agencies
<b>Compliance Requirement:</b>	Payroll and Personnel Files
<b>Category:</b>	Significant Deficiency in Internal Control over Payroll and Personnel Files - Accurate and Completeness of Personnel Files

**Criteria**

2 CFR 200.303 establish that the non-Federal entity must 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.

2 CFR 200.430 establishes that the cost of compensation for personnel services is allowable to the extent that it follows an appointment made in accordance with the governmental unit's laws and rules and meets the merit system or other requirements required by federal law, where applicable. 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:

- (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.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Condition**

- a. During our audit, on a sample of sixty (60) personnel files, we observed that the personnel files are not being kept current and in some instances were incomplete.

<b>Compliance Requirement</b>	<b>Documents not observed</b>
ID	3
Social Security Card	2
Criminal Record Certificate	4
I-9 Employment Eligibility	5
Withholding Form (499-R)	7
ASSUME Debt Negative Certification	15
Certification of Academic Preparation	2
Transcription of Credits	11
Resume	10
PR Treasury Department Debt Certification	15
Compliance Notification for "Drug Free"	16
State Registration for New Employees Form	10
CRIM Debt Certificate	16
Confidentiality Agreement	7
Public Policy of "Sustancias Controladas"	12
Annual Evaluation	5

- b. One personnel file of federal funds was not provided for our evaluation.
- c. The PRDH does not have established written policies and manuals which can define standard internal controls for each program and / or region of the entity.

**Cause**

PRDH has not established an effective internal control designed to ensure the accuracy and completeness of the employee files. Also, the incompleteness of the files may depend of the time that the employee started working in the agency.

**Effect**

Due to law and regulation changes, incomplete files may result in inadequate documentation to support compliance with the 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.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Questioned Costs**

None

**Perspective Information**

Finding does not represent a significant problem. The Department has addressed this finding and it's been taking the steps necessary to reduce incidences to a minimum. We selected 60 employee files from all agency.

**Prior Year Audit Finding**

2021-002

**Recommendation**

PRDH 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. Also, the PRDH must update the salary change form in file in order to reflect current salary as stated in the digital information system.

**Views of Responsible Officials**

During the month of August, the Office of Human Resources and Labor Relations was audited by the ADA. It is to this that we respond to the findings indicated in the audit, as follows:

Over the past few years we have developed an internal control, using a document entitled Check sheet, which contains the list of documents required for the appointment of employees and another for the audit of files. It contains three columns for the collation of documents required by the Analysts of the Appointments and Changes Section and ends with the collation of the Division Supervisor, before being referred to the Personnel Officers of our regions. This document has been modified according to needs, changes, procedures and new regulations.

It is important to mention that many of our audited personnel records pertain to employees appointed in years where the required requirements or documents were minimal, and no evidence was required or maintained in the personnel file.

Related to the academic preparation contained in the personnel files, they are documents required by the Recruitment and Selection Section and these respond to the minimum requirements and alternatives of the class, according to the Agency's Classification Plan. Each class specification sets minimum requirements for the position the candidate will hold.

On the other hand, when the previously known Administration of Health Services Facilities (AFASS) closed in 1999, its employees went to the Department of Health with the file they had, whose procedures and processes were not uniform to those of our Agency.



**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

The Regions and Hospitals have delegated the verification of documents, to work on appointments and other personnel transactions, such as job reclassifications, promotions and others. This delegation brings the process of standardizing and authorizing DSP-29 by the Recruitment and Selection Section, to ensure that it is complied with as established in the Classification Plan.

The agency is in the process of updating these documents as long as a change in the employee's job classification is applied. These are transactions that allow us to update the employees' record to the new class they will occupy. In the case of Doping Test results, we mention that these are found in the Medical Record of each employee. By HIPPA law, these are not filed in the personnel file.

Of the aspects pointed out in the audit, the Department of Health has developed greater review and audit measures by the analysts of our agency, before the defunct Quality Control Section, who watched over and audited the personnel files of the Regions, providing control and compliance with the documents required according to the Regulations and Standards that govern the Office of Human Resources and Labor Relations.

The Office of Human Resources presented a work plan to implement an effective and efficient personnel file review procedure to comply with and improve the agency's personnel processes and transactions.

**Responsible Officials**

Lcdo. Luis Rivera Villanueva	Sec. Auxiliar de Recursos Humanos	787-765-2929 ext. 4273
Mrs. Luz S. Ramos Pedroza	Specialist	787-765-2929 ext. 4273
Mrs. Maribel Zayas	Payroll Officer Director	787-765-2929 ext. 4209

**Estimated Completion Date**

Implementation is expected to be completed on or before the end of the fiscal year June 30, 2024.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Finding Number:** 2022-003

**Agency:** Department of Health & Human Services

**Federal Program:** Epidemiology and Laboratory Capacity for Infectious Diseases

**CFDA:** 93.323

**Grant Number:** Various

**Compliance Requirement:** Cash Management

**Category:** Significant Deficiency in Internal Control over Compliance

**Criteria**

2 CFR 200.302 states that 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.

2 CFR 200.333 states that financial records, supporting documents, statistical records, and all other non-Federal entity records must be retained for a period of three years from the date of submission of the final expenditure report. 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.

**Condition**

During our procedures, we found the following exceptions:

- a) In a sample of fifteen (15) cash drawdown petitions for Epidemiology and Laboratory Capacity for Infectious Diseases, we observed transactions with the check issued after the required time lapsed in accordance with the program advance type request.

Drawdown No.	Type	Receipt Date	Document No.	Check Issuance Date	Amount
1525220890	Advance	June 27, 2022	425428	July 1, 2022	\$ 3,357,249
1525220890	Advance	June 27, 2022	425189	July 27, 2022	235,152
1525220694	Advance	April 4, 2022	414679	May 13, 2022	889,880
1525220800	Advance	May 17, 2022	417161	May 27, 2022	45,333
1525220869	Advance	June 9, 2022	423933	July 1, 2022	76,575
1525220869	Advance	June 9, 2022	423813	July 22, 2022	5,325
1525220692	Advance	April 3, 2022	414643	May 13, 2022	889,880
1525000606	Advance	March 14, 2022	411257	March 30, 2022	147,258
1525220437	Advance	January 12, 2022	404916	February 11, 2022	33,955
1525220786	Advance	May 12, 2022	420316	June 8, 2022	18,730

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Cause**

Programs have not established written procedures and internal controls to properly follow up the finance division in order to pay to the suppliers and service providers on a timely basis.

**Effect**

Failure to minimize the time elapsed between the drawdown from the US Treasury to the actual check issue date may result in the calculation and determination by the Federal grantors of interest costs on the average balance of funds held beyond the reasonable time. This situation may also expose the PRDH to possible sanctions by federal grantors, such as withholding payments, or other special conditions.

**Questioned Costs**

None

**Perspective Information**

Finding represents a significant and repetitive problem. The Department will reinforce procedures over the disbursement process to ensure that all program payments are made within the 3 days timeframe.

**Prior Year Audit Finding**

None

**Recommendation**

The PRDH should establish written procedures that payments are issued promptly after the drawdown is made. This will minimize the time elapsed between the drawdown and the payment of funds. The PRDH should also establish a procedure to periodically monitor the cash balances of Federal programs for the possible identification, investigation, and resolution of unused funds.

**Views of responsible officials**

For the audited period and until August 2023, the procedure of the program and the Department of Health was "advanced" and was as follows:

1. The Epidemiology program worked with the validation of the voucher and recovered the director's signature for the punch of the "certificate". Once the validation and signature were in place, the cash request was processed. Once the cash request was remitted or the credit notice was registered, the receipt was delivered to the Tax Intervention area.
2. The Fiscal Intervention area works on the approval of the payment on the vouchers. Vouchers were worked on a first-come, first-served basis. This intervention process can

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

take a week or more. The program had no control over the timing of payment approvals. This created a weakness when it came to cash management compliance. The program did confirm that the money was available at the time the payment was approved but had no control over the date the payment was approved.

However, due to the nature of our funds and the volume of invoices, the Treasury Department asked us to change the modality for terms of cash requests from "advanced" to reimbursement. This began to be implemented as of September 2023. This method of reimbursement makes it easier for the program to have better control over cash management. With this method, the program requests the funds on the days that the Treasury Department makes the payment rolls. Once the petition is created on the same day of the print run and approved by the Program Director, it is submitted to the Office of Federal Affairs to prepare the request for funds to the federal government. The Office of Federal Affairs has the flexibility and agility to process such a request within two days. This helps us to meet the requirements of cash management.

**Responsible Officials**

Mrs. Sylvianette Luna Anavitate      Program Director      787-765-2929 ext. 3121  
Mr. Bryan Santos Martínez      Financial and Accountant Analyst      787-765-2929 ext. 3361

**Estimated Completion Date**

Implementation is expected to be completed on or before the end of the fiscal year June 30, 2024.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Finding Number:** 2022-004

**Agency:** Department of Health & Human Services

**Federal Program:** Maternal and Child Health Services Block Grants to the States

**CFDA:** 93.994

**Compliance Requirement:** Earmarking

**Category:** Material Weakness in Internal Control over Compliance

**Criteria**

45 CFR sections 92.20(a) and (b) (1) to (4) establish that:

a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be enough to,

1. Permit preparation of reports required by this part and the statutes authorizing the grant, and
2. Permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

b) The financial management systems of other grantees and subgrantees must meet the following standards:

1. Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
2. Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. if unit cost data are required, estimates based on available documentation will be accepted whenever possible.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Condition**

We noted the following deficiencies related to the grant awards B04MC40159, B04MC45241:

- a. The PRDH does not segregate financial records sufficiently in order to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the percentage restrictions of the grant award.
- b. We could not evaluate if the program is in compliance with the established earmarking requirements since the expenses were recorded for each of the award components and not the earmarking activity.

**Cause**

This situation occurs because the accounting records currently used by the PRDH do not have a reliable system to account for funds awarded to them. The chart of accounts in the financial system is not sufficiently expanded to account for each of the earmark requirements.

**Effect**

The PRDH could exceed the established expenditures limits per activity for the grant award. Noncompliance with the earmarking requirements could lead to significant administrative sanctions by the grantor, including reduction in the amounts to be awarded. It could also be interpreted as a failure to achieve program objectives.

**Questioned Costs**

None

**Perspective Information**

Finding represents a significant problem. The agency will review internal controls to ensure that comply with federal government requirements.

**Prior Year Audit Finding**

2021-008

**Recommendation**

The PRDH must expand the chart of accounts in order to account for the amounts claimed for administrative expenditures independently. This expansion would permit the tracing of funds to a level of expenditure to establish that such funds have not been used in violation of the restrictions and prohibitions of the program as defined in 42 USC 705(a)(3). Also, payroll expenses must be recorded into each of the corresponding program activities, as follows:

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

- a) Preventive and primary care services for children.
- b) Services for children with special health care needs.

**Views of Responsible Officials**

The PRDOH partially agrees with the finding. The narrative of compliance with the requirement is presented annually in the report to the federal government. They are evidenced by the completed forms for budget and reported expenses that are submitted for the annual request for funds. The accounts between the programs have already been separated, so it shows the fulfillment of the Earmarking 30-30-10; Each is assigned 30% or more for required service and no more than 10% for the administration thereof. In the order hand the PRDOH has encountered challenges with the payroll to separate the percentage work for each grant however, this is shown on all the monitoring made by the federal government and all the reports send by the program. Also, with the new ERP from the Department of Treasury the new system will allow for that purpose, at this time the Department of treasury is currently working with the agency with the data conversation to migrate to the new system, this system is expected to be running by October 2024.

**Responsible Officials**

Dr. Manuel Vargas Bernier	Program Director	787-765-2929 ext. 4583
Mrs. Diana Ferrer Rivera	Senior Accountant	787-765-2929 ext. 4551

**Estimate Date of Completion**

Implementation is expected to be completed on or before the end of the year, 2024.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Finding Number:** 2022-005  
**Agency:** U.S. Department of Health and Human Services  
**Federal Program:** Childrens Insurance Program  
**CFDA:** 93.767  
**Compliance Requirement:** Reporting  
**Category:** Material Weakness in Internal Control- Financial Reporting

**Criteria**

45 CFR section 92.41 (b) (4) establishes that when reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

42 CFR section 430.30 (c) (1) establishes that the State must submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) to the central office (with a copy to the regional office) not later than 30 days after the end of each quarter.

42 CFR section 457.630 (c) (1) establishes that the State must submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) and Form CMS-21 (Quarterly Children's Health Insurance Program Statement of Expenditures for title XXI), to central office (with a copy to the regional office) not later than 30 days after the end of the quarter.

**Condition**

For our tests, we requested copies of the Federal Financial Reports (FFR 425) and Quarterly Statement of Expenditures for the Medical Assistance Program (CMS 64) for the fiscal year ended on June 30, 2022. After our examination of the Quarterly Statement of Expenditures for the Medical Assistance Program, we noted that there are significant discrepancies between what is reported on CMS 64 versus what is registered on general ledger. The differences are the following:

Program	Report	Basis	Date Submitted	Expenses per report	Expenses per general ledger	Difference
MAP	CMS 64 September 30, 2021	Quarterly	November 15, 2021	\$ 248,317,622	\$ 747,807,739	\$ (499,490,117)
MAP	CMS 64 December 31, 2021	Quarterly	July 18, 2022	1,235,153,429	522,743,022	712,410,407
MAP	CMS 64 March 31, 2022	Quarterly	May 13, 2022	723,048,025	918,195,205	(195,147,180)
MAP	CMS 64 June 30, 2022	Quarterly	July 18, 2022	101,255,383	1,023,052,462	(921,797,079)



**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Cause**

These situations occurred because program management has not established effective procedures to ensure the timely performed reconciliations between the expenditures reported on CMS 64 Report versus the expenditures registered on the accounting system (PeopleSoft).

**Effect**

Because there is no timely and accurate reconciliation, the PRDH may be providing incorrect financial reports to federal granting agency. In addition, the maintenance of alternate accounting records (or program) that are not reconciled may result in inaccurate financial reporting.

**Questioned Costs**

None

**Prior Year Audit Finding**

2021-005

**Recommendations**

The PRDH should establish enhanced policies and procedures that must maintain an adequate communication with the Finance Department in order to assure the proper reconciliation between what is reported on CMS 64 with what is registered on the accounting system (PeopleSoft).

**Views of responsible officials**

The PRDOH partially agrees with the finding. because the PRDOH has implemented several corrective actions. PRDOH has established control for all programs to ensure the timely performed reconciliations between the finance office, the federal affairs office, this procedure has started since august 2022. On the other hand, the Department of Treasury has begun a series of training with regard to the ERP that will be in place by October 2024. This new system, to close the monthly period all programs will need to reconcile first before closing the period.

**Responsible Officials**

Dinorah Collazo Ortiz	Executive Director	787-765-2929 ext. 3402
Felmarie Cruz Morales	Fiscal Director	787-765-2929 ext. 6721
Marcia Berrios De La Torre	Financial Advisor	787-765-2929 ext. 6746

**Estimated Completion Date**

Implementation is expected to be completed on or before October 31, 2024.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Finding Number:** 2022-006

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

**Federal Program:** Medical Assistance Program

**CFDA:** 93.778 / 93.777

**Compliance Requirement:** Reporting

**Category:** Material Weakness in Internal Control- Financial Reporting

**Criteria**

45 CFR section 92.41 (b) (4) establishes that when reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

42 CFR section 430.30 (c) (1) establishes that the State must submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) to the central office (with a copy to the regional office) not later than 30 days after the end of each quarter.

42 CFR section 457.630 (c) (1) establishes that the State must submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) and Form CMS-21 (Quarterly Children's Health Insurance Program Statement of Expenditures for title XXI), to central office (with a copy to the regional office) not later than 30 days after the end of the quarter.

**Condition**

For our tests, we requested copies of the Federal Financial Reports (SF 425) for the fiscal year ended on June 30, 2022. After our examination of the Federal Financial Reports (SF-425) we noted that there are significant discrepancies between what is reported on SF-425 versus what is registered on general ledger. The differences are the following:

<u>Program</u>	<u>Report</u>	<u>Basis</u>	<u>Date</u>	<u>Expenses per report</u>	<u>Expenses per general ledger</u>	<u>Difference</u>
MAP	SF 425 September 30, 2021	Quaterly	October 29, 2021	\$ 719,011,505	\$ 722,091,899	\$ (3,080,394)
MAP	SF 425 December 31, 2021	Quaterly	January 27, 2022	503,521,319	500,804,847	2,716,472
MAP	SF 425 March 31, 2022	Quaterly		943,210,159	891,127,015	52,083,144
MAP	SF 425 June 30, 2022	Quaterly			985,902,638	(985,902,638)

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Cause**

These situations occurred because program management has not established effective procedures to ensure the timely performed reconciliations between the expenditures reported on SF-425 Report versus the expenditures registered on the accounting system (PeopleSoft).

**Effect**

Because there is no timely and accurate reconciliation, the PRDH may be providing incorrect financial reports to federal granting agency. In addition, the maintenance of alternate accounting records (or program) that are not reconciled may result in inaccurate financial reporting.

**Questioned Costs**

None

**Prior Year Audit Finding**

2021-006

**Recommendations**

The PRDH should establish enhanced policies and procedures that must maintain an adequate communication with the Finance Department in order to assure the proper reconciliation between what is reported on SF-425 with what is registered on the accounting system (PeopleSoft).

**Views of responsible officials**

The PRDOH partially agrees with the finding. because the PRDOH has implemented several corrective actions. PRDOH has established control for all programs to ensure the timely performed reconciliations between the finance office, the federal affairs office, this procedure has started since august 2022. On the other hand, the Department of Treasury has begun a series of training with regard to the ERP that will be in place by October 2024. This new system, to close the monthly period all programs will need to reconcile first before closing the period.

**Responsible Officials**

Dinorah Collazo Ortiz	Executive Director	787-765-2929 ext. 3402
Felmarie Cruz Morales	Fiscal Director	787-765-2929 ext. 6721
Marcia Berrios De La Torre	Financial Advisor	787-765-2929 ext. 6746

**Estimated Completion Date**

Implementation is expected to be completed on or before October 31, 2024.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Finding Number:** 2022-007  
**Agency:** U.S. Department of Health & Human Services  
**Federal Program:** Medical Assistance Program  
**CFDA:** 93.778 / 93.777  
**Compliance Requirement:** Special Test and Provisions-  
ADP Risk Analysis and System Security Review  
**Category:** Material Weakness and Noncompliance

**Criteria**

SMA's must establish and maintain a program for conducting periodic risk analyses to ensure appropriate and cost-effective safeguards are incorporated into new and existing systems. State agencies must perform risk analyses whenever significant system changes occur. SMA's shall review ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. The SMA shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

**Condition**

The security plan for ADP (Automatic Data Processing) system, including policies and procedures to address contingency plans in the event of unforeseen interruptions has not been implemented and tested.

**Cause**

This situation was primarily caused by the lack of effective internal control over ADP Risk Analysis and System Security Review.

**Effect**

Critical business functions may not be resumed on time in case an emergency or disaster causes the ADP system resources to become unable to meet critical processing needs in the event of a short or long-term interruption of service.

**Questioned Costs**

None

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Prior Year Audit Finding**

None

**Recommendation**

The State Medical Agency (SMA) should carry-out or contract to perform independent audit no less than once every three years to each Manage Care Organizations to validate the accuracy, truthfulness, and completeness of the financial information submitted, and post the results on its websites.

**Views of Responsible Officials**

The DOH disagrees with this finding as they believe the MCO should have received a SOC 1 Type 1 and Type 2 Report. The DOH has requested this information from the MCO, however, it has not been provided yet due to the short time frame for gathering the requested information.

**Responsible Officials**

Dinorah Collazo Ortiz	Executive Director	787-765-2929 ext. 3402
Felmarie Cruz Morales	Fiscal Director	787-765-2929 ext. 6721
Marcia Berrios De La Torre	Financial Advisor	787-765-2929 ext. 6746

**Estimated Completion Date**

Implementation is expected to be completed on or before the end of the year, 2024.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

<b>Finding Number:</b>	2022-008
<b>Agency:</b>	All Federal Agencies in the SEFA
<b>Federal Program:</b>	All Federal Agencies in the SEFA
<b>CFDA:</b>	All Federal Agencies in the SEFA
<b>Grant Number:</b>	All Federal Agencies in the SEFA
<b>Compliance Requirement:</b>	Reporting
<b>Category:</b>	Financial, Internal Control Weakness and Noncompliance

**Criteria**

OMB Uniform Guidance subpart B .200(a) establishes that Non-Federal entities that expend \$500,000 (\$750,000 for fiscal years ending after December 25, 2015) or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

OMB Uniform Guidance subpart B .220 establishes that except for the provisions for biennial audits provided in paragraphs (a) and (b) of this section, audits required by this part shall be performed annually.

Public Law 104-156, known as the Single Audit Act, sections 7502 (h) (1) and (2)(B) establish that the non-Federal Organization shall transmit the reporting package, which shall include the non-Federal Organization's financial statements, schedule of expenditures of Federal awards, corrective action plan defined under subsection (i), and auditor's reports developed pursuant to this section, to a Federal clearinghouse designated by the Director, and make it available for public inspection within the earlier of 30 days after receipt of the auditor's report; or 9 months after the end of the period audited, or within a longer timeframe authorized by the Federal agency, determined under criteria issued under section 7504, when the 9-month timeframe would place an undue burden on the non-Federal Organization.

**Condition**

The Single Audit Report for the fiscal year ended June 30, 2022 of the PRDH with due date of March 31, 2023 was submitted after the 9 months deadline. The Single Audit related to such period was completed after the 9 months deadline.

**Cause**

The PRDH did not have internal controls and processes to enable compliance with completing and submitting the Single Audit Report of the PRDH in the due date established by the Single Audit Act. Also, the PRDH did not establish procedures for the monthly and year end closing procedures to allow for the timely performance of the Single Audits.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**Effect**

Non-compliance with the above-mentioned requirement could lead to administrative actions by the grantor. It could also be interpreted as a failure to manage federal awards in compliance with laws, regulations, and provisions of contracts and grant agreements.

**Questioned costs**

None

**Perspective Information**

Finding represents a significant problem. The agency will accelerate the process to contract auditors to carry out the audit and submit the report on time.

**Prior Year Audit Finding**

None

**Recommendations**

The PRDH shall establish controls and procedures to enable compliance with completion and submission of the Single Audit Report of PRDH to the Federal Clearinghouse before the 9 months deadline. Also, the PRDH should establish procedures for the monthly and year end closing process to allow enough time for the performance and completion of the required single audit by its external auditors.

**Views of Responsible Officials**

PRDOH accepts the finding, due to a misinterpretation on the waiver given by the FAC with regard to Hurricane Fiona, the PRDOH incurred in a delay for the contracting for the 2022 single audit. At this time the Department has accelerated the hiring process of the auditors for 2022 and 2023. The 2022 report is in the final stages for distribution and upload to the FAC. On the other hand, the 2023 report is in the field work stage. As per conversation with the auditors we are expecting to be ready by August 2024.

**Responsible Official**

Hector Stewart Torres                      Director Federal Programs Division                      787-765-2929 Ext.4871

**Estimated Completion Date**

2022 report by the end of March 2024 and the 2023 report by August 2024.

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

<b>Original Finding Number</b>	<b>Category</b>	<b>Condition Found</b>	<b>Finding Status</b>	<b>Management Response / CAP</b>	<b>Assigned Responsibility</b>
2021-001	Financial, Internal Control Weakness	<p>During our audit procedures for the fiscal year ended June 30, 2021, we noted the following deficiencies related with the accounting procedures and financial reporting practices of the PRDH:</p> <p>a) The PRDH has inappropriate and/or incomplete cut-off procedures, as well as incomplete month-end and year-end reconciliation and closing procedures which prevent the timely processing of adjustments. Many transactions and adjustments are posted months after the applicable closing with a retroactive effect due to delays in the processing of information especially those related to payroll transactions.</p> <p>b) During our audit procedures related to compliance with the reporting requirements, we noted that the Finance Department does not reconcile, on a timely basis the accounting transactions recorded in their system with the subsidiary ledger and reports prepared by the federal programs administration</p>	Prevails	<p>PRDOH has implemented various corrective actions. Regarding Project Costing Module, the PRDOH already has implemented the Travel and Expenses Module, Payment Management System, which integrates with the Account Receivable to streamline revenue records and Payroll Solutions. We already has seen the results on this module, however we are still working to complete the task.</p> <p>Also, the PRDOH and the State Treasury Department are currently working on ERP implementation in all Government Agencies. This new ERP will be in place in October 2024. On the other hand, regarding the reporting requirements we are currently working with all the programs in doing the reconciliations and for the data conversation that will be migrate to the ERP.</p>	Mrs. Velmary Martínez Yace



**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Original Finding Number	Category	Condition Found	Finding Status	Management Response / CAP	Assigned Responsibility
2021-002	Significant Deficiency in Internal Control	<p>During our audit, on a sample of sixty (60) personnel files, we observed that the personnel files are not being kept current and in some instances were incomplete.</p> <p>Compliance Requirement Documents not observed</p> <p>ID 4</p> <p>Social Security Card 3</p> <p>Criminal Record Certificate 26</p> <p>Birth Certificate 3</p> <p>I-9 Employment Eligibility 12</p> <p>Withholding Form (499-R) 4</p> <p>ASSUME Debt Negative Certification 12</p> <p>Certification of Academic Preparation 2</p> <p>Transcription of Credits 12</p> <p>Resume 12</p> <p>PR Treasury Department Debt Certification 14</p> <p>Compliance Notification for "Drug Free" 16</p> <p>State Registration for New Employees Form 4</p> <p>CRIM Debt Certificate 10</p> <p>Confidentiality Agreement 10</p> <p>Public Policy of "Sustancias Controladas" 31</p> <p>Annual Evaluation 3</p> <p>b) The PRDH does not have established written policies and manuals which can define standard internal controls for each program and / or region of the entity.</p>	Prevails	<p>The PRDOH partially agrees with the finding. However, PRDOH has implemented several corrective actions. The PRDOH established an internal control to ensure that the required documents are recorded in the files. The Director of Human Resources presented a work plan, in order to implement an effective procedure for reviewing files. A control sheet of documents required to the active records was established in which the Human Resources Officers of the regions and Hospital were requested to verify the employee's files for the require documentation that is need it in the files.</p>	Lcdo. Luis Rivera Villanueva; Luz S. Ramos Pedroza

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Original Finding Number</b>	<b>Category</b>	<b>Condition Found</b>	<b>Finding Status</b>	<b>Management Response / CAP</b>	<b>Assigned Responsibility</b>
2021-003	Significant Deficiency and Noncompliance	<p>Internal control deficiencies have pennitted that participants' files do not include required documentation for eligibility determination purposes or file not provided for revision. The test found the following exceptions:</p> <ul style="list-style-type: none"> <li>• Two files not provided for our revision.</li> <li>• Citizenship and income evidence not found in one participant file.</li> </ul>	Corrected	<p>The Medicaid Program as State Agency awardee established are maintained internal control over the Federal award providing reasonable assurance in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. As an example, the following Letters from the Executive Director Mr. Ricardo Colon and Luz Romero Operations Director (see list above). PMED 1407 - 1. "Manejo de Informaci6n provista por los solicitantes y/o beneficiarios estados de cuentas instituciones bancarias, cooperativas". Effective December 9, 2014. 2. PMED 1513-Enmienda carta circular 1407. Effective October 2, 2015. 3. PMED 1602- Expedientes Programa Medicaid. Effective June 2, 2016. 4. PMED 1703 - Verificaci6n fecha y lugar de nacimiento. Effective April 28, 2017. 5. PMED 1709 - "Recordatorio de utilizaci6n de! Formulario MA9 o Formulario Declaraci6n del participante". Effective September 14, 2017.</p>	Dinorah Collazo Ortiz, Executive Director

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Original Finding Number	Category	Condition Found	Finding Status	Management Response / CAP	Assigned Responsibility
2021-004	Significant Deficiency and Noncompliance	<p>Internal control deficiencies have pennitted that participants' files do not include required documentation for eligibility determination purposes or file not provided for revision. The test found the following exceptions:</p> <ul style="list-style-type: none"> <li>• One file not provided for our revision.</li> <li>• Citizenship and evidence not found in one participant file.</li> </ul>	Corrected	<p>The Medicaid Program as State Agency awardee established are maintained internal control over the Federal award providing reasonable assurance in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. As an example, the following Letters from the Executive Director Mr. Ricardo Colon and Luz Romero Operations Director (see list above). PMED 1407 - 1. "Manejo de Información provista por los solicitantes y/o beneficiarios estados de cuentas instituciones bancarias, cooperativas". Effective December 9, 2014. 2. PMED 1513-Enmienda carta circular 1407. Effective October 2, 2015. 3. PMED 1602- Expedientes Programa Medicaid. Effective June 2, 2016. 4. PMED 1703 - Verificación fecha y lugar de nacimiento. Effective April 28, 2017. 5. PMED 1709 - "Recordatorio de utilización de! Formulario MA9 o Formulario Declaración del participante". Effective September 14, 2017.</p>	Dinorah Collazo Ortiz, Executive Director

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Original Finding Number	Category	Condition Found	Finding Status	Management Response / CAP	Assigned Responsibility																																			
2021-005	Material Weakness in Internal Control - Financial Reporting	<p>For our tests, we requested copies of the Federal Financial Reports (FFR 425) and Quarterly Statement of Expenditures for the Medical Assistance Program (CMS 64) for the fiscal year ended on June 30, 2021. After our examination of the Federal Financial Reports (SF-425) and Quarterly Statement of Expenditures for the Medical Assistance Program, we noted that there are significant discrepancies between what is reported on CMS 64 and SF-425 versus what is registered on general ledger. The differences are the following:</p> <table border="1" data-bbox="506 477 1108 688"> <thead> <tr> <th>Program</th> <th>Report</th> <th>Basis</th> <th>Date</th> <th>Expenses per report</th> <th>Expenses per general ledger</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>MAP</td> <td>September 30, 2020</td> <td>Quaterly</td> <td>October 30, 2020</td> <td>\$ 747,054,778</td> <td>\$ 717,180,154</td> <td>\$ 29,874,624</td> </tr> <tr> <td>MAP</td> <td>December 31, 2020</td> <td>Quaterly</td> <td>January 30, 2021</td> <td>684,950,959</td> <td>239,795,688</td> <td>445,155,271</td> </tr> <tr> <td>MAP</td> <td>March 31, 2021</td> <td>Quaterly</td> <td>April 30, 2021</td> <td>916,055,227</td> <td>1,030,914,751</td> <td>(114,859,524)</td> </tr> <tr> <td>MAP</td> <td>June 30, 2021</td> <td>Quaterly</td> <td>July 30, 2021</td> <td>623,069,948</td> <td>636,126,026</td> <td>(13,056,078)</td> </tr> </tbody> </table>	Program	Report	Basis	Date	Expenses per report	Expenses per general ledger	Difference	MAP	September 30, 2020	Quaterly	October 30, 2020	\$ 747,054,778	\$ 717,180,154	\$ 29,874,624	MAP	December 31, 2020	Quaterly	January 30, 2021	684,950,959	239,795,688	445,155,271	MAP	March 31, 2021	Quaterly	April 30, 2021	916,055,227	1,030,914,751	(114,859,524)	MAP	June 30, 2021	Quaterly	July 30, 2021	623,069,948	636,126,026	(13,056,078)	Prevails	<p>The PRDOH partially agrees with the finding. because the PRDOH has implemented several corrective actions. PRDOH has established control in order for all programs to ensure the timely performed reconciliations between the finance office, the federal affairs office, this procedures has started since august 2022. On the other hand the Department of Treasury has begun a series of training with regard the ERP that will be in place by October 2024. This new system, in order to close the monthly period all programs will need to reconcile first before closing the period.</p>	Dinorah Collazo Ortiz, Executive Director
Program	Report	Basis	Date	Expenses per report	Expenses per general ledger	Difference																																		
MAP	September 30, 2020	Quaterly	October 30, 2020	\$ 747,054,778	\$ 717,180,154	\$ 29,874,624																																		
MAP	December 31, 2020	Quaterly	January 30, 2021	684,950,959	239,795,688	445,155,271																																		
MAP	March 31, 2021	Quaterly	April 30, 2021	916,055,227	1,030,914,751	(114,859,524)																																		
MAP	June 30, 2021	Quaterly	July 30, 2021	623,069,948	636,126,026	(13,056,078)																																		

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Original Finding Number	Category	Condition Found	Finding Status	Management Response / CAP	Assigned Responsibility																																			
2021-006	Material Weakness in Internal Control - Financial Reporting	<p>For our tests, we requested copies of the Federal Financial Reports (SF 425) and Quarterly Statement of Expenditures for the Medical Assistance Program (CMS 64) for the fiscal year ended on June 30, 2021. After our examination of the Federal Financial Reports (SF-425) and Quarterly Statement of Expenditures for the Medical Assistance Program, we noted that there are significant discrepancies between what is reported on SF-425 versus what is registered on general ledger. The differences are the following:</p> <table border="1" data-bbox="485 500 1234 764"> <thead> <tr> <th>Program</th> <th>Report</th> <th>Basis</th> <th>Date</th> <th>Expenses per report</th> <th>Expenses per general ledger</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>MAP</td> <td>SF 425 September 30, 2020</td> <td>Quarterly</td> <td>October 30, 2020</td> <td>\$ 1,115,215,148</td> <td>\$ 690,000,706</td> <td>\$ 425,214,442</td> </tr> <tr> <td>MAP</td> <td>SF 425 December 31, 2020</td> <td>Quarterly</td> <td>January 27, 2021</td> <td>471,188,298</td> <td>644,838,918</td> <td>(173,650,620)</td> </tr> <tr> <td>MAP</td> <td>SF 425 March 31, 2021</td> <td>Quarterly</td> <td>April 22, 2021</td> <td>80,346,668,527</td> <td>572,219,795</td> <td>79,774,448,732</td> </tr> <tr> <td>MAP</td> <td>SF 425 June 30, 2021</td> <td>Quarterly</td> <td>July 29, 2021</td> <td>658,076,773</td> <td>611,991,220</td> <td>46,085,553</td> </tr> </tbody> </table>	Program	Report	Basis	Date	Expenses per report	Expenses per general ledger	Difference	MAP	SF 425 September 30, 2020	Quarterly	October 30, 2020	\$ 1,115,215,148	\$ 690,000,706	\$ 425,214,442	MAP	SF 425 December 31, 2020	Quarterly	January 27, 2021	471,188,298	644,838,918	(173,650,620)	MAP	SF 425 March 31, 2021	Quarterly	April 22, 2021	80,346,668,527	572,219,795	79,774,448,732	MAP	SF 425 June 30, 2021	Quarterly	July 29, 2021	658,076,773	611,991,220	46,085,553	Prevails	<p>The PRDOH partially agrees with the finding, because the PRDOH has implemented several corrective actions. PRDOH has established control in order for all programs to ensure the timely performed reconciliations between the finance office, the federal affairs office, this procedure has started since august 2022. On the other hand the Department of Treasury has begun a series of training with regard the ERP that will be in place by October 2024. This new system, in order to close the monthly period all programs will need to reconcile first before closing the period.</p>	<p>Dinorah Collazo Ortiz, Executive Director</p>
Program	Report	Basis	Date	Expenses per report	Expenses per general ledger	Difference																																		
MAP	SF 425 September 30, 2020	Quarterly	October 30, 2020	\$ 1,115,215,148	\$ 690,000,706	\$ 425,214,442																																		
MAP	SF 425 December 31, 2020	Quarterly	January 27, 2021	471,188,298	644,838,918	(173,650,620)																																		
MAP	SF 425 March 31, 2021	Quarterly	April 22, 2021	80,346,668,527	572,219,795	79,774,448,732																																		
MAP	SF 425 June 30, 2021	Quarterly	July 29, 2021	658,076,773	611,991,220	46,085,553																																		

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Original Finding Number	Category	Condition Found	Finding Status	Management Response / CAP	Assigned Responsibility
2021-007	Significant Deficiency and Noncompliance	State Medicaid Agency (SMA) did not provide us with an independent audit carried out to each MCO to validate that information provided is accurate, truthful, and complete and post the results of on its websites.	Corrected	The PRDOH agrees with the finding. However, PRDOH has implemented a corrective action. Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, was contracted to conduct an encounter and financial data audit in accordance with 42 § CFR 438.602(e) specification, which requires "periodic audits (once every three years) for accuracy, truthfulness and completeness of encounter data and financial data." Additionally, to fulfill these requirements the State must post results of any audits as mandated in 42 CFR § 438.602(g). Both requirements are applicable to managed care contracts with an effective date of July 1, 2017, or later. The Centers for Medicare and Medicaid Services (CMS) has issued limited guidance on what states are required to do as part of this audit; however, in December 2019 CMS released a document titled, "State Toolkit for Validating Medicaid Managed Care Encounter Data." On page 53 of this document, CMS indicates states can meet the requirements outlined in 42 § CFR 438.602(e) by performing (or contracting with an entity to perform) the validation activities described in the External Quality Review Organization (EQRO) Encounter Data Validation (EDV) Protocol.	Maria García Ducós

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Original Finding Number</b>	<b>Category</b>	<b>Condition Found</b>	<b>Finding Status</b>	<b>Management Response / CAP</b>	<b>Assigned Responsibility</b>
2021-008	Material Weakness in Internal Control over Compliance and Compliance	<p>We noted the following deficiencies related to the grant awards 19B04MC32568, 20B04MC33864:</p> <p>a. The PRDH does not segregate financial records sufficiently in order to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the percentage restrictions of the grant award.</p> <p>b. We could not evaluate if the program is in compliance with the established earmarking requirements since the expenses were recorded for each of the award components and not the earmarking activity.</p>	Prevails	<p>The PRDOH partially agrees with the finding. The narrative of compliance with the requirement is presented annually in the report to the federal government. They are evidenced by the completed forms for budget and reported expenses that are submitted for the annual request for funds. The accounts between the programs have already been separated, so it shows the fulfillment of the Earmarking 30-30-1 O; Each is assigned 30% or more for required service and no more than 10% for the administration thereof. In the order hand the PRDOH has encountered challenges with the payroll in order to separate the percentage work for each grant. However, with the new ERP from the Department of Treasury the new system will allow for that purpose, this system is expected to be running by July 2024.</p>	Dr. Manuel Vargas Bernier

**DEPARTMENT OF HEALTH OF THE COMMONWEALTH OF PUERTO RICO**  
**SUMMARY OF SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Original Finding Number</b>	<b>Category</b>	<b>Condition Found</b>	<b>Finding Status</b>	<b>Management Response / CAP</b>	<b>Assigned Responsibility</b>
2021-009	Significant Deficiency and Noncompliance	State Medicaid Agency (SMA) did not meet with the EQRO requirement during the evaluated period. Although we were provided with a contract with an independent company that will carry out the processes, this is not within the evaluated period.	Corrected	The PRDOH agrees with the finding. However, PRDOH has implemented a corrective action. Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, was contracted to conduct an encounter and financial data audit in accordance with 42 § CFR 438.602(e) specification, which requires "periodic audits (once every three years) for accuracy, truthfulness and completeness of encounter data and financial data." Additionally, to fulfill these requirements the State must post results of any audits as mandated in 42 CFR § 438.602(g). Both requirements are applicable to managed care contracts with an effective date of July 1, 2017, or later. The Centers for Medicare and Medicaid Services (CMS) has issued limited guidance on what states are required to do as part of this audit; however, in December 2019 CMS released a document titled, "State Toolkit for Validating Medicaid Managed Care Encounter Data." On page 53 of this document, CMS indicates states can meet the requirements outlined in 42 § CFR 438.602(e) by performing (or contracting with an entity to perform) the validation activities described in the External Quality Review Organization (EQRO) Encounter Data Validation (EDV) Protocol.	Maria García Ducós



**Auditor's Rebuttals to PRDOH Findings Response**

We have consider PRDOH response and planned corrective action plan. However the response to this finding does not change the condition and our recommendation



# GOBIERNO DE PUERTO RICO

---

Departamento de Salud

## **Corrective Action Plan**

### **Single Audit 2022**

#### **Finding 2022-001**

##### **Financial Administration- Standards for Financial Management System**

##### **Financial Internal Control Weakness and Noncompliance**

The PRDOH partially agrees with the finding. However, PRDOH has implemented various corrective actions. Regarding Project Costing Module, the PRDOH already has implemented the Travel and Expenses Module, Payment Management System, which integrates with the Account Receivable to streamline revenue records and Payroll Solutions. The effectiveness of these will be observed during the fiscal year 2024-2025. Also, the PRDOH and Central Government are currently working on ERP implementation in all Government Agencies. This new ERP will be in place in the fiscal year 2024-2025.

Furthermore, the PRDOH has established control in order for all program to ensure the timely performed reconciliations between the finance office, the federal affair office, this procedure has started since august 2022. In the other hand the State Department of Treasury has begun a series of training with regard the new ERP that will, be in place by July 2024. This new system in order to close the monthly period all programs will need to reconcile first before closing of the period.

#### **Responsible Official**

Mrs. Velmary Martinez Yace	Finance Director	Tel. 787-765-2929 ext. 3291
Mrs. Mayra Reyes	Accounting Office Supervisor	Tel. 787-765-2929 ext. 3294

#### **Estimated Completion Date**

October, 2025, for project implementation

## **Finding 2022-002**

### **Payroll and Personnel Files**

#### **Significant Deficiency in Internal Control over Payroll and Personnel Files - Accurate and Completeness of Personnel Files**

During the month of August, the Office of Human Resources and Labor Relations was audited by the ADA. It is to this that we respond to the findings indicated in the audit, as follows:

Over the past few years we have developed an internal control, using a document entitled Check sheet, which contains the list of documents required for the appointment of employees and another for the audit of files. It contains three columns for the collation of documents required by the Analysts of the Appointments and Changes Section and ends with the collation of the Division Supervisor, before being referred to the Personnel Officers of our regions. This document has been modified according to needs, changes, procedures and new regulations.

It is important to mention that many of our audited personnel records pertain to employees appointed in years where the required requirements or documents were minimal, and no evidence was required or maintained in the personnel file.

Related to the academic preparation contained in the personnel files, they are documents required by the Recruitment and Selection Section and these respond to the minimum requirements and alternatives of the class, according to the Agency's Classification Plan. Each class specification sets minimum requirements for the position the candidate will hold.

On the other hand, when the previously known Administration of Health Services Facilities (AFASS) closed in 1999, its employees went to the Department of Health with the file they had, whose procedures and processes were not uniform to those of our Agency.

The Regions and Hospitals have delegated the verification of documents, to work on appointments and other personnel transactions, such as job reclassifications, promotions and others. This delegation brings the process of standardizing and authorizing DSP-29 by the Recruitment and Selection Section, to ensure that it is complied with as established in the Classification Plan.

The agency is in the process of updating these documents as long as a change in the employee's job classification is applied. These are transactions that allow us to update the employees' record to the new class they will occupy. In the case of Doping Test results, we mention that these are found in the Medical Record of each employee. By HIPPA law, these are not filed in the personnel file.

Of the aspects pointed out in the audit, the Department of Health has developed greater review and audit measures by the analysts of our agency, before the defunct Quality Control Section, who watched over and audited the personnel files of the Regions, providing control and compliance with the documents required according to the Regulations and Standards that govern the Office of Human Resources and Labor Relations.

The Office of Human Resources presented a work plan to implement an effective and efficient personnel file review procedure to comply with and improve the agency's personnel processes and transactions.

**Responsible Official**

Lcdo. Luis Rivera Villanueva	Secretario Auxiliar de Recursos Humanos	787-765-2929 ext. 4273
Mrs. Luz S. Ramos Pedroza	Specialist	787-765-2929 ext. 4273
Mrs. Maribel Zayas	Payroll Officer Director	787-765-2929 ext. 4209

**Estimated Completion Date**

Implementation is expected to be completed on or before the end of the fiscal year June 30, 2024.

## **Finding 2022-003**

### **Epidemiology and Laboratory Capacity for Infectious Diseases**

#### **Cash Management**

##### **Significant Deficiency in Internal Control over Compliance**

For the audited period and until August 2023, the procedure of the program and the Department of Health was "advanced" and was as follows:

1. The Epidemiology program worked with the validation of the voucher and recovered the director's signature for the punch of the "certificate". Once the validation and signature were in place, the cash request was processed. Once the cash request was remitted or the credit notice was registered, the receipt was delivered to the Tax Intervention area.
2. The Fiscal Intervention area works on the approval of the payment on the vouchers. Vouchers were worked on a first-come, first-served basis. This intervention process can

take a week or more. The program had no control over the timing of payment approvals. This created a weakness when it came to cash management compliance. The program did confirm that the money was available at the time the payment was approved but had no control over the date the payment was approved.

However, due to the nature of our funds and the volume of invoices, the Treasury Department asked us to change the modality for terms of cash requests from "advanced" to reimbursement. This began to be implemented as of September 2023. This method of reimbursement makes it easier for the program to have better control over cash management. With this method, the program requests the funds on the days that the Treasury Department makes the payment rolls. Once the petition is created on the same day of the print run and approved by the Program Director, it is submitted to the Office of Federal Affairs to prepare the request for funds to the federal government. The Office of Federal Affairs has the flexibility and agility to process such a request within two days. This helps us to meet the requirements of cash management.

#### **Responsible Officials**

Mrs. Sylvianette Luna Anavitate	Program Director	787-765-2929 ext. 3121
Mr. Bryan Santos Martínez	Financial and Accountant Analyst	787-765-2929 ext. 3361

#### **Estimated Completion Date**

Implementation is expected to be completed on or before the end of the fiscal year June 30, 2024.

**Finding 2022-004**

**Maternal and Child Health Services Block Grants to the States**

**Earmarking**

**Material Weakness in Internal Control over Compliance**

The PRDOH partially agrees with the finding. The narrative of compliance with the requirement is presented annually in the report to the federal government. They are evidenced by the completed forms for budget and reported expenses that are submitted for the annual request for funds. The accounts between the programs have already been separated, so it shows the fulfillment of the Earmarking 30-30-10; Each is assigned 30% or more for required service and no more than 10% for the administration thereof. In the order hand the PRDOH has encountered challenges with the payroll to separate the percentage work for each grant however, this is shown on all the monitoring made by the federal government and all the reports send by the program. Also, with the new ERP from the Department of Treasury the new system will allow for that purpose, at this time the Department of treasury is currently working with the agency with the data conversation to migrate to the new system, this system is expected to be running by October 2024.

**Responsible Officials**

Dr. Manuel Vargas Bernier	Program Director	787-765-2929 ext. 4583
Mrs. Diana Ferrer Rivera	Senior Accountant	787-765-2929 ext. 4551

**Estimate Date of Completion**

Implementation is expected to be completed on or before the end of the year, 2024.

**Finding 2022-005**

**Childrens Insurance Program**

**Reporting**

**Material Weakness in Internal Control- Financial Reporting**

The PRDOH partially agrees with the finding. because the PRDOH has implemented several corrective actions. PRDOH has established control for all programs to ensure the timely performed reconciliations between the finance office, the federal affairs office, this procedure has started since august 2022. On the other hand, the Department of Treasury has begun a series of training with regard to the ERP that will be in place by October 2024. This new system, to close the monthly period all programs will need to reconcile first before closing the period.

**Responsible Officials**

Dinorah Collazo Ortiz	Executive Director	787-765-2929 ext. 3402
Felmarie Cruz Morales	Fiscal Director	787-765-2929 ext. 6721
Marcia Berrios De La Torre	Financial Advisor	787-765-2929 ext. 6746

**Estimated Completion Date**

Implementation is expected to be completed on or before October 31, 2024.

**Finding 2022-006**

**Medical Assistance Program**

**Reporting**

**Material Weakness in Internal Control- Financial Reporting**

The PRDOH partially agrees with the finding. because the PRDOH has implemented several corrective actions. PRDOH has established control for all programs to ensure the timely performed reconciliations between the finance office, the federal affairs office, this procedure has started since august 2022. On the other hand, the Department of Treasury has begun a series of training with regard to the ERP that will be in place by October 2024. This new system, to close the monthly period all programs will need to reconcile first before closing the period.

**Responsible Officials**

Dinorah Collazo Ortiz	Executive Director	787-765-2929 ext. 3402
Felmarie Cruz Morales	Fiscal Director	787-765-2929 ext. 6721
Marcia Berrios De La Torre	Financial Advisor	787-765-2929 ext. 6746

**Estimated Completion Date**

Implementation is expected to be completed on or before October 31, 2024.

**Finding 2022-007**

**Medical Assistance Program**

**Special Test and Provisions- ADP Risk Analysis and System Security Review**

**Material Weakness and Noncompliance**

The DOH disagrees with this finding as they believe the MCO should have received a SOC 1 Type 1 and Type 2 Report. The DOH has requested this information from the MCO, however, it has not been provided yet due to the short time frame for gathering the requested information.

**Responsible Officials**

Dinorah Collazo Ortiz	Executive Director	787-765-2929 ext. 3402
Felmarie Cruz Morales	Fiscal Director	787-765-2929 ext. 6721
Marcia Berrios De La Torre	Financial Advisor	787-765-2929 ext. 6746

**Estimated Completion Date**

Implementation is expected to be completed on or before the end of the year, 2024.

**Finding 2022-008**

**Reporting**

**Financial, Internal Control Weakness and Noncompliance**

PRDOH accepts the finding, due to a misinterpretation on the waiver given by the FAC with regard to Hurricane Fiona, the PRDOH incurred in a delay for the contracting for the 2022 single audit. At this time the Department has accelerated the hiring process of the auditors for 2022 and 2023. The 2022 report is in the final stages for distribution and upload to the FAC. On the other hand, the 2023 report is in the field work stage. As per conversation with the auditors we are expecting to be ready by August 2024.

**Responsible Official**

Hector Stewart Torres	Director Federal Programs Division	787-765-2929 Ext.4871
-----------------------	------------------------------------	-----------------------

**Estimated Completion Date**

2022 report by the end of March 2024 and the 2023 report by August 2024.