



1250 Ponce de León Ave. ♦ Suite 801 ♦ San Juan, PR 00907-3912
tels. 787.993.4360 ♦ 787.993.4364
info@gtcpapr.com ♦ www.gtcpapr.com

**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

(WITH INDEPENDENT AUDITORS' REPORTS THEREON)

COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2023
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INDEPENDENT AUDITORS' REPORT

Hon. Sigfrido Steidel Figueroa
Administrative Director of Courts
General Court of Justice
Office of Court Administration
Commonwealth of Puerto Rico
San Juan, Puerto Rico

Opinion

We have audited the accompanying Statement of Cash Receipts and Disbursements of the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico for the year ended June 30, 2023, and the related notes to the financial statement.

In our opinion, the financial statement referred above present fairly, in all material respects, the Statement of Cash Receipts and Disbursements of the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico for the year ended June 30, 2023, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Statements section of our report. We are required to be independent of the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1, this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico, internal control. Accordingly, no such opinion is expressed.



INDEPENDENT AUDITORS' REPORT (Continued)

- 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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico, 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 an opinion on the statements of cash receipts and disbursements of the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 financial statement. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement 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 financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2024 on our consideration of the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico 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.



INDEPENDENT AUDITORS' REPORT (Continued)

The purpose of that report is 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 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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico internal control over financial reporting and compliance.

San Juan, Puerto Rico
March 21, 2024

The stamp number E-510057
was affixed to the original report.



González Torres & Co., CPA, PSC

GONZÁLEZ TORRES & CO., CPA, PSC
License 96
Expires December 1, 2026



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>STATE FUNDS</u> | <u>FEDERAL FUNDS</u> | <u>TOTAL</u> |
|--|------------------------|--------------------------|---------------------|
| CASH RECEIPTS | | | |
| General Fund (Management and Administration) | \$ 294,988,000 | \$ - | \$ 294,988,000 |
| Pay As You Go (General Fund) | 71,735,000 | - | 71,735,000 |
| Special Revenue Fund (Custom Duties / "Aranceles") | 10,241,508 | - | 10,241,508 |
| Victims of Crime Assistance (2018V2OATVD01) | - | 43,330 | 43,330 |
| Victims of Crime Assistance (2018V2SEOAT02) | - | 5,969 | 5,969 |
| Eduard Byne Justice Assistance Grant (2019DJBX0041SUB) | - | 3,248 | 3,248 |
| Violence Against Women (2020WFAX0005) | - | 18,331 | 18,331 |
| Court Improvement Data Program (2021G990203) | - | 68,899 | 68,899 |
| Court Improvement Data Program (2021G991512) | - | 88,923 | 88,923 |
| Court Improvement Training Program (2021G991513) | - | 52,822 | 52,822 |
| Court Improvement Basic Program (2021G996437) | - | 35,298 | 35,298 |
| Court Improvement Basic Program (2022G996437)) | - | 103,161 | 103,161 |
| Violence Against Women (21GG00561STOPS) | - | 82,262 | 82,262 |
| FEMA (010FEMA4339SUB) | - | 2,692,072 | 2,692,072 |
| ARPA (245-904-2021) | - | 14,280,000 | 14,280,000 |
| Total cash receipts | 376,964,508 | 17,474,315 | 394,438,823 |
| CASH DISBURSEMENTS | | | |
| Payroll 2022-2023 and Related Costs | 216,494,843 | - | 216,494,843 |
| Pay As You Go (General Fund) | 71,735,000 | - | 71,735,000 |
| Rent | 46,579,981 | - | 46,579,981 |
| Professional Services | 4,850,518 | - | 4,850,518 |
| Facilities and Public Services | 14,154,879 | - | 14,154,879 |
| Purchased Services | 10,904,984 | - | 10,904,984 |
| Equipments | 6,935,581 | - | 6,935,581 |
| Supplies | 2,859,522 | - | 2,859,522 |
| Transportation | 408,914 | - | 408,914 |
| Others | 213,650 | - | 213,650 |
| Court Improvement Training Program(2021G991513) | - | 40,563 | 40,563 |
| Court Improvement Basic Program (2021G996437) | - | 19,028 | 19,028 |
| Court Improvement Data Program (2020G996437) | - | 36,123 | 36,123 |
| Court Improvement Basic Program (2020G996471) | - | 92,373 | 92,373 |
| Court Improvement Data Program (2021G990203) | - | 68,899 | 68,899 |
| Victims of Crime Assistance (2018V2OATVD01) | - | 238,140 | 238,140 |
| Victims of Crime Assistance (2018V2SEOAT02) | - | 5,969 | 5,969 |
| Edward Byne Justice Assistance Grant (2019DJBX0041SUB) | - | 3,248 | 3,248 |
| Violence Against Women (2020WFAX0005) | - | 15,628 | 15,628 |
| Violence Against Women (21GG00561STOPS) | - | 95,723 | 95,723 |
| DRUG COURT (2014DCBX0039SUB) | - | 11,180 | 11,180 |
| CARES ACT (245-893-2020) | - | 2,460,433 | 2,460,433 |
| ARPA (245-904-2021) | - | 13,818,400 | 13,818,400 |
| Total cash disbursements | 375,137,872 | 16,905,707 | 392,043,579 |
| INCREASE IN CASH | \$ 1,826,636 | \$ 568,608 | \$ 2,395,244 |

See accompanying notes to financial statements



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Office of Court Administration (OCA) is an administrative component of the General Court of Justice of the Commonwealth of Puerto Rico, created by organized pursuant to Law No. 201 of August 22, 2003, known as the “Judiciary Act of the Commonwealth of Puerto Rico”, as amended. The main purpose of OCA is to strengthen the Judicial Branch in all its dimensions, promote a prompt solution of cases and judicial controversies, and to provide more effective access to the courts.

Basis of Financial Statement Presentation

Basis of Presentation

The accounts of OCA are organized on the basis of two fund types; state funds and federal funds. OCA maintains appropriations for several individual state and federal funds within each fund type. As more fully explained in the section “Basis of Accounting” below, each fund is accounted for with a set of accounts which include only cash receipts and disbursements. No balance sheet accounts are reported. The individual funds account for the governmental resources allocated to them for purpose of carrying on specific activities in accordance with laws, regulations and other restrictions. State funds are appropriated by the Legislature of the Commonwealth of Puerto Rico, through the budget certification process provided by the *Puerto Rico Oversight, Management, and Economic Stability Act* (PROMESA), Public Law 114-187, and are the funds through which most functions typically are financed. Federal funds reflect the federal financial assistance managed by OCA from programs funded by the Federal Government.

As further explained below, state funds generally include the following governmental funds:

- General Fund (Management and Administration Fund / “Asignación para Gastos de Funcionamiento”) – The General Fund is the primary operating fund of the Commonwealth of Puerto Rico, which includes its Judicial Branch. Although Act 286-2002 provided a fixed amount to be allocated for the Judicial Branch in the General Fund's annual budget, subsequent legislation altered such scheme. See Act 66-2014; Act 3-2017. Currently, funds are awarded to the Judicial Branch pursuant to the General Fund's budget certification process established by PROMESA. The Judicial Branch receives monthly transfers from the General Fund to fund its operations based in budgetary appropriations.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Special Revenue Fund (Custom Duties / “Aranceles”) – The Special fund was created by Law No. 235 of August 28, 1998, as amended. In this fund, monies are collected from the cancellation of the internal revenue vouchers (“sellos de rentas internas”) from custom duties collected during civil cases presented in the Courts of Justice.

With regards to Federal Funds, the following are financial assistance programs funded by the federal government:

- Courts Improvement Grant – The Court Improvement Program is a federal grant program administered by the United States Department of Health and Human Services. This grant program was established in 1994 as a response to the dramatic increase in child abuse and neglect cases and the expanded role of courts in achieving stable, permanent homes for children in foster care. Funds are awarded to the Puerto Rico Office of Courts Administrations to assess their foster care and adoption judicial processes, and to develop and implement a plan for system improvements.
- Court Improvement Basic Program – This program’s goals are to (1) facilitate the implementation of improvements that the highest courts deemed necessary to provide for the safety, well-being and permanency of children in foster care; and (2) implement procedures that will expedite and improve the handling of child abuse cases in the court system. The Office of Courts Administrations has established this program in four judicial regions: San Juan, Bayamón, Mayagüez, and Utuado.
- Court Improvement Data Sharing Program – Funds were awarded to help the courts develop an electronic information system that will allowed for data collection and analysis to help ensure that foster children’s needs for safety, permanency and overall well-being needs of foster children are promptly and adequately addressed.
- Court Improvement Training Program – To help court system provide training for judges, attorneys, other legal personnel, and court administrative staff in child welfare cases, among others. Professional development activities are organized through the Puerto Rico Judicial Academy and the Training and Development Office.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Violence Against Women Formula Grant – The STOP Violence Against Women (VAW) Formula Grant Program funds projects that encourage the development and strengthening of effective law enforcement, prosecution, and judicial strategies to end violent crimes against women and the development and strengthening of victim services in cases involving crimes against women. STOP VAW funds have been used by the OCA to provide specialized training to court personnel, to develop an automated protection orders processing system, procurement of equipment and materials for Specialized Domestic Violence Courts, and to recruit key personnel to the development of related programs and projects, among other purposes. The award was designated to the OCA during the fiscal year 2006-2007 and has continued through the current fiscal year.
- Victim Assistance Program Formula Grant – The Office for Victims of Crime (OVC) will award each eligible state and territory victim assistance program an annual grant to support eligible crime victim assistance programs in that state or territory. Services generally include those efforts that (1) respond to the emotional, psychological, or physical needs of crime victims, (2) help victims of crime to stabilize their lives after a victimization, (3) help victims to understand and participate in the criminal justice system, and (4) restore a measure of security and safety for the victim. The OCA has received the Victims of Crime Assistance (VOCA) grant from the Puerto Rico Justice Department since 2015. With these funds, organizations have been contracted to provide legal advocacy and legal representation for victims of domestic violence in the court system. In addition, personnel have been hired within the court system to provide security and coordinate efforts for domestic violence victim assistance.
- Adult Drug Court Program Discretionary Grant – The program managed by a multidisciplinary team that responds to the offenses and treatment needs of participants who are diagnosed with substance abuse. This explicitly excludes violent drug offenders who sold drugs for profit, as well as those who have committed acts of violence against law enforcement officers. The program has been established in ten (10) judicial regions. The grant is used to evaluate the process and effectiveness of the program.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Federal Emergency Management Agency (FEMA) - Provides assistance to qualified applicants for eligible costs to repair, replace, and mitigate future damage to private property, including homes and access routes damaged by the September 2017 hurricanes. Hurricane Irma affected Puerto Rico from Sept. 5-7, 2017, and Hurricane Maria's incident period lasted from Sept. 17, 2017, to Nov. 15, 2017. The Individual Assistance (IA) program is implemented under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121-5207.
- CARES Act - The Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136), signed into law in March 2020, created the Coronavirus Relief Fund (CRF), which provided \$150 billion in general assistance for domestic governments. Three billion were allotted to governments in territories, including the District of Columbia (DC) and Puerto Rico. The deadline for spending CRF funds provided through the CARES Act was initially December 30, 2020, but was extended through December 31, 2021, by the Consolidated Appropriations Act, 2021 (P.L. 116-260). The purpose of the CRF is to provide direct payments to state, territorial, tribal, and certain eligible local governments to cover necessary expenditures incurred due to the public health emergency, costs that were not accounted for in the government's most recently approved budget as of March 27, 2020; and costs that were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021, per section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act.

Basis of Accounting

OCA follows the cash basis method of accounting to account for all funds administered. Under this method, cash or funds transferred-in are recognized as revenues when received, and expenditures are recognized when funds are disbursed or transferred-out. There, the Statement of Cash Receipts and Disbursements is not intended to present General Court of Justice's results of operations in accordance with accounting principles generally accepted in the United States of America. Nevertheless, it is noted that the cash basis approach is a proper method of government accounting pursuant to the laws of the Commonwealth of Puerto Rico.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting

Formal budgetary accounting is employed as a management control tool for all funds of the General Court of Justice. Annual operating budgets are adopted each fiscal year through passage of an annual budget which is approved by the Legislature of the Commonwealth of Puerto Rico, through the budget certification process provided by PROMESA, and amended as required through the year.

Pursuant to Act 230-1974, known as the Puerto Rico Government Accounting Act, the Judicial Branch is exempted from such provision. The statement of Cash Receipts and Disbursements is presented at the programmatic level. However, budgetary control and accounting are exercised at a lower level to provide management with detailed control over expenditures at the appropriate budget level.

Totals Memorandum Only

The total memorandum only columns are presented only to facilitate additional analysis. These columns represent a summation of the combined receipts and disbursements. Consequently, amounts shown in these columns are not compatible to a consolidation and do not represent the total receipts and disbursements of the General Court of Justice.

Funds Advance

The General Court of Justice receives fund advances from the Treasury Department of Puerto Rico for the interim financing of federal programs, as authorized by Law 21 of the year 1971. This Law establishes that all funds advances made will be reimbursed to the General Fund of the State's Treasury as soon as the corresponding federal funds are received.

NOTE 2 – PENSION COSTS

The Commonwealth of Puerto Rico retirement systems include the *Employees Retirement System* (ERS), and the *Retirement System for the Judiciary* (JRS).



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – PENSION COSTS (CONTINUED)

Prior to July 1, 2017, the ERS was a pension trust fund created by Act No. 447 of May 15, 1951, to provide pension and other benefits to retired employees of the Commonwealth of Puerto Rico, including non-judicial employees at the General Court of Justice. During this time, the ERS administered a cost-sharing, multiemployer, pension plan consisting of three benefit structures: (i) a cost-sharing, multiemployer, defined benefit program; (ii) a defined contribution program; and (iii) a contributory hybrid program.

Similarly, prior to July 1, 2017, the JRS was a pension trust fund created by Act No. 12 of October 19, 1954, to provide pension and other benefits to retired judges of the Judicial Branch. During this time, the JRS administered a single-employer defined-benefit pension plan and a hybrid defined contribution plan for its participants. JRS consisted of two benefit structures pursuant to Act No. 12-1954, as amended by Act No. 162-2013. Benefit provisions vary depending on the member's date of hire.

Following Act No. 106-2017, a substantial pension reform was approved for all the Commonwealth's Retirement Systems. Accordingly, the Commonwealth transformed the retirement systems into a single pay-as-you-go system, whereby future benefit payments are guaranteed by the Commonwealth's General Fund. Also, a new defined contribution plan was created.

Starting in fiscal year 2018, the JRS is reported as part of the blended component units in the Commonwealth's financial statements. Similarly, the basic financial statements of the ERS are blended in the Commonwealth's fund financial statements.¹

In addition, on January 18, 2022, the United States District Court for the District of Puerto Rico confirmed a restructuring process for the Commonwealth and its retirement systems. Accordingly, a Plan of Adjustment became effective, implementing a JRS pension benefit freeze for any additional pension benefits for service on or after May 4, 2017. All accrued pension benefits for JRS will be paid under the PayGo system. For further information on the Commonwealth Plan of Adjustment's impact on pension benefits, refer to <https://cases.ra.kroll.com/puertorico/Home-DocketInfo>.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 – LEASE COMMITMENTS

Operating Leases

The General Court of Justice is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights and obligations; therefore, neither the assets nor the liabilities of the lease agreements are reflected in the accounting records. Most of the property occupied by OCA is leased from the Puerto Rico Public Buildings Authority, a component unit of the Commonwealth of Puerto Rico.

Rent payments for the fiscal year ending June 30, 2023 totaled \$45,405,254 for real property leases and \$1,174,727 for other leases. As of June 30, 2023 the aggregate future rental to be paid under the operating leases are as follows:

| <u>Year Ending June:</u> | <u>Amount</u> |
|--------------------------|------------------------------|
| 2024 | \$ 35,361,322 |
| 2025 | 33,284,556 |
| 2026 | 31,707,370 |
| 2027 | 28,968,719 |
| 2028 | 28,005,806 |
| Subsequent Years | <u>304,802,961</u> |
| Total | <u>\$ 462,130,734</u> |

NOTE 4 – CONTINGENCIES

Federal Awards

OCA participates in a number of federal financial assistance programs funded by the federal government. Expenditures financed by these programs are subject to financial and compliance audits by the appropriate grantors. If expenditures are disallowed due to noncompliance with grant program regulations, OCA may be required to reimburse the grantors. Accordingly, OCA’s compliance with applicable requirements and conditions will be established at a future date. Nevertheless, OCA’s management is of the opinion that past or future audits will not result in material liabilities for disallowed costs.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 – LITIGATION AND CLAIMS

The General Court of Justice, as an arm of the Commonwealth of Puerto Rico is a defendant or co-defendant in various lawsuit and investigations. The Secretary of Justice of the Commonwealth of Puerto Rico reports that, in any lawsuits filed against the Court, according to the laws of the Commonwealth of Puerto Rico, the Court is fully represented by the Department of Justice, and any successful claim against the Court shall be paid from the General Fund of the Commonwealth of Puerto Rico, with no effect on the functioning budget of the General Court of Justice, except cases related to claims involving restitution for salaries not received by an employee or an official, or cases in which the General Court of Justice is empowered by law to claim or to be sued. In that case, the claims are paid with funds of the General Court of Justice.

Under Act No. 104 of June 29, 1955, as amended, citizens 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. Under certain circumstances, as provided in Act. No. 9 of November 26, 1975, as amended, the Commonwealth may provide its officers and employees sued in their personal capacity with legal representation, as well as assume the payment of any judgement that may be entered against them. There is no limitation on the payment of such assumed judgments.

NOTE 6 – SUBSEQUENT EVENT

For the year ended June 30, 2023, the OCA adopted ASC 855, related to Subsequent Events. ASC 855 establishes the general standards for accounting and disclosure of events that occurred after the date of the statement of cash receipts and cash disbursements, but before the date of issuance of financial statement.

Specifically, it establishes the period after the date of the statement of cash receipts and cash disbursements during which the OCA management must evaluate events or transactions that could occur and that would need to be recorded or disclosed in the financial statement, the circumstances under which the OCA should recognize and disclose such events, and the type of disclosure that should be offered for these events that occurred after the date of the statement of cash receipts and cash disbursements.

The OCA evaluated additional subsequent events through March 21, 2024, which is the date the financial statement are available to be issued. Additional events have not occurred subsequent to the statement of cash receipts and disbursements that would require additional disclosure in the financial statement.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

| | Assistance Listing Number | Pass-Through Entity Identifying Number | Expenditures |
|---|--------------------------------------|---|-----------------------------|
| US Department of Health And Human Services | | | |
| Pass-through of the Administration of Families and Children - State Court Improvement Grants (Basic State Grant, Data Sharing and Training Program) | 93.586 | | \$ <u>256,986</u> |
| <i>Total US Department of Health And Human Services</i> | | | <u>256,986</u> |
| US Department of the Treasury | | | |
| Coronavirus Relief Fund (CARES Act) | 21.019 | | <u>2,460,433</u> |
| Pass-through of the Department of Hacienda de P.R. Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 2022-87, 2022-106 | <u>13,818,400</u> |
| <i>Total US Department of Treasury</i> | | | <u>16,278,833</u> |
| US Department of Justice | | | |
| Pass-through the Puerto Rico Womens Advocate Office - Stop Violence Against Women- Formula Grant Program (VAWA) | 16.588 | | 111,351 |
| Pass-through the Puerto Rico Department of Justice - Edward Byrne memorial Justice Assistance Grant (JAG) | 16.738 | | 14,428 |
| Pass-through the Puerto Rico Department of Justice - Victims of Crime Assitance (VOCA) | 16.575 | | <u>244,109</u> |
| <i>Total US Department of Justice</i> | | | <u>369,888</u> |
| US Department of Homeland Security | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | | <u>215,378</u> |
| <i>Total US Department of Homeland Security</i> | | | <u>215,378</u> |
| Total Federal Assisstance | | | \$ <u>17,121,085</u> |

The accompanying notes are an integral part of this schedule.



**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

1. GENERAL

The supplementary Schedule of Expenditures of Federal Awards (SEFA) has been prepared using the cash basis method of accounting. It is drawn primarily from OCA's internal accounting records, which are the basis for OCA's Statement of Cash Receipts and Disbursements.

2. FEDERAL ASSISTANCE LISTING NUMBER

The Assisting Listing Number included in this schedule are determined based on the program name, review of grant contract information and the Office of Management and Budget's Catalogue of Federal Assistance.

3. MAJOR PROGRAMS

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

4. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

Expenditures included in the Schedule of Expenditures of Federal Awards agree with the amounts included in the accompanying statement of Cash Receipts and Disbursements, except for those related to Disaster Grants – Public Assistance (CFDA 97.036) that are recognized when incurred and approved by the granting Agency (FEMA). The disbursements included in the SEFA related to FEMA funds were incurred in fiscal year 2017-2018, but approved during the fiscal year 2022-2023 for which the amount of \$215,378 is presented.

5. DE MINIMIS INDIRECT COST RATE

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



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

Hon. Sigfrido Steidel Figueroa
Administrative Director of Courts
General Court of Justice
Office of Court Administration
Commonwealth of Puerto Rico
San Juan, 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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico's basic financial statement, and have issued our report thereon dated March 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico's internal control. Accordingly, we do not express an opinion on the effectiveness of the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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

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

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

Our consideration of internal control was 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico's financial statement are 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 statements. 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.

San Juan, Puerto Rico
March 21, 2024

The stamp number E-510058
was affixed to the original report.



González Torres & Co., CPA, PSC

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

Hon. Sigfrido Steidel Figueroa
Administrative Director of Courts
General Court of Justice
Office of Court Administration
Commonwealth of Puerto Rico
San Juan, Puerto Rico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico's major federal programs for the year ended June 30, 2023. Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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, Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (CONTINUED)**

We are required to be independent of Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico's 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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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, 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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (CONTINUED)**

- 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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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 Puerto Rico Office of Court Administration (OCA), General Court of Justice of the Commonwealth of Puerto Rico'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.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (CONTINUED)**

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.

San Juan, Puerto Rico
March 21, 2024

The stamp number E-510059
was affixed to the original report.



González Torres & Co., CPA, PSC

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**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I. Summary of Auditors' Results:

Financial Statements

1. Type of audit report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None Reported

Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted?: Yes No

Federal Awards

1. Type of auditor's report issued on compliance for major federal programs:

- Unmodified Qualified Adverse Disclaimer

2. Reportable condition

Significant deficiency(ies) identified? Yes None Reported

Material weakness(es) identified? Yes No

3. Any audit findings disclosed that are require to be reported by 2 CFR 200.516(a): Yes No

4. Identification of major federal program:

Assistance Listing Number

Name of Federal Program or Cluster

21.019
21.027

Coronavirus Relief Fund (CARES Act)
Coronavirus State and Local Fiscal
Recovery Funds

5. Dollar threshold used to distinguish Type A and Type B programs: **\$750,000**

6. Auditee qualified as a low-risk auditee? Yes No

**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section II. Financial Statements Findings

NONE.

Section III. Federal Awards Findings and Questioned Costs

NONE.

**COMMONWEALTH OF PUERTO RICO
GENERAL COURT OF JUSTICE OFFICE OF COURT ADMINISTRATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

NONE