

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
NET CHANGES – GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**(WITH REQUIRED SUPPLEMENTARY INFORMATION AND  
ADDITIONAL REPORTS REQUIRED BY THE GOVERNMENT  
AUDITING STANDARDS AND OMB UNIFORM GUIDANCE)**

**BAKER TILLY PUERTO RICO, CPAS, PSC  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
NET CHANGES – GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Puerto Rico Office for Public Safety and Security  
of the Commonwealth of Puerto Rico  
San Juan, Puerto Rico**

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Statement**

We have audited the accompanying cash basis statement (from now on the Statement) of the Puerto Rico Office for Public Safety and Security of the Commonwealth of Puerto Rico (from now on **PROPSS**), which comprise the Statement of Cash Receipts, Disbursements and Net Changes – Governmental Funds, for the fiscal year ended June 30, 2019, and the related notes to the Statement.

### **Management's responsibility for the Statement**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessments of the risk of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor's considers internal control relevant to **PROPSS'** preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on of the effectiveness of **PROPSS'** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

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

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**Opinion**

In our opinion, the Statement of Cash Receipts, Disbursements and Net Changes-Governmental Funds referred to in the first paragraph of this report present fairly, in all material respects, the cash receipts and disbursements transactions of the **PROPSS** for the fiscal year ended June 30, 2019, in conformity with the basis of accounting described in the Note 1 to the Statement.

**Basis of Accounting**

We draw attention to Note 1 of the Statement, which describes the basis of accounting. **PROPSS** prepares its Statement on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Emphasis of a Matter**

As discussed in Note 1, **PROPSS'** Statement is intended to present the cash receipts, disbursements and net changes of the governmental funds of only that portion of the financial reporting entity of the Commonwealth of Puerto Rico that is attributed to the transactions of **PROPSS**. They do not purport to, and do not present fairly the financial position of the Commonwealth of Puerto Rico as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Information**

Our audit was conducted for forming an opinion on the Statement as a whole. The accompanying schedule of expenditures of federal awards and related notes, on pages 11 to 12, 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 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 Statement. The information has been subjected to the auditing procedures applied in the audit of the Statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Statement or to the Statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the Statement as a whole.

(continues)

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2020 on our consideration of **PROPSS'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 **PROPSS'** internal control over financial reporting and compliance.

Guaynabo, Puerto Rico

March 4, 2020  
The stamp number E407068 was  
affixed to the original of this report.

*Baker Tilly Puerto Rico, CPAs, PSC*  
**BAKER TILLY PUERTO RICO, CPAs, PSC**

License No. 218  
Expires December 1, 2020.

**COMMONWEALTH OF PUERTO RICO**  
**PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND NET CHANGES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b><u>Programs</u></b>	<b><u>State (General) Funds</u></b>		<b><u>Federal Grant Funds</u></b>		<b><u>(Total Governmental Funds)</u></b>		<b><u>Net Changes</u></b>
	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	
State and Local Implementation Grant Program 2018*	\$ -	\$ -	\$ 111,545	\$ 116,298	\$ 111,545	\$ 116,298	(4,753)
State and Local Implementation Grant Program 2014**		22,012				22,012	(22,012)
Emergency Management Performance Grant 2015	-	-	2,835,516	2,835,516	2,835,516	2,835,516	-
Emergency Management Performance Grant 2016	-	-	2,206,192	2,202,335	2,206,192	2,202,335	3,857
Emergency Management Performance Grant 2017	-	-	1,134,767	1,129,779	1,134,767	1,129,779	4,988
Homeland Security Grant Program 2015	-	-	1,911,591	1,911,591	1,911,591	1,911,591	-
Homeland Security Grant Program 2016	-	-	670,673	655,424	670,673	655,424	15,249
Homeland Security Grant Program 2017	-	-	564,159	564,159	564,159	564,159	-
Homeland Security Grant Program 2018	-	-	412,563	412,563	412,563	412,563	-
<b>Total Cash Receipts and Disbursements</b>	<b>\$ -</b>	<b>\$ 22,012</b>	<b>\$ 9,847,006</b>	<b>\$ 9,827,665</b>	<b>\$ 9,847,006</b>	<b>\$ 9,849,677</b>	<b>\$ (2,671)</b>

\*Remittances could be received in a prior year, and expended the following year, therefore an excess of disbursements over receipts is presented in this program.

\*\*This amount represents unused funds refunded to the grantor agency. This amount is considered as cash disbursement since on prior years it was considered as a cash receipt.

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY  
NOTES TO STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND NET CHANGES—GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

## **1. FINANCIAL REPORTING ENTITY**

### **Organization**

The Puerto Rico Office of Public Safety and Security (from now on **PROPSS**) is an office, created by the Executive Order Number 2004-09 from the Governor of the Commonwealth of Puerto Rico on December 29, 2004 to ascribe **PROPSS** under the administration of the Public Department of Justice. On May 3, 2005, the Governor issued the Executive Order Number 2005-25 to ascribe **PROPSS** to the Governor's office. **PROPSS** was created to prepare, coordinate, develop, and implement an awareness plan in Puerto Rico in the event of a threat or terrorism attack. On February 5, 2009, the Governor of the Commonwealth of Puerto Rico reported to the Department of Homeland Security (DHS) that **PROPSS** was transferred to the Puerto Rico Office of Management and Budget and that the Executive Director of the Puerto Rico Office of Management and Budget was assigned as the State Administrative Agent (SAA). However, on July 8, 2009, the Governor of the Commonwealth of Puerto Rico reported to the Federal Emergency Management Agency (PREMA) that **PROPSS** was transferred to this agency and that the Executive Director of PREMA was assigned as the SAA. On February 27, 2013 the Governor of the Commonwealth of Puerto Rico reported to DHS that PREMA's Executive Director was assigned as the SAA in charge of all federal funds of the "Homeland Security Grant Program" managed by **PROPSS**.

Under Executive Order Number 2015-044, of November 16, 2015, **PROPSS** was officially ascribed to PREMA. The Executive Director of **PROPSS** was appointed as Alternate State Administrative Agent (ASAA) and is designated by the Director of PREMA.

The principal functions of the **PROPSS** are:

- To administer in full Federal Awards, following the parameters established in the administrative and programmatic guidelines of the programs to be implemented.
- Establish a reliable and efficient system for sharing information on terrorist threats or activities with the relevant agencies at the states and federal levels.
- Design and implement plans for training in the detection and treatment of terrorist threats and acts in coordination with DHS.
- Identify, through the critical infrastructure program, all sites susceptible to possible terrorist acts and recommend the most appropriate security measures to protect them.
- Conduct drills for emergencies and terrorist attacks.

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY  
NOTES TO STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND NET CHANGES—GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**1. FINANCIAL REPORTING ENTITY (CONTINUED)**

**Organization (continued)**

**Puerto Rico Public Security Department Law:**

On April 10, 2017, the Commonwealth issued Law Number 20, to establish the Puerto Rico Public Security Department, with the purpose of creating a new integrated system for all the components that administer security around the island.

The Law creates the following integrated bureaus: Police, Firefighters, Forensics Science, 911 Emergency System, Emergency and Disaster Management, Medical Emergencies Corps and Special Investigations. It also allows these security components to share personnel and administrative expenses. The objective of the new Puerto Rico Public Security Department are:

- Improve public security
- Reduce crime levels
- Produce an advance model for all public security components
- Speed up fiscal and administrative procedures
- Attain compliance, security and order
- Provide a rapid response to changes in public security needs and citizenship expectations
- Reduce cost and improve efficiency
- Improve the handling and the results of public services
- Guarantee communication and interconnection of all security components of the Government
- Take advantage of all the available information and communication technologies

Under Executive Order Number 2015-044, of November 16, 2015, **PROPSS** was officially ascribed to the Emergency and Disaster Management Agency, and therefore, is subject to the provisions of this new Law. The Law entered into force 180 days after its approval on April, during October 2017. On October 24, 2017, the Governor of the Commonwealth of Puerto Rico designated the Homeland Security Advisor (HSA) of the government of Puerto Rico as the SAA for the purpose of administering the homeland security Grant Program. On May 2019 the Governor of the Commonwealth of Puerto Rico reported to DHS the name of the person to be performing the functions of the before mentioned designation for 2019.

**Financial Reporting Entity**

**PROPSS** is, for financial reporting purposes, a part of the Commonwealth of Puerto Rico. Because **PROPSS** is part, for financial reporting purposes, of the Commonwealth of Puerto Rico, its financial data is included as part of the Commonwealth of Puerto Rico financial statements. **PROPSS** accompanying Statement is issued solely to comply with Single Audit Act Amendments of 1996 (P.L. 104-156) and for the information and use of **PROPSS** management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.



**COMMONWEALTH OF PUERTO RICO**  
**PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY**  
**NOTES TO STATEMENT OF CASH RECEIPTS, DISBURSEMENTS**  
**AND NET CHANGES—GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Financial Statement Presentation**

Basis of Accounting and Measurement Focus

The accounts of **PROPSS** are organized based on two fund types: state funds and federal funds, which are responsible for the coordination, receipt and management of funds. **PROPSS** maintains appropriations for several individual state and federal funds within each fund type. As more fully explained below, each fund is accounted for with a set of accounts, which include only cash receipts and disbursements. No balance sheets accounts are reported. The individual funds account for the governmental resources allocated to them for purposes of carrying on specific activities in accordance with laws, regulations and other restrictions. Federal funds reflect the federal financial assistance managed by **PROPSS** from programs funded by the federal government, and are the funds through which most functions are financed. State funds are received as part of a cash-matching fund from another administrative component of the Commonwealth of Puerto Rico.

**PROPSS'** accompanying Statement has been prepared in accordance with 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. The basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. **PROPSS** follows accounting recordkeeping requirements imposed by the Puerto Rico Treasury Department System called "PRIFAS" (Puerto Rico Integrated Financial Accounting System) for Centralized Governmental Agencies and Departments and also follow the requirements of Law #230 of July 23, 1974, as amended, known as "Accounting Law of the Government of Puerto Rico".

This cash basis of accounting differs from GAAP primarily because revenue (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures (cash disbursements) 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 2018-2019. No accruals are recognized.

Capital assets resulting from cash transactions are reported as cash disbursements in the acquiring governmental fund upon cash acquisition. No capital assets, long-term debt nor accrued compensated absences are recorded in **PROPSS'** Statement. Compensated absences resulting from cash transactions are reported as cash disbursements in the governmental funds column upon cash payment.

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

**State and Local Implementation Grant Program (SLIGP)** – Funds awarded to **PROPSS** to assist in the identification, planning, and implementation of the most efficient and effective way to utilize and integrate the infrastructure and equipment associated with the nationwide public safety broadband network. There were no state funds received during the fiscal year 2018-2019.

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NOTES TO STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Financial Statement Presentation (Continued)**

Basis of Accounting and Measurement Focus (Continued)

**Community Oriented Policing Services Grant (COPS)** – Funds awarded to **PROPSS** to hire community policing professionals, develop and test innovative policing strategies, and provide training and technical assistance to community members, local government leaders, and all levels of law enforcement. No funds were received under this fund project during the fiscal year 2018-2019.

**Emergency Management Performance (EMPG)** – The Emergency Management Performance Grants (EMPG) funds projects to provide a system of emergency preparedness for the protection of life and property from hazards. These funds are provided to PREMA. Some of the priorities include threat and hazards identifications, strengthen the emergency management governance structures, update and approve emergency plans, design and conduct exercises to examine capabilities, targeting and training.

**Homeland Security Grant Program (HSGP)** – The Homeland Security Grant Program federal funds provided to the Puerto Rico Executive Branch. These funds are provided to municipalities and other administrative components of the Commonwealth of Puerto Rico. The purpose is to strengthen the nation against risks associated with potential terrorist attacks. It addresses high-priority preparedness gaps where a nexus of terrorism exists and support efforts to secure the states bordering Mexico and Canada and states and territories with international water borders.

**Budgetary Information**

The Statement is presented at the programmatic level. However, budgetary control and accounting are maintained, for federal awards, at a more detailed level to provide the management control in detail of the expenses to the appropriate level of the budget. Federal Grant funds can be carried over a specified amount of time, upon request to, and approval by the federal agencies. Budgetary control and accounting is exercised at a lower level providing management with detailed control over expenditures at an appropriated budget level.

**COMMONWEALTH OF PUERTO RICO**  
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**NOTES TO STATEMENT OF CASH RECEIPTS, DISBURSEMENTS**  
**AND NET CHANGES—GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**3. CASH WITH FINANCIAL INSTITUTIONS (DEPARTMENT OF TREASURY OF THE COMMONWEALTH OF PUERTO RICO)**

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

**4. CONTINGENCIES**

The **PROPSS** 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 there is any expenditures disallowed due to noncompliance with a grant program regulations in the year when financial and compliance audits are conducted, the **PROPSS** may be required to reimburse the grantors.

**PROPSS** is also subjects to audits by the Comptroller’s Office of Puerto Rico (COPR). As of the Statement’s date, **PROPSS** has no outstanding audits from COPR.

**5. LITIGATION AND CLAIMS**

The legal advisory of **PROPSS** reports that, in any lawsuits filed against the **PROPSS**, according to the laws of the Commonwealth of Puerto Rico, **PROPSS** is fully represented by the Department of Justice, and any successful claim against the **PROPSS** shall be paid from the General fund of the Commonwealth of Puerto Rico, with no effect on the functioning budget of the **PROPSS**, except cases related to claims involving restitution for salaries not received by an employee or an official. In that case, the claim is paid with funds of the **PROPSS**.

Law No. 9 dated November 26, 1975, as amended, states that the Commonwealth of Puerto Rico may provide its officers and employees of Puerto Rico agencies and instrumentalities with legal representation, as well, as assume the payment of any judgment that might be entered against them. There is no limitation on the payment of such judgments, if the claim is in the Federal Court. If the claim is in the State Court, the maximum amount permitted by law is \$75,000 per individual or \$150,000 per event. This is following the requirements of Law #104 of June 29, 1955, as amended, 32 LPRA Section 3077.

**COMMONWEALTH OF PUERTO RICO  
 PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY  
 NOTES TO STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND NET CHANGES—GOVERNMENTAL FUNDS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**6. SUBSEQUENT EVENTS**

Management of the PROPSS has evaluated subsequent events through March 4, 2020, the date which the financial statements were available to be issued. On September 20, 2019 the Secretary of the Puerto Rico Public Security Department (the Department) signed the Administrative Order DSP-2019-OA-005 to establish the functional organization of the Department, its operational components and bureaus. The responsibilities of PROPSS were assigned to the Office of Federal Affairs created under the organizational structure established in the Administrative Order before mentioned.

**7. CASH RECEIPTS AND DISBURSEMENTS BY TYPE**

The following details receipts and disbursements by type, as follows:

**CASH RECEIPTS:**

Federal funds	\$ 9,847,006
State local funds	-
	-
Total cash receipts	9,847,006

**CASH DISBURSEMENTS:**

Payroll and related costs	495,177
Facilities and payment for public services	2,055
Transportation and travel costs	21,304
Professional and contracted services	85,845
Other sub-grant funds, activities and costs	9,203,899
Materials and supplies	4,575
Purchase of equipment	5,546
Other expenditures*	31,276
	31,276
Total cash disbursements	9,849,677

<b>EXCESS OF CASH DISBURSEMENTS OVER RECEIPTS</b>	<b>\$ (2,671)</b>
	<b>(2,671)</b>

\*Other expenditures includes \$22,012 of unused funds refunded to a grantor agency. This amount is considered as cash disbursement since on prior years it was considered as a cash receipt.

**COMMONWEALTH OF PUERTO RICO**  
**PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT AWARD NUMBER</u>	<u>PASS-THROUGH GRANTOR NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENT</u>	<u>FEDERAL EXPENDITURES</u>
<b>Direct Programs:</b>					
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>					
Emergency Management Performance Grant	97.042	EMW-2015-EP-00035-S01	N/A	\$ 2,831,506	\$ 2,835,516
Emergency Management Performance Grant	97.042	EMN-2016-EP-00003-S01	N/A	2,194,282	2,202,335
Emergency Management Performance Grant	97.042	EMN-2017-EP-00005-S01	N/A	971,310	1,129,779
Homeland Security Grant Program	97.067	EMW-2015-SS-00036-S01	N/A	1,640,454	1,911,591
Homeland Security Grant Program	97.067	EMW-2016-SS-00031-S01	N/A	531,468	655,424
Homeland Security Grant Program	97.067	EMW-2017-SS-00095-S01	N/A	342,618	564,159
Homeland Security Grant Program	97.067	EMW-2018-SS-00062-S01	N/A	<u>412,563</u>	<u>412,563</u>
Total U.S. Department of Homeland Security				<u>8,924,201</u>	<u>9,711,367</u>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>					
State and Local Implementation Grant Program	11.549	72-10-S18072	N/A	<u>-</u>	<u>116,298</u>
Total U.S. Department of Commerce				<u>-</u>	<u>116,298</u>
TOTAL FEDERAL AWARDS EXPENDITURES				<u>\$ 8,924,201</u>	<u>\$ 9,827,665</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**COMMONWEALTH OF PUERTO RICO**  
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**1. GENERAL**

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

The accompanying Schedule includes the federal award activity of **PROPSS**. The information on this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the Statement. **PROPSS'** reporting entity is defined in Note 1 to the Statement. All federal awards received passed-through to other government agencies, if any, are included on the Schedule.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Schedule is prepared from **PROPSS'** accounting records and is not intended to present financial position or the results of operations. The financial transactions are recorded by the **PROPSS** in accordance with the terms and conditions of the grants. Expenditures are recognized in the accounting period in which the liability is paid. **PROPSS** has elected not to use the 10 percent minimis indirect cost rate allowed under the Uniform Guidance.

**3. FEDERAL CFDA NUMBER**

The CFDA numbers included in this Schedule were determined based on the program name, review of grant contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

**4. MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor Results Section of the Schedule of Findings and Questioned Costs on page 18.

**5. RELATIONSHIP TO THE STATEMENT**

Cash disbursements include in the Schedule of Expenditures of Federal Awards agree with the amounts included in the accompanying Statement of Cash Receipts, Disbursements and Net Changes.

**Puerto Rico Office for Public Safety and Security  
of the Commonwealth of Puerto Rico  
San Juan, Puerto Rico**

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**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**

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 Cash Receipts, Disbursements and Net Changes-Governmental Funds (the statement) of the Puerto Rico Office for Public Safety and Security of the Commonwealth of Puerto Rico (for now on **PROPSS**) for the year ended June 30, 2019 and the related notes to the Statement and have issued our report thereon dated March 4, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was 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.

(continues)

**Puerto Rico Office for Public Safety and Security  
of the Commonwealth of Puerto Rico  
San Juan, Puerto Rico**

**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)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PROPSS' statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of 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 **PROPSS'** internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **PROPSS'** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Guaynabo, Puerto Rico

*Baker Tilly Puerto Rico, CPAs, PSC*  
**BAKER TILLY PUERTO RICO, CPAs, PSC**

March 4, 2020  
The stamp number E407069 was  
affixed to the original of this report.

License No. 218  
Expires December 1, 2020.



**Puerto Rico Office for Public Safety and Security  
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San Juan, Puerto Rico**

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

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

We have audited the Puerto Rico Office for Public Safety and Security of the Commonwealth of Puerto Rico (for now on **PROPSS**) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of **PROPSS'** major federal programs for the year ended June 30, 2019. **PROPSS'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, **PROPSS** 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, 2019.

(continues)

**Puerto Rico Office for Public Safety and Security  
of the Commonwealth of Puerto Rico  
San Juan, Puerto Rico**

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

**Report on Internal Control Over Compliance**

Management of the **PROPSS** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph of this report. In planning and performing our audit of compliance, we considered **PROPSS'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the **PROPSS'** 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Guaynabo, Puerto Rico

March 4, 2020  
The stamp number E407070 was  
affixed to the original of this report.

*Baker Tilly Puerto Rico, CPAs, PSC*  
**BAKER TILLY PUERTO RICO, CPAs, PSC**

License No. 218  
Expires December 1, 2020.

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**COMMONWEALTH OF PUERTO RICO  
 PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**A. FINANCIAL STATEMENTS**

- |    |   |                              |   |
|----|---|------------------------------|---|
| 1. | Type of auditors' report issued:  | <b>Unmodified</b>            |   |
| 2. | Internal control over financial reporting:  |                              |   |
|    | <input type="checkbox"/> Material weakness(es) identified   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
|    | <input type="checkbox"/> Significant deficiency(ies) identified that are not considered to be material weaknesses | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| 3. | Noncompliance material to the Statement noted?  | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |

**B. FEDERAL AWARDS**

- |    |   |                              |   |
|----|---|------------------------------|---|
| 1. | Type of auditors' report issued on compliance for major programs:   | <b>Unmodified</b>            |   |
| 2. | Internal control over major programs:   |                              |   |
|    | <input type="checkbox"/> Material weakness(es) identified   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
|    | <input type="checkbox"/> Significant deficiency(ies) identified that are not considered to be material weaknesses | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516.(a).               | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
| 4. | Identification of major programs:   |                              |   |

<u>CFDA number</u>	<u>Federal Program Grantor and Program Title</u>
	US Department of Homeland Security:
97.042	Emergency Management Performance Grant
97.067	Homeland Security Grant Program

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  
PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

None reported.

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Our audit disclosed no findings required to be reported herein accordance with 2 CFR 200.516.(a)

**COMMONWEALTH OF PUERTO RICO  
PUERTO RICO OFFICE FOR PUBLIC SAFETY AND SECURITY  
SCHEDULE OF PRIOR AUDIT'S FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

No findings and questioned costs for the year ended June 30, 2018.