

Commonwealth of Puerto Rico  
Department of Justice

Statement of Cash Receipts and Disbursements  
and Required Supplementary Information

Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

Mr. Domingo Emanuelli Hernandez  
Secretary of the Commonwealth of Puerto Rico  
Department of Justice  
San Juan, Puerto Rico

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statement of cash receipts and disbursements of the governmental activities each major fund of the Commonwealth of Puerto Rico Department of Justice (the PRDOJ) for the year ended June 30, 2023, and the related notes to the statement of cash receipts and disbursements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the governmental activities and the aggregate remaining fund information of the PRDOJ for the year ended June 30, 2023, in accordance with the basis of accounting described in Note 2.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the PRDOJ 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 opinion.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared on 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.

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### Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with cash basis of accounting described in Note 2, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PRDOJ'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.

### Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 statement.

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 statement, 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 statement.
- 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 PRDOJ'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the PRDOJ's ability to continue as a going concern for a reasonable period of time.

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Auditors' Responsibilities for the Audit of the Financial Statement – (continued)

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.

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming opinion on the statement of cash receipts and disbursements of the PRDOJ. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget and by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the cash receipts and disbursements activities.

The schedule of expenditures of federal awards is the responsibility of PRDOJ's management and was derived from and relates directly to the underlying accounting and other records used to prepare the schedule of cash receipts and disbursements activities. Such information has been subjected to the auditing procedures applied in the audit of the schedule of cash receipts and disbursements activities and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the schedule of cash receipts and disbursements activities or to the schedule of cash receipts and disbursements itself, 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 statement of cash receipts and disbursements activities as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2023 on our consideration of the PRDOJ's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 result of that testing, and not to provide an opinion on the effectiveness of the PRDOJ'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 the PRDOJ's internal control over financial reporting and compliance.



*Galíndez LLC*

San Juan, Puerto Rico  
December 15, 2023  
Licence No. LLC-322  
Expires December 1, 2026

Commonwealth of Puerto Rico  
 Department of Justice  
 Statement of Cash Receipts and Disbursements  
 For the Year Ended June 30, 2023

	Governmental Funds			Total
	General Funds	Special Revenue State	Special Revenue Federal	
Cash Receipts:				
Appropriations from the Commonwealth of Puerto Rico	\$ 105,928,849	\$ 9,561,405	\$ -	\$ 115,490,254
Federal Grants	<u>-</u>	<u>-</u>	<u>26,605,930</u>	<u>26,605,930</u>
	<u>105,928,849</u>	<u>9,561,405</u>	<u>26,605,930</u>	<u>142,096,184</u>
Cash Disbursements:				
Management and General Administration	19,543,744	3,019,332	14,382,104	36,945,180
Families and Minors Affairs Investigation and Prosecution	10,291,701	-	122,984	10,414,684
Criminal Investigation and Prosecution	40,531,795	-	5,463,780	45,995,575
Special Investigations	-	744,427	-	744,427
Real Property Registry	13,962,212	1,198,182	-	15,160,394
Restriction of Antimonopolistic Practices	160,163	2,342,358	-	2,502,521
Compensation and Services to Crime Victims and Witnesses	344,370	415,064	352,179	1,111,613
Information System of Criminal Justice	1,124,869	177,358	779,960	2,082,187
Legal Consulting and Representation	<u>8,920,722</u>	<u>-</u>	<u>-</u>	<u>8,920,722</u>
	<u>94,879,576</u>	<u>7,896,721</u>	<u>21,101,007</u>	<u>123,877,303</u>
Excess of Cash Receipts over Cash Disbursements	<u>\$ 11,049,273</u>	<u>\$ 1,664,684</u>	<u>\$ 5,504,923</u>	<u>\$ 18,218,881</u>

See accompanying notes to statement of cash receipts and disbursements.

Commonwealth of Puerto Rico Department of Justice  
Notes to Statement of Cash Receipts and Disbursements

For the year ended June 30, 2023

Note 1 - Financial Reporting

Organization

The Puerto Rico Department of Justice ("PRDOJ") of the Commonwealth of Puerto Rico ("the Commonwealth") was organized under Article IV, Section 6 of the Constitution of the Commonwealth. The Secretary is the Law and Order Officer of the Commonwealth in charge of promoting compliance and enforcement of the law, as provided by Article IV, Section 5 and 6 of the Constitution of the Commonwealth. The Secretary of Justice is appointed by the Governor of the Commonwealth.

On August 9, 2004, the Legislature of the Commonwealth enacted Act Number 205, Organic Law of the Puerto Rico Department of Justice, as amended. This Act establishes, among other things, the functions and duties of the Secretary of Justice and other officials and employees of the PRDOJ; the internal organization of the PRDOJ and create those offices indispensable to fulfill their constitutional function.

Financial reporting entity

PRDOJ is, for financial reporting purposes, part of the Commonwealth (Primary Government). Because PRDOJ is for financial reporting purposes, part of the Commonwealth, its financial data is included as part of the Commonwealth financial statements. PRDOJ accompanying financial statement is issued solely to comply with the Single Audit Act Amendments of 1996 (P.L. 104-156) and Title 2 of the U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Note 2 - Summary of significant accounting policies

Basis of accounting

PRDOJ' s accompanying Statement of Cash Receipts and Disbursements is prepared using the cash-basis of accounting, which is a special purpose framework other than generally accepted accounting principles in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This cash-basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures (cash disbursement) are recognized when paid rather than when incurred or subject to accrual. The amounts reported as cash receipts are those received during the fiscal year 2022-2023. No accrual is recognized.



Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 2 - Summary of significant accounting policies – (continued)

Basis of accounting – (continued)

Capital assets resulting from cash transactions are reported as cash disbursements in the acquiring governmental fund upon cash acquisition. No capital assets are recorded in PRDOJ's financial statement. No long-term debts nor accrued compensated absences are reported in PRDOJ's financial statement. Compensated absences resulting from cash transactions are reported as cash disbursements in the governmental funds column upon cash payment.

Basis of Presentation

The accounts of PRDOJ are organized on the basis of fund types. These are composed of three major funds which are described below. The accounts of PRDOJ are accounted for with a set of accounts which only include cash receipts and cash disbursements. No balance sheet accounts are maintained or reported. The individual funds account for the governmental resources allocated to them are for purposes of carrying on specific activities in accordance with laws, regulations and other restrictions.

The PRDOJ reports the following major governmental funds:

- General Fund - This is the main operating fund of PRDOJ and is used to account for the funds appropriated by the Legislature of the Commonwealth and through which most functions are typically financed.
- Special Revenue Fund (Federal) - This fund is used to account for federal financial assistance programs restricted to specific purposes defined by the Federal Government.
- Special Revenue Fund (State) - This fund is used to account for the state financial.

The cash disbursements are presented in the following individual programs/functions to account for the governmental resources allocated to them for the purpose of carrying on specified activities in accordance with laws, regulations, and other restrictions:

- Management and General Administration - Gather management and supervision related functions and establishes the procedures so that the Agency can be administered. In addition, provides advice and offers support to the operational programs within the Department so they can effectively carry out their duties.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 2 - Summary of significant accounting policies – (Continued)

Basis of Presentation – (continued)

- Families and Minors Affairs Investigation & Prosecution - Enacts the public policy established in Law No. 88 of July 9, 1986, as amended, known as the "Puerto Rico Minors Act", which imposes the duty to investigate and prosecute minors under 18 years of age who commit faults. It also represents the Public Prosecutor in civil proceedings such as adoptions, declarations of incapacity, guardianships and judicial authorizations related to minors' goods, among others.
- Criminal Investigation & Prosecution - Investigate and prosecutes facts contrary to the law that constitute a crime. Represents the People of Puerto Rico before the courts in criminal proceedings.
- Real Property Registry - The main function is the registration of documents related to property acquisitions, modifications and domain transactions. The Registry offers notaries, banking entities and the general public information on legal businesses, property owners and charges or liens that fall on such real estate.
- Restriction of Monopolistic Practices - Determines those practices that entail restrictions to free trade and tend to improper concentration of economic power. Investigate, intervene, and prosecute businesses or industries with practices that reduce the competitive capacity of any natural or legal entity within the system economic.
- Compensation and Services to Crime Victims and Witnesses - Among its many functions, the office is in charge of evaluating and granting compensation payment to eligible crime victims as established by law. In addition, it coordinates services and economic, psychological, and humanitarian assistance for the families of victims and witnesses, as well as support and guidance in judicial proceedings and criminal investigations.
- Information System of Criminal Justice - Provides technological systems that interconnect state, federal and international's law enforcement agencies. Integrate all technological applications in order to obtain and maintain updated information regarding incidents and processed people that committed felonies and misdemeanors.
- Legal Consulting and Representation - Provides legal advice to the Governor's Office, the Legislative and Executive Government's branch, Municipalities and Public Corporations regarding legal opinions, contracts, among others. In addition, attends requests for legal representation, when required by the Governor and guarantees the interpretation of a Law or the Constitution of the Commonwealth.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 2 - Summary of significant accounting policies – (Continued)

Basis of Presentation – (continued)

- Special Investigations - The Bureau of Special Investigations (NIE) was attached to the Department of Justice of Puerto Rico. As of 2017, by virtue of Act No. 20 of April 10, 2017, as amended, known as the "Puerto Rico Department of Public Safety Act" (DSP Act), the NIE became part of that Department. The transaction of \$744,427 presented in the Statement of Cash Receipts and Disbursements was a transfer of balances of funds that belonged to the NIE.

Budgetary information

The PRDOJ's budget is integrated within the general budget of the Commonwealth. The budget is adopted in accordance with a statutory basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Cash receipts are generally recognized when cash is received for federal financial assistance programs or other grants that are received from sources other than the Commonwealth. PRDOJ is granted the right to draw against available funds of the Secretary of the Treasury of the Commonwealth as its means to incur in expenditures under the General Fund. Therefore, the budget approved by the Commonwealth represents the spending limit allowed to PRDOJ as it relates to funds appropriated by the Commonwealth.

The Statement of Cash Receipts and Cash Disbursements is presented at the programmatic level. However, budgetary control and accounting are maintained at a level more detailed to provide management control of the expenses to the appropriate level of the budget.

Cash disbursements for budgetary expenditures are generally recorded when the related payment, purchase order or contract is recorded as an encumbrance. For payroll and related payments, the cash disbursement is recorded on the effective date of the payroll being processed.

Under the statutory basis of accounting, PRDOJ uses encumbrance accounting to record the full amount of purchase orders, contracts, and other commitments of appropriated resources as deductions from the appropriation prior to actual expenditure. In the governmental funds, encumbrance accounting is a significant aspect of budgetary control. Encumbrances lapse the year following the end of the fiscal year when the encumbrance was established. Federal grant funds can be carried over a specified amount of time, upon request to, and approval by the federal agencies.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 2 - Summary of significant accounting policies – (Continued)

Budgetary information – (continued)

On January 2, 2017, the Governor of Puerto Rico signed the Executive Order No. 2017 - 005, which required that all departments, agencies, and instrumentalities of the Government of Puerto Rico and those expressly required by the Governor, are ordered to implement the Zero- Base Budget methodology for the preparation of the budget for fiscal year 2017-2018 and subsequent fiscal years, per the applicable techniques and approaches of Zero-Base Budget and should be in conformity with the Fiscal Plan approved by the Oversight Board for Puerto Rico, pursuant to the Federal Law Pub. L. 114-187, Puerto Rico Oversight, Management and Economic Stability Act (PROMESA).

Compensated absences

According to Act Num. 8-2017 and Act. Num 26-2017, the compensated absences policy of the Commonwealth that applies to the PRDOJ' s employees provides for the of accrual of 1.25 days per month up to the annual amount of 15 days of vacation leave, and the accrual of 1.5 days per month up to an annual amount of 18 days of sick leave if hired before February 4, 2017, or 12 days of sick leave if hired after February 4, 2017.

Thereafter, according to Act. Num. 176-2019 (effective December 16, 2019, to December 31, 2020) the compensated absences policy provided for the accrual of 2.5 days of vacation leave and 1.5 days of sick leave per calendar month during a year. However, the United States District Court for the District of Puerto Rico ordered to the Government of Puerto Rico that Act Num. 176-2019 cannot be put into effect because it is contrary to the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA). In compliance with the Court's decision, effective on January Pt, 2021, the accrual of vacation and sick leaves were returned to how it is established on Act Num. 8-2017 (1.25 days per month up to the annual amount of 15 days of vacation leave, and the accrual of 1.5 days per month up to an annual amount of 18 days of sick leave if hired before February 4, 2017 or 12 days of sick leave if hired after February 4, 2017).

Vacation leave may be accrued up to sixty (60) days and if at the end of the year (December 31st) the employee has surpassed the accrual limit, on January 1st of the next natural year, the days accrued in excess of 60 days will be lost, unless the PRDOJ grants an authorization to extend the use of those days accrued in excess of 60 days in a period no greater than March 31st. (See Article 2.04(g) of Act Num. 26-2017). Sick Leave may be accrued up to ninety (90) days.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 2 - Summary of significant accounting policies – (Continued)

Compensated absences – (continued)

Vacation leave is fully granted to the employees from the first day of work up to a maximum of 60 days. In the event of an employee resignation or termination, the employee receives payment for the accrued vacation leave up to the maximum of 60 days. Employees don't receive payment for accrued sick leave upon employment resignation or termination.

Operating leases

PRDOJ is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore neither the assets nor the liabilities of the lease agreements are reflected in the accounting records. Most leased property is from the Puerto Rico Public Buildings Authority, a component unit of the Commonwealth. The Office of Management and Budget, along with the Department of the Treasury of Puerto Rico are responsible of making these payments to the Authority on behalf of the PRDOJ, therefore excluded from the accompanying Statement of Cash Receipts and Cash Disbursements. Additional rent paid to private entities were included in the accompanying Statement of Cash Receipts and Cash Disbursements.

Risk Financing

The Commonwealth's Secretary of the Treasury is responsible of assuring that the PRDOJ's property is properly insured. Annually, PRDOJ compiles the information of all property owned and its respective market value. After evaluating this information, it is submitted to the Area of Public Insurance at the Department of the Treasury of Puerto Rico, which is responsible for purchasing all property and casualty insurance policies of all governmental instrumentalities.

PRDOJ obtains workers compensation insurance through the State Insurance Fund Corporation (SIFC), a component unit of the Commonwealth. This insurance covers workers against injuries, disability or death because of work or employment-related accidents, or because of illness suffered as a consequence of their employment.

Note 3 - Cash with fiscal agent

PRDOJ's funds are under the custody of the Commonwealth's Secretary of the Treasury pursuant to Act. No. 230 of July 23, 1974, as amended, known as "Commonwealth of Puerto Rico Accounting Law". The Treasury Department of the Commonwealth follows the practice of pooling cash and cash equivalents under the custody and control of the Commonwealth's Secretary of the Treasury.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 4 - Fund advances

PRDOJ receives fund advances from the Treasury Department of the Commonwealth for the interim financing of Federal programs, as authorized by Act No. 21-1979. This Act establishes that all fund advances made will be reimbursed to the General Fund of the Commonwealth's Treasury as the corresponding Federal funds are received. During the fiscal year ended June 30, 2023, funds were advanced to PRDOJ for this purpose.

Note 5 - Lease commitments.

PRDOJ is committed under various long term operating lease agreements covering land, office facilities and equipment. Rental expenditure for the fiscal year ended June 30, 2023, under such operating lease amounted to \$6,631,257.

The future minimum lease payments for these non-cancelable leases are as follow:

Year(s) ending June 30:	Total
2024	\$ 6,794,498
2025	3,336,905
2026	3,337,381
2027	1,913,318
2028	1,387,845
2029 and thereafter	<u>6,939,226</u>
Total future minimum lease payments	<u>\$ 23,709,172</u>

Note 6 - Retirement plan

Plan description

The Defined Benefit Pension Plan for Participants of the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (the Plan) was created pursuant to Act No. 447 on May 15, 1951, as amended (Act No. 447) to provide pension and other benefits to retired employees of the Commonwealth, its public corporations, and municipalities. Prior to the effect of Act No. 106 of August 23, 2017 (Act No. 106-2017) the Plan was administered by the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (the System). Effective July 1, 2017, all employer contributions were eliminated pursuant to Act No. 106-2017 and the

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 6 - Retirement plan – (continued)

Plan description – (continued)

Commonwealth implemented a pay-as-you-go (PayGo) system for the payment of pensions. Also pursuant to Act No. 106-2017, the System was required to liquidate its assets and transfer the net proceeds to the Department of Treasury of the Commonwealth to pay pension benefits.

As a result of the implementation of the PayGo system, the Plan does not meet the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, to be considered a plan that is administered through a trust or equivalent arrangement and, therefore, is required to apply the guidance in GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Under the guidance of GASB Statement No. 73, the Commonwealth and its component units are considered to be one employer, and are classified for financial reporting purposes as a single-employer defined benefit pension plan.

Pension Benefits

The benefits provided to the Plan participants are established by Commonwealth law and may be amended only by the Legislature with the Governor's approval, or by court decision.

Certain plan provisions are different for the three groups of members who entered the Plan prior to July 1, 2013, as described below:

- Members of Act No. 447 of May 15, 1951 (Act No. 447) are generally those members hired before April 1, 1990 (Contributory, Defined Benefit Program).
- Members of Act No. 1 of February 16, 1990 (Act No. 1) are generally those members hired on or after April 1, 1990, and on or before December 31, 1999 (Contributory, Defined Contribution Program).
- Members of Act No. 305 of September 24, 1999 (Act No. 305) are generally those members hired on or after January 1, 2000, and on or before June 30, 2013 (Define Contribution Hybrid Program, known as System 2000).

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 6 - Retirement plan – (continued)

Pension Benefits – (continued)

All regular employees hired for the first time on or after July 1, 2013, and former employees who participated in the Defined Benefit Program and the System 2000 Program, and were rehired on or after July 1, 2013, become members of the Contributory Hybrid Program as a condition to their employment. In addition, employees who at June 30, 2013 were participants of previous programs became part of the Contributory Hybrid Program on July 1, 2013. Also, Act No. 3 of April 4, 2013, froze all retirement benefits accrued through June 30, 2013, under the defined benefit program and, thereafter, all future benefits accrued under the defined contribution formula for the System 2000 program participants.

Service Retirements Eligibility

Eligibility for Act No. 447 Members - members who were eligible to retire as of June 30, 2013, continue to be eligible to retire at any time. Prior to July 1, 2013, Act No. 447 members could retire upon (1) attainment of age 55 with 25 years of credited service, (2) attainment of age 58 with 10 years of credited service, (3) any age with 30 years of credited service.

Act No. 447 members who were not eligible to retire as of June 30, 2013, and did not attain 30 years of credited service by December 31, 2013, are eligible to retire with 10 years of credited service upon attainment of the retirement eligibility age shown in the table below.

<u>Date of Birth</u>	<u>Attained Age as of June 30, 2013</u>	<u>Retirement Eligibility Age</u>
July 1, 1957 or later	55 or less	61
July 1, 1956 to June 30, 1957	56	60
Before July 1, 1956	57 and up	59

Eligibility for Act No. 1 Members - members who were eligible to retire as of June 30, 2013, continue to be eligible to retire at any time. Prior to July 1, 2013, Act No. 1 members could retire upon (1) attainment of age 55 with 25 years of credited service, (2) attainment of age 65 with 10 years of credited service.



Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 6 - Retirement plan – (continued)

Service Retirements Eligibility – (continued)

Act No. 1 members who were not eligible to retire as of June 30, 2013, are eligible to retire upon attainment of age 65 with 10 years of credited service.

Eligibility for System 2000 Members - members who were eligible to retire as of June 30, 2013, continue to be eligible to retire at any time. Prior to July 1, 2013, System 2000 members could retire upon attainment of age 55 for Public Officers in High- Risk Positions and attainment of age 60 otherwise.

System 2000 members who were not eligible to retire as of June 30, 2013, are eligible to retire upon attainment of the retirement eligibility age shown in the table below.

<u>Date of Birth</u>	<u>Attained Age as of June 30, 2013</u>	<u>Retirement Eligibility Age</u>
July 1 1957 or later	55 or less	65
July 1, 1956 to June 30, 1957	56	64
July 1, 1955 to June 30, 1956	57	63
July 1, 1954 to June 30, 1955	58	62
Before July 1, 1954	59 and up	61

Eligibility for Members Hired after June 30, 2013 - Attainment of age 67.

Service Retirement Annuity Benefits

An annuity is payable for the lifetime of the member equal to the annuitized value of the balance in the Defined Hybrid Contribution account at the time of retirement, plus, for Act No. 447 and Act No. 1 members, the accrued benefit determined as of June 30, 2013. If the balance in the Defined Hybrid Contribution account is \$10,000 or less, it shall be paid as a lump sum instead of as an annuity. For System 2000 participants this service retirement annuity benefit is not available.

- Accrued Benefit as of June 30, 2013, for Act No. 447 Members - The accrued benefit as of June 30, 2013 shall be determined based on the average compensation, as defined, for Act No. 447 members, the years of credited service, and the attained age of the member all as of June 30, 2013.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 6 - Retirement plan – (continued)

Service Retirement Annuity Benefits – (continued)

If the Act No. 447 member had at least 30 years of credited service as of June 30, 2013, the accrued benefit equals 65% of average compensation if the member was under age 55 as of June 30, 2013 or 75% of average compensation, if the member was at least age 55 as of June 30, 2013. For participants selecting to coordinate with social security (the Coordination Plan), the benefit is re-calculated at the Social Security Retirement Age (SSRA), as defined, as 1.5% of average compensation up to \$6,600 multiplied by years of credited service, up to 30 years, plus 65% (75% if member was at least age 55 as of June 30, 2013) of average compensation in excess of \$6,600.

If the Act No. 447 member had less than 30 years of credited service as of June 30, 2013, and attains 30 years of credited service by December 31, 2013, the accrued benefit equals 55% of average compensation, if the member was under age 55 as of June 30, 2013 or 60% of average compensation, if the member was at least age 55 as of June 30, 2013. For participants selecting the Coordination Plan, the benefit is re-calculated at SSRA as 1.5% of average compensation up to \$6,600 multiplied by years of credited service, up to 30 years, plus 55% (60% if member was at least age 55 as of June 30, 2013) of average compensation in excess of \$6,600. Member contributions received from Act No. 447 members eligible for this transitory benefit during the period beginning July 1, 2013 and ending upon the attainment of 30 years of credited service are considered pre-July 1, 2013 contributions; the contributions to the hybrid contribution account begin after the member attains 30 years of credited service.

If the Act No. 447 member had less than 30 years of credited service as of December 31, 2013, the accrued benefit equals 1.5% of average compensation multiplied by years of credited service up to 20 years, plus 2% of average compensation multiplied by years of credited service in excess of 20 years. The maximum benefit is 75% of average compensation. For participants selecting the Coordination Plan, the basic benefit is re-calculated at SSRA as 1% of average compensation up to \$6,600 multiplied by years of credited service up to 20 years, plus 1.5% of average compensation in excess of \$6,600 multiplied by years of credited service up to 20 years, plus 2.0% of average compensation in excess of \$6,600 multiplied by years of credited service in excess of 20 years.

- Accrued Benefit as of June 30, 2013 for Act No. I Members - The accrued benefit as of June 30, 2013 shall be determine based on the average compensation for Act No. I members, the years of credited service, and the attained age of the member all as of June 30, 2013.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 6 - Retirement plan – (continued)

Special Benefits

Minimum Benefits

a) Past Ad hoc Increases

The Legislative Assembly, from time to time, increases pensions for certain retirees as described in Act No. 124 approved on June 8, 1973 and Act No. 23 approved on September 23, 1983.

b) Minimum Benefit for Members who Retired before July 1, 2013 (Act No. 156 of 2003, Act No. 35 of 2007, and Act No. 3 of 2013)

The minimum monthly lifetime income for members who retired or become disabled before July 1, 2013 is \$500 per month effective July 1, 2013 (\$400 per month effective July 1, 2007 and \$300 per month up to June 30, 2007).

c) Coordination Plan Minimum Benefit

A minimum monthly benefit is payable upon attainment of SSRA such that the benefit, when added to the Social Security Benefit, is not less than the benefit payable prior to SSRA.

Cost-of-Living Adjustments (COLA) to Pension Benefits

The Legislative Assembly, from time to time, increases pensions by 3% for retired and disabled members. Beneficiaries are not entitled to COLAs granted after the retiree's death. The first increase was granted by Act No. 10 of 1992. Subsequent 3% increases have been granted every third year since 1992, with the latest 3% increase established on April 24, 2007, and effective July 1, 2007 (retroactive to January 1, 2007) for retired and disabled members that were receiving a monthly benefit on or before January 1, 2004. In addition, effective July 1, 2008, any retired or disabled member that was receiving a monthly annuity on or before January 1, 2004, of less than \$1,250 per month, received an increase of up to 3% without exceeding the limit of \$1,250 per month.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 6 - Retirement plan – (continued)

Special Benefits – (continued)

Special "Bonus" Benefits

a) Christmas Bonus (Act No. 144, as Amended by Act No. 3)

An annual bonus of \$200 for each retiree, beneficiary, and disabled member paid in December provided the member retired prior to July 1, 2013.

b) Medication Bonus (Act No. 155, as Amended by Act No. 3)

An annual bonus of \$100 for each retiree, beneficiary, and disabled member to cover health costs paid in July provided the member retired prior to July 1, 2013. Evidence of coverage is not required. This amount is prorated if there are multiple beneficiaries.

Note 7 - Other postemployment benefits (OPEB)

In addition to the pension benefits described in Note 6, the Commonwealth provides other retirement benefits, such as healthcare benefits for its retired employees in accordance with local laws.

The Commonwealth accounts for OPEB under the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement requires a systematic, accrual basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding that plan. Annual postemployment benefits cost should equal the annual required contribution to the plans, calculated in accordance with certain parameters. These benefits are recorded as expenditures when paid in the General Fund of the Commonwealth of Puerto Rico.

Plan Description

The Other Postemployment Benefit Plan of the Commonwealth for Retired Participants of the Employees' Retirement System (the Plan) is an unfunded, defined benefit other postemployment healthcare benefit plan (OPEB). The Plan is administered on a pay-as-you-go basis.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 7 - Other postemployment benefits (OPEB) – (continued)

Plan Description – (continued)

Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB Statement No. 75). Under the guidance of GASB Statement No. 75, the Commonwealth and its component units are considered to be one employer and are classified for financial reporting purposes as a single- employer defined benefit OPEB plan.

The Plan covers a payment of up to \$100 per month to the eligible medical insurance plan selected by each member provided that the member retired prior to July 1, 2013 (Act No. 483, as amended by Act No. 3). The Plan is financed by the Commonwealth through legislative appropriations. There is no contribution requirement from the plan members during active employment. The retirees contribute the amount of the healthcare insurance premium not covered by the Commonwealth contribution. Plan members were eligible for benefits upon reaching the applicable retirement age. Act No. 3 of 2013 eliminated this healthcare benefit to the Plan members that retired after June 30, 2013.

Note 8 - Contingencies

Litigation

The Commonwealth Act 104 of June 30, 1955, as amended, known as "Claims and Lawsuits against the State", provides that lawsuits initiated against an agency or instrumentality of the Commonwealth, including its employees, directors, mayors, and other government officers may be defended by the PRDOJ. Persons are authorized to sue the Commonwealth only for causes of actions set forth in said Act to a maximum amount of \$75,000 or \$150,000 if it involves actions for damages to more than one person or where a single injured party is entitled to several causes of action.

Other Audits

The PRDOJ administers several federal financial assistance programs funded by the Government of the United States of America. Expenditures financed by these programs are subject to financial and compliance audits by corresponding federal grantor agencies. If expenditures are disallowed due to noncompliance with program regulations, the PRDOJ may be required to reimburse the federal grantor agency. The PRDOJ is also audited by the Office of the Controller for Puerto Rico, the Office of the Inspector General of the USDE (OIG), PR Department of Treasury and other grantor agencies or institutions.

Commonwealth of Puerto Rico Department of Justice

Notes to Statement of Cash Receipts and Disbursements (Continued)

For the year ended June 30, 2023

Note 9 - Subsequent Event

The PRDOJ has evaluated subsequent events through December 15, 2023, the date which the financial statement was available to be issued. No additional subsequent events were identified that should be disclosed or adjusted in the financial statement or its notes.

Commonwealth of Puerto Rico Department of Justice

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Program	Federal Assistance Listing Number	From Pass-Through Awards	From Direct Awards	Total	Passed Through to Subrecipients
U.S. Department of Justice Programs:					
Crime Victim Assistance	16.575	\$ -	\$ 14,727,468	\$ 14,727,468	\$ 11,881,186
Crime Victim Compensation	16.576	-	352,179	352,179	-
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	-	2,042,236	2,042,236	710,678
Edward Byrne Memorial Justice Assistance Grant Program (SORNA)	16.738	-	129,157	129,157	-
Support for Adam Walsh Act Implementation Grant Program (SMART)	16.750	-	238,165	238,165	-
Edward Byrne Memorial Competitive Grant Program (PREA)	16.751	-	87,171	87,171	87,171
John R. Justice Grant Program	16.816	-	71,368	71,368	-
Coronavirus Emergency Supplemental Funding Program	16.034	-	572,193	572,193	446,265
Pass-through Office of the Women's Advocate of Puerto Rico					
Violence Against Women Formula Grants	16.588	<u>330,888</u>	<u>-</u>	<u>330,888</u>	<u>-</u>
<b>Total U.S. Department of Justice Programs</b>		<u>330,888</u>	<u>\$ 18,219,937</u>	<u>18,550,825</u>	<u>13,125,300</u>
U.S. Department of Transportation:					
Pass-through Traffic Safety Commission of Puerto Rico					
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	(23,118)	-	(23,118)	-
National Priority Safety Programs	20.616	<u>933,140</u>	<u>-</u>	<u>933,140</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>		<u>910,022</u>	<u>-</u>	<u>910,022</u>	<u>-</u>
U.S. Department of The Treasury:					
Pass-through Office of the Women's Advocate of Puerto Rico					
Coronavirus Relief Fund	21.019	172,338	-	172,338	-
Pass-through Puerto Rico Fiscal Agency and Financial Advisory Authority					
Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>396,618</u>	<u>-</u>	<u>396,618</u>	<u>-</u>
<b>Total U.S. Department of Treasury</b>		<u>568,956</u>	<u>-</u>	<u>568,956</u>	<u>-</u>
<b>U.S. Department of Health and Human Services:</b>					
Centers for Medicare and Medicaid Services					
State Medicaid Fraud Control Units	93.775	<u>-</u>	<u>902,835</u>	<u>902,835</u>	<u>-</u>
U.S. Department of Homeland Security:					
Pass-through Central Office of Recovery and Reconstruction of Puerto Rico					
Disaster Grants - Public Assistance (Presidentially Declared Disaster)*	97.036	161,090	-	161,090	-
Pass-through Office of Management and Budget of Puerto Rico					
Puerto Rico Trust Fund (U.S.C. Title 48 § 740)	xxxxx	<u>7,279</u>	<u>-</u>	<u>7,279</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security:</b>		<u>168,369</u>	<u>-</u>	<u>168,369</u>	<u>-</u>
<b>Total Expenditure of Federal Awards</b>		<u>\$ 1,978,235</u>	<u>\$ 19,122,772</u>	<u>\$ 21,101,007</u>	<u>\$ 13,125,300</u>

\*The amount included on the SEFA for this program was incurred in prior years.

See accompanying notes to Schedule of Expenditures of Federal Awards

Commonwealth of Puerto Rico Department of Justice

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the PRDOJ's Statement of Cash Receipts and Disbursements and is presented for purposes of additional analysis. The Schedule is required by the Office of Management and Budget (OMB) Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards.

Note 2 - Summary of Significant Accounting Policies

The information in the Schedule is presented in accordance with the OMB Uniform Guidance.

Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 (Public Law 98-502); the Single Audit Act Amendments of 1996 (Public Law 104-156); and OMB Uniform Guidance federal financial assistance, hereafter referred to as federal assistance, is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals or solicited contracts between the state and federal agencies for which the state provides tangible goods or services, acting as a vendor.

Assistance Listings number (formerly Catalog of Federal Domestic Assistance (CFDA) numbers)

OMB Uniform Guidance requires the Schedule to show total expenditures expended for each individual Federal program and the CFDA or other identifying number when the CFDA information is not available.

Each program is assigned a five-digit program identification number (formerly known as CFDA number), the first two digits designating federal agency and the last three digits designating federal assistance program within the federal agency. The Federal CFDA number of the program is reflected on the Schedule.

OMB M-20-26 (June 18, 2020) instructed recipients and subrecipients to separately identify the COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards for both new and existing programs. The Schedule presents this information on a separate line with "COVID-19" as a prefix to the program name.



Commonwealth of Puerto Rico Department of Justice

Notes to Schedule of Expenditures of Federal Awards – (Continued)

For the year ended June 30, 2023

Note 3 - Reporting entity

The PRDOJ is fully described in Note 2 to the Statement of Cash Receipts and Disbursements. The Schedule includes the activity of all federal assistance programs administered by the PRDOJ during fiscal year ending June 30, 2023.

Note 4 - Basis of accounting

The Schedule is presented using the same basis of accounting as that used in reporting the disbursements of the related fund (Special Revenue Federal) in the Statement of Cash Receipts and Disbursements. The basis of accounting used is described in Note 2 to the Statement of Cash Receipts and Disbursements.

Indirect Costs

Generally, the Schedule includes a portion of costs associated with general activities which is allocated to federal assistance programs under negotiated formulas commonly referred to as indirect cost rates and federally approved cost allocation plans. The PRDOJ did not use the 10% minimis cost rate in accordance with the Uniform Guidance. For such reason indirect costs were not included in the Schedule.

Pass-Through Federal Assistance

The majority of the PRDOJ's federal assistance is received directly from federal awarding agencies (i.e., PRDOJ is the primary recipient). However, agencies of the Commonwealth receive some federal assistance that is passed through a separate entity prior to receipt by the Commonwealth (i.e., the PRDOJ is a subrecipient). This type of assistance is included on the Schedule as "Pass-Through".

Note 5 - Relationship to the Financial Statement

Expenditures included in the Schedule amounting to \$21,101,007 agree with the amounts included in the accompanying statement of cash receipts and disbursements for purposes of federal financial assistance.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Domingo Emanuelli Hernandez  
Secretary of the Commonwealth of Puerto Rico  
Department of Justice  
San Juan, Puerto Rico

Report on Compliance for Each Major Federal Program

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the statement of cash receipts and disbursements of the Commonwealth of Puerto Rico Department of Justice (the PRDOJ), for the year ended June 30, 2023, and the related notes to the financial statement, and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Mr. Domingo Emanuelli Hernandez  
Secretary of the Commonwealth of Puerto Rico  
Department of Justice  
Page 2



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PRDOJ'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 financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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.



A handwritten signature in blue ink that reads "Galíndez LLC".

San Juan, Puerto Rico  
December 15, 2023  
License No. LLC-322  
Expires December 1, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Mr. Domingo Emanuelli Hernandez  
Secretary of the Commonwealth of Puerto Rico  
Department of Justice  
San Juan, Puerto Rico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Commonwealth of Puerto Rico Department of Justice (the PRDOJ's) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of PRDOJ's major federal programs for the year ended June 30, 2023. PRDOJ's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, PRDOJ complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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 PRDOJ 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of PRDOJ's compliance with the compliance requirements referred to above.

### 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 PRDOJ's federal programs.

### Auditors' 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 PRDOJ'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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about PRDOJ'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 PRDOJ'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 PRDOJ'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 PRDOJ'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

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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

A handwritten signature in blue ink that reads "Galíndez LLC".

San Juan, Puerto Rico  
December 15, 2023  
License No. LLC-322  
Expires December 1, 2026

Commonwealth of Puerto Rico Department of Justice

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

Part I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified Opinion

Internal control over financial reporting:

- Material weakness (es) identified?  yes  no
- Significant deficiency (ies) identified?  yes  no
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified  yes  no
- Significant deficiency (ies) identified?  yes  no

Type of auditors' report issued on

Compliance for major federal program Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?  yes  no

Identification of federal program

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Crime Victim Assistance	16.575
Highway Safety Cluster	20.616
Coronavirus State and Local Fiscal Recovery Funds	21.027
Medicaid Cluster	93.775

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

Commonwealth of Puerto Rico - Department of Justice

Schedule of Findings and Questioned Costs (Continued)

For the year ended June 30, 2023

Part II - Financial Statement Findings Section

None

Part III - Federal Award Findings and Questioned Costs

None



Commonwealth of Puerto Rico - Department of Justice

Summary Schedule of Prior Year Audit Findings

For The Year Ended June 30, 2023

Part IV – Summary Schedule of Prior Audit Findings

Finding Number No. 2022-001

Fiscal Year

Year ended June 30, 2022

Noncompliance Condition

The Data Collection Form and Single Audit reporting package were not submitted within nine (9) months after the end of the audit period. The Puerto Rico Department of Justice did not submit the single audit reports and reporting package for the year ended June 30, 2023, to the Federal Clearinghouse during the required submission deadline period due to experience the aftermath of the Coronavirus Pandemic.

Corrective Action

First, the PRDOJ requested in June 2023 several proposals from Independent Auditors to carry out the Agency's financial audit process for the 2022-2023 fiscal year. Consequently, a firm of Independent Auditors was selected, and PRDOJ requested all the information and documentation required at the federal and state level to contract with the government. The contract was drafted in July and was signed. In addition, the new contract provides that the independent Auditors must submit the Single Audit Report to the PRDOJ on or before March 1, 2024. In this way, the PRDOJ will have the Single Audit Report in advance and, in this way ensure that the document is submitted before March 31, 2024 to the Federal Audit Clearinghouse.

Thus, initiative goes hand in hand with the elaboration of a rigorous and meticulous work plan between the PRDOJ and the Independent Auditors with the delivery dates and exchange of information for the preparation of the Single Audit Report. The work plan provides that the audit process will begin as soon as the contract is signed in early August. For its part the PRDOJ must submit all the required information to the Independent Auditors before the end of December.

Regarding the internal administrative aspects of the PRDOJ TO comply with this corrective action plan. PRDOJ have designated an employee of the Agency to ensure that all our dependencies and their directors submit all the information required to the independent Auditors on time on the stipulated dates. This includes but is not limited to all information in the preliminary PBC and any additional information that is required by the independent Auditors.

Likewise, this PRDOJ, employee will serve as a link between the firm of independent Auditors and the agencies that request information and documentation. Lastly, the PRDOJ official will ensure that the dependent Auditors firm submits the Single Audit Report to the Federal Audit Clearinghouse before March 31, 2024.