

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION**

**SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2021**

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION**

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YEAR ENDED JUNE 30, 2021**

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**President
State Elections Commission
Commonwealth of Puerto Rico
San Juan, Puerto Rico**

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying cash basis statement of receipts and disbursement (the Statement) of the State Elections Commission of the Commonwealth of Puerto Rico (the Commission) for the year ended June 30, 2021, and the related notes to the Statement, which collectively comprise the Commission's Statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

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

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

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the receipts and disbursements of the State Elections Commission of the Commonwealth of Puerto Rico for the year ended June 30, 2021, in accordance with the cash basis of accounting described in Note 1.

Emphasis of Matter

Basis of Accounting

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

Uncertainty

As discussed in Note 8 to the Statement, the Commission receives legislative appropriations from the Government of Puerto Rico. The Government's liquidity has been severally affected since fiscal year 2016 and remains extremely limited, primarily, as a result of the Government's inability to access external resources of financing. In addition, for the past two (2) years, the Financial Oversight and Management Board for Puerto Rico approved and certified its own fiscal plan for the government. Those fiscal plans contain several structural and fiscal reforms directed to improve the trajectory of the economy, drive growth, increase revenues and decrease expenditures. The final outcome of these measures on the Commission's operations is uncertain. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Statement and the notes to the Statement that collectively comprise the Commission's basic financial statement. 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the Statement as a whole on the basis of accounting described in Note 1 to the Statement.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 14, 2022 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

Guaynabo, Puerto Rico
September 14, 2022
The stamp number E504475 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, 2023

**COMMONWEALTH OF PUERTO RICO
STATE ELECTIONS COMMISSION
STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

<u>Program</u>	<u>State Funds</u>		<u>Federal Funds</u>		<u>(Totals Memorandum Only)</u>	
	<u>Receipts</u>	<u>Disbursements</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Receipts</u>	<u>Disbursements</u>
Management and Administration	\$ 1,450,000	\$ 1,158,184	\$ -	\$ -	\$ 1,450,000	\$ 1,158,184
Planning and Development	38,297,425	38,485,235	-	-	38,297,425	38,485,235
Permanent Inscription Office	6,443,000	7,941,515	54,835	3,450,413	6,497,835	11,391,928
Elections Commission Office	285,000	116,832	-	-	285,000	116,832
Joint Resolutions, Special Accounts and Others, current year	2,426,272	1,086,723	-	-	2,426,272	1,086,723
Joint Resolutions, Special Accounts and Others, from prior years	5,834,332	9,176,456	-	-	5,834,332	9,176,456
	\$ 54,736,029	\$ 57,964,945	\$ 54,835	\$ 3,450,413	\$ 54,790,864	\$ 61,415,358

COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Law 4 of December 20, 1977, as amended, known as “Ley Electoral de Puerto Rico”, created the State Elections Commission (the Commission). The Commission is an executive agency of the Commonwealth of Puerto Rico. The Commission’s mission is to assure voting rights to all voters through democratic elections processes, as established by the Constitution of Puerto Rico.

The Financial Reporting Entity

The Commission is an agency of the Commonwealth of Puerto Rico (the Commonwealth). Its financial data is part of the general fund of the Commonwealth.

The Commission’s statement of receipts and disbursements (the Statement) and notes to the Statement, are issued solely to provide the Commission’s operating results to the Commonwealth and certain federal awarding agencies to comply with the Single Audit Act of 1984, P.L. 98-502 (the Single Audit Act Amendments of 1996, P.L. 104-156) and are not intended to be and should not be used by anyone other than these specified parties.

Basis of Presentation

The financial activities of the Commission, which consist only of governmental activities, are reported under the general government function in the Commonwealth’s basic financial statements.

For its reporting purposes, the accounts of the Commission are organized on the basis of two fund types: state funds and federal funds. The Commission maintains appropriations for several individual state and federal funds within each fund type. As more fully explained in the section “Basic of Accounting” below, each fund is accounted for with a set of accounts that include only receipts and disbursements. No statement of position is 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. State funds are appropriated by the Legislature of the Commonwealth of Puerto Rico and are the funds through which most functions typically are financed. Federal funds reflect the federal financial assistance managed by the Commission, as a direct recipient of federal awards.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Presentation (Continued)

The individual funds included in the previously mentioned fund types are classified in the following programs:

Management and Administration

This fund is used to account for resources and expenses related to the supervision and coordination of all the services and operations of the Commission.

Planning and development

This fund is used to account for the services provided during electoral events such as document filing, search and work plan development, and implementation. Also, this fund accounts for the management of the information system and electronic processes and the education and training of the Permanent Inscription office personnel. Finally, this fund maintains the statistics of electoral events through the Center for Electoral Studies and the Electoral Operations Area.

Permanent Inscription Office

This fund is used to account for the services provided during the registration of voters for electoral events, issuance of electoral cards to voters, carrying out transfers of voters due to change of address and other similar services to voters. This fund adds the 78 Inscription Offices located permanently in each municipality of Puerto Rico.

Elections Commission Office

This fund is used to account for the election's commissioners and related personnel in their facilities in the Commission and their electoral offices at the central offices of each political party. This fund accounts for the management of documents related to the candidates of each political party during electoral events. Also, it provides citizens with information concerning their voting rights status and provides them with representation in the solution election situations to encourage them to exercise their right to vote.

Joint Resolutions and Special Accounts

This fund is used to account for resources or funds that are deposited for specific purposes in accordance with applicable laws. They may come from service fees, donations from citizens and private entities, other collections from government entities, and authorizations from the Legislature of the Commonwealth of Puerto Rico, which are designated to achieve specific purposes. The expenditures charged to these accounts are authorized by previously approved legislation.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Accounting

For reporting purposes, the Commission follows the cash basis of accounting to account for all funds administered. Under this method, cash or funds transferred in are recognized as revenues when funds are received or transferred-in and expenditures are recognized when funds are disbursed or transferred out. Therefore, the Statement of receipts and disbursement presents the Commission's results of operations in a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Budgetary Accounting

Formal budgetary accounting is used as a management control tool for all Commission's funds. The annual operating budgets are adopted each fiscal year through an annual budget that is approved by the Legislature of the Commonwealth of Puerto Rico and amended as required throughout the year. All unencumbered budget appropriations of state funds expire after the end of each fiscal year. The Statement of receipt and disbursement is presented at the programmatic level. However, budgetary control and accounting is exercised at a lower level to provide management with detailed control over expenditures at the appropriate budget level.

Risk Financing

The Puerto Rico Treasury Department purchases commercial insurance covering casualties, theft, torts, claims, and other losses on behalf of the Commission. For workers' compensation, the State Insurance Fund Corporation, a component unit of the Commonwealth of Puerto Rico, provides workers' compensation coverage to the Commission's employees.

Totals Memorandum Only Columns

Totals memorandum only columns are presented only to facilitate additional analysis. The totals represent a sum of the combined state and federal receipts and disbursements. Accordingly, the amounts shown in these columns are not comparable to a consolidation and do not represent the total receipts and disbursement of the Commission.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

2. JOINT RESOLUTIONS AND SPECIAL ACCOUNTS

For the year ended June 30, 2021, the Commission received funds under the following Joint Resolutions and Special Accounts:

<u>Purposes</u>	<u>Identification</u>	<u>Date</u>	<u>Assigned amount</u>	<u>Expended amount</u>
Joint Resolutions, Special Accounts and Others, current year:				
Bundled assignments	Ley 167-20	04-15-21	\$ 1,650,000	\$ 390,451
State Matching HAVA	Cares Act	10-29-20	<u>776,272</u>	<u>696,272</u>
			<u>\$ 2,426,272</u>	<u>\$ 1,086,723</u>
Joint Resolutions, Special Accounts and Others, prior years:				
Investments in permanents improvements	Capex-PP2020-1224	06-30-20	\$ -	\$ 116,815
Investments in permanents improvements		07-01-19	-	115,965
Purchase of equipment	PP2020-1402	03-30-20	-	44,450
Social distancing	Fund extension		4,325,475	3,640,584
Advertising	PP2020-14022	03-30-20	-	246,543
Purchased services	Fund extension	06-24-20	528,857	3,213,490
Professional services	Fund extension	06-30-20	-	204,638
Materials and supplies	PP2020-24062	06-30-20	<u>980,000</u>	<u>1,593,971</u>
			<u>5,834,332</u>	<u>9,176,456</u>
			<u>\$ 8,260,604</u>	<u>\$10,263,179</u>

3. CASH WITH FISCAL AGENT

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

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

4. LEASE COMMITMENTS

The gross amounts of the assets recorded under capital lease, the accumulated amortization amount, the amortization expenses and the related lease obligations are reported in the government-wide financial statements of the Commonwealth.

Facilities

The Commission has various contracts under operating leases for the Permanent Inscriptions and Administrative facilities. Rental disbursements under such lease agreements for the fiscal year ended June 30, 2021 amounted to \$1,420,919. These leases expire on various dates through 2023.

The minimum future rental payments as of June 30, 2021 for these facilities are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2022	\$ 501,609
2023	1,187,208
Total	<u>\$ 1,688,817</u>

Office Equipment and Electronic Scrutiny Machines

The Commission has several lease agreements related to office and electronic scrutiny equipment. Rent disbursements under these leases for the fiscal year ended June 30, 2021 amounted to \$3,641,764. These leases expire on various dates through 2024.

The minimum future lease payments as of June 30, 2021 for the above mentioned equipment are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2022	\$ 3,179,773
2023	6,529,580
2024	<u>8,495,408</u>
Total	<u>\$18,204,761</u>

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

5. RETIREMENT SYSTEM

The Commission participates in the Employees' Retirement System of the Government of Puerto Rico and its instrumentalities (ERS), a cost-sharing multi-employer retirement plan that covers only full-time employees. The Retirement System was created by Law Number 447 dated May 15, 1951 and provides retirement, death and disability benefits and annuities to Commonwealth employees not covered by their own systems.

In accordance with Act Number 116 of July 11, 2011, the Commission is subject to increases in the employer contribution of 1% of the total remuneration received by the participants until the year ended June 30, 2016 and 1.25% of the regular remuneration received by the participants on July 1, 2016 and ending on June 30, 2021.

On September 24, 1999, an amendment to Act Number 447 dated May 15, 1991 was enacted with the purpose of establishing a new pension program (System 2000). Employees participating in the current system as of December 31, 1999, had the option to stay in the ERS Retirement System or transfer to the new program. Employees hired on or after January 1, 2000 are only allowed to become members of System 2000.

System 2000 reduced the retirement age from 65 to 60 years for those employees who joined the ERS on or after April 1, 1990. System 2000 is a hybrid defined contribution plan, also known as a cash balance plan. Under this plan, there is a pool of pension assets, which is invested by the ERS together with those of the current defined benefit plan. The Commonwealth will not guarantee benefits at retirement age. The annuity is based on a formula that assumes that each year the employee's contribution (with a minimum of 8.275% of the employee's salary up to a maximum of 10%) will be invested in an account, which either; (1) earn a fixed rate based in a two-year constant maturity Treasury Note or, (2) earn a rate equal to 80% of the return of the System investment portfolio (net of management fees), or (3) earn a combination of both alternatives. Participants receive periodic account statements similar to those of defined contribution plans showing their accrued balances. Disability pensions are not awarded under System 2000. The employer's contribution (12.275% of the employee's salary) is used to fund the current plan.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

5. RETIREMENT SYSTEM (CONTINUED)

Furthermore, on April 4, 2014, the Governor of Puerto Rico signed Act Number 3 of 2013, which represents a comprehensive reform of the ERS. Act Number 3 became effective on July 1, 2013 and amended the provisions of the different benefit structures under the ERS, including but not limited to the following:

- For active participants of the contributory defined benefit programs under Act 447 of 1951 and Act 1 of 1990, all retirement benefits accrued through June 30, 2013 were frozen, and thereafter, all future benefits will accrue under the defined contribution formula used for 2,000 participants and will be paid at retirement through a lifetime annuity.
- Increases the minimum pension for current retirees from \$400 to \$500 per month.
- The retirement age for Act Number 447 participants will be gradually increased from age 58 to age 61.
- The retirement age of current System 2000 participants is increased gradually from age 60 to age 65.
- Eliminates the “merit annuity” available to participants who joined the ERS prior to April 1, 1990.
- The retirement age of new employees is increased to age 67.
- The employee contribution rate increased from 8.275% to 10%.
- For System 2000 participants, the retirement benefits will no longer be paid as a lump-sum distribution, instead, they will be paid through a lifetime annuity.
- Eliminates or reduces various retirement benefits previously granted by special laws, including Christmas and summer bonuses. The Christmas bonus payable to current retirees is reduced from \$600 to \$200 and is eliminated for future retirees. The summer bonus is eliminated.
- Disability benefits are eliminated and substituted for a mandatory disability insurance policy.
- Survivor benefits are modified.

On June 27, 2017, the Puerto Rico Treasury Department issued Circular Letter No. 1300-46-17 in order to convey to the central government agencies, public corporations, and municipalities the new implementation procedures to adopt, effective July 1, 2017, a new “pay-as-you-go” (“PayGo”) mechanism for the Commonwealth Retirement Systems. With the start of fiscal year 2018, employers’ contributions, contributions ordered by special laws, and the additional uniform contribution were all eliminated. ERS will determine and administer the payment amount per retiree that will be charged to each agency, public corporation and municipality.

COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021

5. RETIREMENT SYSTEM (CONTINUED)

On August 23, 2017, the Governor signed into law the “Act Guarantee the Payment to Our Pensioners and Establish a New Plan for Defined Contributions for Public Servants” (Act No. 106-2017) which reformed the Commonwealth Retirement Systems. Act No. 106-2017 created the legal framework so that the Commonwealth can make payments to pensioners through the Pay-Go system. Act No. 106 also created a Defined Contributions Plan, similar to a 401(k) plan, which mandates the contributions of public servants, because future benefits will not be paid by the Commonwealth Retirement Systems. Act No. 106, among other things, amended Act No. 12 with respect to the ERS’s governance, funding and benefits for active members of the actual program and new hired members. Under Act No. 106, the ERS’s Board of Trustees was substituted with a new retirement board (the Retirement Board), which is currently responsible for governing all Commonwealth Retirement Systems.

Act No. 106-2017 terminated the previously existing pension programs for ERS participants as of June 30, 2017. The members of the prior programs and new system members hired on and after July 1, 2017, will be enrolled in a new defined contributions program that will be selected by the Retirement Board. The accumulated balance on the accounts of the prior program will be transferred to the members’ accounts in the new defined contributions program. ERS’s active members in the defined contributions program will retain their benefits as stated under Act No. 91 of March 29, 2003.

The Retirement System issues financial reports, which are publicly available and include the basic financial statements, the required trade information, and any other information required supplementary information. These reports can be obtained through a written request to the corresponding Retirement System Administrator.

As explained in Note No. 1 to the Statement, the Commission is an agency of the Commonwealth of Puerto Rico, and its financial data is part of the general fund of the Commonwealth. In addition, the Commission’s Statement, and the notes to the Statement, are issued solely to provide the operating results of the Commission to the Commonwealth and certain federal awarding agencies to comply with the Single Audit Act of 1984, P.L. 98-502 (the Single Audit Act Amendments of 1996, P.L. 104-156). Accordingly, a detailed disclosure related to the Commission's retirement plan is presented in the Commonwealth's financial statements.

COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021

6. COMPENSATED ABSENCES

The liabilities for compensated absences related to the Commission's employees are reported in the government-wide financial statements of the Commonwealth government of Puerto Rico. On February 4, 2017, Act No. 8-2017 was approved, as amended, known as the "Law for the Administration and Transformation of Human Resources in the Government of Puerto Rico" which establishes the Government as a sole employer. It established that the new employee will have the right to accumulate vacation leave at a rate of two (2) days of each month of service. With regard to sick leave, the new employee will have the right to accumulate sick leave at the rate of one (1) day of each month of service. This law established that employees who enjoy different benefits under this Act will continue to do so.

After the approval of Act No.26 of April 29, 2017, the Commission employees are granted 15 days of vacation and 18 days of sick leave annually. Vacations may be accumulated up to a maximum of sixty (60) days and sick leave up to a maximum of ninety (90) days. In the event of an employee resignation, the employee is paid for accumulated vacation days up to a maximum allowed at the current rate. Separation from employment prior to use of all or part of the sick leave terminated all rights for compensation, except for employees with ten years of service who are entitled to sick leave pay up to the maximum allowed. Payment of the excess of 60 days of vacation and 90 days of sick leave is not allowed and would be eliminated at the end of each calendar year.

7. LITIGATION, CLAIMS AND CONTINGENCIES

Litigation and claims

As of June 30, 2021 the Commission was a defendant and/or co-defendant in various lawsuits, which are in the discovery stage and/or litigation. Pursuant to the laws of the Commonwealth of Puerto Rico, the Commission is fully represented by the Department of Justice of the Commonwealth of Puerto Rico in defense of all legal cases against the Commission. Any claim with a negative financial impact shall be paid from the General Fund of the Commonwealth of Puerto Rico, without effect on the budget or resources of the Commission.

However, the Secretary of the Treasury of the Commonwealth of Puerto Rico has the discretion to request the reimbursement of the funds spent for these purposes from the public corporations, government institutions or municipalities of the defendants.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

7. LITIGATION, CLAIMS AND CONTINGENCIES (CONTINUED)

Contingencies

The Commission participates in several federal financial assistance programs, funded by the Federal Government. Expenditures funded by these programs are subject to financial and compliance audits by the applicable grantor. Final resolution of compliance matters and determination of the amounts of Federal awards to be reimbursed, if any, are the responsibility of the Federal awarding agency and could be established at a future date. If expenditures are disallowed due to noncompliance with grant program regulations, the Commission may be required to reimburse the grantor.

Management believes that the Commission will be able to comply with the terms of any corrective action plans that may be requested by federal grantors. Although such audits could result in disallowances of expenditures under the terms of the grants, management believes that any reimbursement required would not be material and, accordingly, does not anticipate any potential loss in connection therewith.

8. UNCERTAINTY

The Commission receives legislative appropriations from the Government of Puerto Rico (the Government). The funds of the Commission are under the custody of the Secretary of the Treasury of the Government, until transferred to the Commission. The Government's liquidity is severely affected since fiscal year 2016 and remains extremely limited, primarily, as a result of the Commonwealth of Puerto Rico inability to access external resources of financing. In addition, the Financial Oversight and Management Board for Puerto Rico had approved and certified various plan for the Government. These fiscal plans contain several structural and fiscal reforms directed to improve the trajectory of the economy, drive growth, increase revenues and decrease expenditures. The final outcome of these measures on the Commission's operations is uncertain.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

9. SUBSEQUENT EVENTS

The Commission's management has evaluated subsequent events through September 14, 2022, which is the date the Statement was available to be issued.

On January 18, 2022, the U.S. District Court for the District of Puerto Rico issued an order to confirm the Plan of Adjustment to restructure approximately \$35 billion of debt and other claims against the Commonwealth of Puerto Rico, the Public Building Authority (PBA), and the Employee Retirement System (ERS); and more than \$50 billion of pension liabilities. The Plan of Adjustment creates a foundation of Puerto Rico recovery and economic growth.

On January 27, 2022, the Oversight Board approved the Fiscal Plan as prepared by them and not the Commonwealth submitted plan. The 2022 Fiscal Plan ensures that the Commonwealth is appropriately funded to meet its matching obligations under current law. In event that the amount of federal funds expected to become available during any future fiscal year changes, and depending on the conditions imposed on the federal funds granted, the Oversight Board reserves the right to revise the projected General Fund appropriation.

On June 30, 2022, the lease agreement for the property located at San Juan, Puerto Rico signed on June 2013 for a term of 28 years was amended for a term of (1) year starting on July 1, 2022.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Programs</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Election Assistance Commission			
Help America Vote Act Requirements Payments	90.404	-	\$ 3,442,359
Total U.S Election Assistance Commission Program			<u>3,442,359</u>
FEMA			
Hurricane Maria	97.042	-	8,054
Total FEMA			<u>8,054</u>
Total Expenditures of Federal Awards:			<u>\$ 3,450,413</u>

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

1. BASIS OF PRESENTATION

The attached schedule of expenditures of federal award (the Schedule) includes the federal grant activity of the State Election Commission (the Commission) under programs of the federal government for the year ended June 30, 2021.

The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The expenditures included in the schedule are reported on the receipts and disbursement cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guide, where certain types of expenses are not allowed or are limited in terms of reimbursement.

3. RELATIONSHIP TO THE STATEMENT

The expenditures included in the Schedule agree with the amounts included in the accompanying Statement of receipts and disbursements.

4. PASS-TROUGH TO SUB-RECIPIENTS

The Commission had no awards pass-through to sub-recipients during the year ended June 30, 2021.

5. INDIRECT COST RATE

The Commission has elected not to use the 10% indirect cost rate allowed under the Uniform Guidance.



**President
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Commonwealth of 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 basis statement of receipts and disbursements (the Statement) of the State Elections Commission of the Commonwealth of Puerto Rico (the Commission) for the year ended June 30, 2021, and the related notes to the Statement and have issued our report thereon dated September 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the Statement, we considered the Commission'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 Statement, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we considered to be material weaknesses.

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(Continues)

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President
State Elections Commission
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 the Commission's Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

Commission's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Guaynabo, Puerto Rico
September 14, 2022

The stamp number E504476 was
affixed to the original of this report.

Baker Tilly Puerto Rico, CPAs, 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**

Report on Compliance for the Major Federal Program

We have audited the State Elections Commission's (the Commission) compliance with the types of compliance requirements described as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2021. The Commission's major federal program is 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 the Commission's major federal program 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 the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**President
State Elections Commission
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)**

Basis for Qualified Opinion on CFDA 90.404 Help America Vote Act Requirements Payments

As described in the accompanying schedule of findings and questioned costs, the Commission did not comply with requirements regarding CFDA 90.404 Help America Vote Act Payments as described in finding number 2021-001 for reporting and 2021-003 for matching, level of effort, earmarking. Compliance with such requirements is necessary, in our opinion, for the Commission to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 90.404 Help America Vote Act Requirements Payments

In our opinion, except for the noncompliance described in the Basis of Qualified Opinion paragraph, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 90.404 Help America Vote Act Requirement Payments for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as finding 2021-02. Our opinion on the federal program is not modified with respect to this matter.

The Commission's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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 Commission 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 the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Commission's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We considered the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2021-01 and 2021-002 to be material weaknesses.

President
State Elections Commission
Commonwealth of Puerto Rico
San Juan, Puerto Rico
Page 3

**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 (Continued)

The Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Guaynabo, Puerto Rico
September 14, 2022

The stamp number E504477 was
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**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

SECTION I - SUMMARY OF AUDITORS' RESULTS

A. FINANCIAL STATEMENTS

	<u>Yes</u>	<u>No</u>
1. Type of auditors' report issued	Unmodified	
2. Internal control over financial reporting: Material weakness(es) identified	X	
Significant deficiencies identified that are not considered to be material weaknesses		X
3) Noncompliance material to financial statements noted	X	

B. FEDERAL AWARDS

1. Internal control over major programs: Material weakness(es) identified	X	
Significant deficiencies identified that are not considered to be material weaknesses		X
2. Type of auditors' report issued	Qualified	
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a).	X	
4. Identification of major programs		

CFDA Number

Name of Federal Program or Cluster

90.404

Help America Vote Act Requirements Payments

Dollar threshold used to distinguish between

Type A and Type B programs

\$750,000

Yes

No

Auditee qualified as low-risk auditee

X

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

SECTION II – FINANCIAL STATEMENT FINDINGS

**FINDING NO. 2021-001 ACCOUNTING RECORDS-FINANCIAL STATEMENT AND
FEDERAL AWARD FINDING**

Federal program

CFDA 90.404 Help America Vote Act Requirements Payments

Category

Internal Control -Reporting and compliance

Criteria

HAVA Title IX, Section 902 (a) Recordkeeping requirement establishes the following with respect to the accounting records of the recipients of grants: Each recipient of a grant or other payment made under this Act shall keep such records with respect to the payment as are consistent with sound accounting principles, including records which fully disclose the amount and disposition by such recipient of funds, the total cost of the project or undertaking for which such funds are used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

Condition

During our audit procedures for the fiscal year ended June 30, 2021 we noted that the Puerto Rico State Election Commission (PRSEC) does not have established procedures to prepare periodic fiscal financial reports regarding the state and federal funds received and expensed. The PRSEC personnel had difficulty in preparing and presenting the cash receipt and disbursement report, including the schedule of federal expenditures for the audit and there was a delay in obtaining timely and accurate financial information for the year subject to the audit. The finding represents a systematic condition.

Questioned Costs

None

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

**FINDING NO. 2021-001 ACCOUNTING RECORDS-FINANCIAL STATEMENT AND
FEDERAL AWARD FINDING (CONTINUED)**

Effect

The lack of adequate financial accounting reporting procedures prevents the Puerto Rico State Elections Commission from having accurate, current, and complete disclosure of federal grant activities in accordance with the requirements of the grant agreements.

Cause

The accounting system does not automatically capture, process and report pertinent fund information periodically. In addition, there was no formal procedures to review the completeness and accuracy of the accounting information.

Recommendations

The PRSEC shall revise its accounting practices and policies to provide for an accurate, complete and timely financial reporting system in accordance with the requirements of the grant agreements that allow the PRSEC to monitor reliable financial data to be used within the agency and for future audits. This will require close coordination with the Puerto Rico Department of the Treasury for the implementation of an accounting and financial management system that permits the preparation of financial information and reports required by the different oversight entities.

In addition, the revision process of the sources and reliability of the information used by the accounting personnel to prepare the financial reports should be documented.

Views of Responsible Officials and Planned Corrective Actions

See Entity's corrective action plan.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING NO. 2021-002 HAVA COMMITTEE

Federal program

CFDA 90.404 Help America Vote Act Requirements Payments

Category

Internal control -Compliance -Special tests and provisions

Criteria

The program's State Plan establishes that Puerto Rico's HAVA Advisory Committee is a diverse group of citizens including members of the Commission and representatives from the Commission's local offices through the representation of the political party at the Commission. The State Plan also details the Key Commission's staff and establishes that they are responsible for management and measurement of progress regarding HAVA State Plan revision as described in the State Plan.

Condition

Our audit procedures disclosed that the HAVA's Committee (the Committee) does not maintain copies of the minutes of its meetings. Also, we requested to the Committee a description of their responsibilities and/or scope of work and such information was not provided.

Questioned costs

None

Effect

There is no assurance regarding the discussion that may have taken place at such meetings and likewise, no assurance regarding management's official decisions that may have a significant financial and compliance impact.

Identification of Repeat Findings

The finding is a repeat finding of the entity's prior Single Audit. 2016-005

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDING NO. 2021-002 HAVA COMMITTEE (CONTINUED)

Cause

The Commission did not have a process in place to reflect that adequate management procedures are performed, in regard to the HAVA funds and according to the State Plan.

Recommendations

We recommend that minutes of the HAVA committee’s meetings be prepared, approved, and retained for future reference. Also, each member must have a clear knowledge of his responsibilities and the scope of work within the Committee. Evidence of this knowledge must be maintained by the Committee.

Views of Responsible Officials and Planned Corrective Actions

See Entity’s corrective action plan.

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDING NO. 2021-003 MATCHING FUNDS ACCOUNT

Federal program

CFDA 90.404 Help America Vote Act Requirements Payments

Categories

Compliance

Compliance requirement

Matching, level of effort, earmarking

Criteria

HAVA Section 254 (b) (1) requires a State Election Fund to be established in the Treasury of the State government which will consist of the following amounts:

- Amounts appropriated or otherwise made available by the State for carrying out the activities for which the requirements payment is made to the State under this part.
- The requirements payment made to the State under this part.
- Such other amounts as may be appropriated under law.
- Interest earned on the deposits in the fund.

Accordingly, HAVA payments and State matching funds must be deposited in a State Election Fund.

Condition

During the performance of the matching test of the Help America Vote Act Requirements payments program for the year ended June 30, 2021, we noted that the amount of matching funds is maintained in an account separate and distinct from the State Election Fund required by the Act.

Questioned costs

None

**COMMONWEALTH OF PUERTO RICO
STATE ELECTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDING NO. 2021-003 MATCHING FUNDS ACCOUNTS (CONTINUED)

Effect

Noncompliance with the above-mentioned requirements could lead to significant administrative actions by the grantor, including cost disallowances. It could also be interpreted as a failure to achieve program objectives.

Identification of Repeat Findings

The finding is a repeat finding of the entity's prior Single Audit. 2016-003

Cause

The Commission did not have a process in place to reflect that adequate management procedures are performed, in regard to the HAVA funds and according to the State Plan.

Recommendation

We recommend the State Elections Commission to finish the coordination with the PR Treasury Department of the transfer of the matching funds to the State Election Fund bank account.

Views of Responsible Officials and Planned Corrective Actions

See Entity's corrective action plan.

STATE ELECTIONS COMMISSION OF PUERTO RICO
 SCHEDULE OF PRIOR AUDIT FINDINGS
 YEAR ENDED JUN 30, 2021

FINDING NO.	CORRECTIVE ACTION	COMPLETION DATE	CONTACT PERSON	STATUS
2016-001: DISBURSEMENTS – STATE FUNDS	We agree with the finding and have developed procedures to strengthen internal controls over the process in the legal area in relation to completing the documents required to prove the compliance of the service provider.	31-Mar-22	Jason Caraballo Oquendo Legal Affairs Office	Complete
2016-002: DISBURSEMENTS	We are taking steps to correct and amend the State Plan to include amounts not covered by the original State Plan. In addition, we will request the supporting documents to study the nature of the expenses incurred in Section 301 and to follow the recommendations to prepare that supporting analysis.	31-Mar-22	Yarelys Meléndez Rivera Aideliz Hidalgo Betances	Complete
2016-003: MATCHING, LEVEL OF EFFORT, EARMARKING	We are developing a better policy that complies with the recommendations of this audit. We have already contacted personnel from the central accounting area of the Treasury Department to confirm that the Counterpart Funds are in an account attached to section 251, they are registered in different accounts to maintain a better control and record of the accrued interest. The Treasury Department accepted our recommendation to obtain a federal funds account from the CEE to Banco Popular de Puerto Rico, but we are waiting for the PR Department of the Treasury to transfer the funds.	31-Mar-22	Yarelys Meléndez Rivera Aideliz Hidalgo Betances	The matching accounts are in separate funds in compliance with the circular letter CCI300-11-06 of the Treasury Department

STATE ELECTIONS COMMISSION OF PUERTO RICO
 SCHEDULE OF PRIOR AUDIT FINDINGS
 YEAR ENDED JUN 30, 2021

FINDING NO.	CORRECTIVE ACTION	COMPLETION DATE	CONTACT PERSON	STATUS
2016-004: PROCUREMENT, SUSPENSION AND DEBARMENT	<p>Currently, we are developing a better way to comply with this part of the HAVA law, we have already obtained the EEC registration in the Award Management System (SAM). SAM is a grant and contract information system in which contractors and beneficiaries register and can then use the resources offered by the system and search for the "excluded list". We are in the process of trying to ensure that all personnel involved in the award of the auction and contracts process are trained to verify any contract, purchase order, grant or other award using HAVA funds against the Excluded Party List System and maintain verification with the purchase document. as stated in the agreement of the Public Relations Commission in the 2013 Corrective Plan.</p>	31-Dec-21	Yarelys Meléndez Rivera Aideliz Hidalgo Betances	Complete
2016-005: HAVA COMMITTEE	<p>Having clarified that the projects of the State Plan were developed in fiscal year 2004, and that the HAVA Committees were represented by a representative of each formally appointed political party, so it was a challenge to provide a copy of all the meetings of the HAVA Committees held for more than ten years. In addition, the continuous change of government administration that involves changes in the personnel assigned to the committees, makes it difficult to obtain copies of the reference documents. However, in order to take corrective action, the Commission has already developed a better policy that complies with the recommendations and guidelines of the EAC staff to solve this problem. In these Internal Control Policies and Procedures, the administrative staff will have access to all documents related to the discussion and updating of the grant proposal. This will allow a better assessment to be made to provide a future audit with the requested documentation.</p>	31-Mar-22	Yarelys Meléndez Rivera Aideliz Hidalgo Betances	Complete

STATE ELECTIONS COMMISSION OF PUERTO RICO
 SCHEDULE OF PRIOR AUDIT FINDINGS
 YEAR ENDED JUN 30, 2021

FINDING NO.	CORRECTIVE ACTION	COMPLETION DATE	CONTACT PERSON	STATUS
2016-006: SINGLE AUDIT REPORT	The direct instructions necessary for the monthly closing and year-end procedures that allow compliance with the Single Audit regulations were given.	31-Dec-21	Sr. José J. Pintor Santiago	Complete
2016-007: INTERNAL CONTROL OVER FEDERAL PROGRAMS	The document presented: Internal Control Policies and Procedures, HAVA FUNDS, was submitted to the Regulations Committee for approval. By doing so, we will be able to comply with federal statutes, regulations, and terms and conditions, and establish and maintain effective internal control to reasonably ensure compliance with those requirements.	31-Mar-22	Yarellys Meléndez Rivera Aidelíz Hidalgo Betances	Complete


 José J. Pintor Santiago
 Director de Administración

STATE ELECTIONS COMMISSION OF PUERTO RICO
CORRECTIVE ACTION PLAN
YEAR ENDED JUN 30, 2021

FINDING NO.	CORRECTIVE ACTION	COMPLETION DATE	CONTACT PERSON
<p style="text-align: center;">2021-001: ACCOUNTING RECORDS</p>	<p>The SEC prepares a report of the transactions made during the month (income, obligations and disbursements) of federal and state funds. SEC establish internal procedures to reinforce the preparation and presentation of the cash receipt and disbursement report, including the schedule of federal expenses for future audits.</p>	<p style="text-align: center;">31-Dic-22</p>	<p style="text-align: center;">Annette M. Gutiérrez Deigado</p>
<p style="text-align: center;">2021-002: HAVA COMMITTEE</p>	<p>Appoint a SEC employee to transcribe HAVA Committee meetings.</p>	<p style="text-align: center;">31-Dic-22</p>	<p style="text-align: center;">Yarelys Meléndez Rivera Jose J. Pintor Santiago</p>
<p style="text-align: center;">2021-003: MATCHING, LEVEL OF EFFORT, EARMARKING</p>	<p>Federal Funds allocated to the agency have required state match. It should be noted that the state matching comes from general fund which is valid from one fiscal year. Puerto Rico Department of Treasury established some changes to de PRIFAS accounting system to maintain better control of federal funds. Circular letter 1300-11-06 established that the state matching will be transferred to a 201 fund to allow its use until the expirations of the federal grants.</p>	<p style="text-align: center;">n/a</p>	<p style="text-align: center;">Yarelys Meléndez Rivera</p>


Approved by: Jose J. Pintor Santiago
 Director of Administration