



press release

PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

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AAFAF clarifies recommendations in Comptroller's Office reports on CARES funds under the Tourism Industry Assistance Program

[SAN JUAN, P.R.] - The executive director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF, in Spanish), Omar J. Marrero, clarified several of the points expressed in the Special Report OC-24-31 (Report) recently published by the Office of the Comptroller of Puerto Rico (OCPR) on the distribution of federal funds assigned by the Coronavirus Aid Relief and Economic Relief Act (CARES Act) aimed at the tourism industry.

It should be noted that said report was not shared with the AAFAF for comments prior to its publication, as is customary. Specifically, the Report, approved on January 25, 2024, and notified to AAFAF on February 2, 2024, by OCPR, seeks to verify whether federal funds for the tourism industry in Puerto Rico were distributed in accordance with the Tourism Industry Assistance Program Guidelines (Guidelines).

The process established by the Disbursement Oversight Committee (Committee), comprising the Treasury Department (Treasury), AAFAF and the Office of Management and Budget, was to establish the criteria for these entities to receive funds, Marrero explained. After the Puerto Rico Tourism Company confirmed the eligible entities under its jurisdiction, each eligible organization had to apply through the SURI online platform accepting the terms and conditions of the Guidelines, while also certifying that they met the requirements established for the emergency grant. Once the disbursement was approved, contracts were signed by the parties.

"The Report in question speaks of 'contracts', when in fact they are transfer agreements or Transfer Agreements," said the official. "The Transfer Agreement referred to is a document in which the recipient entity agrees to comply with all the terms and conditions of the federal grant".

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"It is worth noting that during the emergency caused by the COVID-19 pandemic, the established public policy and priority was to expedite the disbursement of funds to positively impact the citizens and the economy. In this way, we sought to quickly mitigate the adverse effect that the closure orders had on Puerto Rican businesses," Marrero explained.

The Committee administers said funds. Once the funds reached the recipient(s), they entered contractual relationships with various suppliers and others to address their various needs. The purpose of the document, the transfer agreement, is to expressly establish the primary compliance responsibility of the recipient of the funds, not through a contractual relationship, but as an acceptance that they must comply with regulatory requirements, the AAFAF executive director added.

"This document, moreover, was not intended to procure goods or services in exchange for monetary benefits. It documents a transfer of funds already established by the Federal Government for the recipients to develop projects of mitigation and response," explained Marrero, adding that the document represents a measure of transparency and internal control to ensure that each recipient or beneficiary is aware of the law's compliance requirements.

"Therefore, it was AAFAF's opinion that the Transfer Agreements should not be registered with OCPR because the primary purpose of the document was to acknowledge the compliance responsibility of the recipient of the funds as an acceptance that they must comply with regulatory requirements," the director stressed.

"Finally, although AAFAF did not receive the draft Report prior to its notification, as is customary for OCPR, we will proceed in accordance with the recommendations contained therein," he concluded.

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