



GOVERNMENT OF PUERTO RICO  
OFFICE OF MANAGEMENT AND BUDGET

# OFFICE OF MANAGEMENT AND BUDGET FINANCIAL INTERNAL CONTROLS GUIDE

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OFFICE OF MANAGEMENT AND BUDGET  
FINANCIAL INTERNAL CONTROLS GUIDE  
VERSION LOG

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## CHAPTER 1 GENERAL PROVISIONS

### Article 1 Title

This document shall be known and cited as the Puerto Rico Office of Management and Budget (“PROMB”) Financial Internal Controls Guide (hereinafter, “the Guide” or “Internal Controls Guide”).

### Article 2 Purpose

As per federal regulation, the Puerto Rico Office of Management and Budget must establish and maintain effective financial internal control over Federal funds awards. The internal controls must provide reasonable assurance of compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Besides, the PROMB must follow the guidance established in the “Standards for Internal Control in the Federal Government” issued by the Comptroller of the United States, as per 2 CFR § 200.303. On the other hand, prompt action must be taken when a noncompliance instance has been identified.

Internal controls encompass a series of actions to safeguard the correct implementation of accounting and auditing processes that ensure the integrity of financial reporting and regulatory compliance. This document intends to establish a series of actions that will allow the PROMB to maintain an effective and efficient operation, report reliable information about its operations, and comply with applicable local and federal laws and regulations.

## CHAPTER 2 INTERNAL CONTROLS PRINCIPLES

### Article 3 Separation Of Duties

The PROMB is committed to preserving a healthy public administration. Among the actions leading to this objective is the general principle of separation of duties. This principle states that no single person shall have the authority to approve a transaction, execute a transaction, record a transaction, and have custody of any resulting assets.

To guarantee this principle, the PROMB maintains separate roles and access for all personnel, so that there are checks and balances within the same division. This separation of roles and access can be observed in the following subsection, titled Systems Roles and Access. User Role names within the Systems Roles and Access subsection may change but the description of duties and corresponding responsibilities will remain the same, ensuring separation of duties and compliance with federal and local laws.

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#### Article 4 Systems Roles and Access Controls

User Role	Description of Duties	Systems Access	Functions
<i>Contador Senior</i> (Payment Analyst)	Registration of invoices for payment; registration and control of requisitions; preparation and filing of contract authorization petition before the PROMB and registration of contracts and/or amendments with the Office of the Comptroller.	PRIFAS	Payment Analyst; Payment Specialist
<i>Oficial de Contrato</i> (Contract Officer)	Process of formalization; registration of contracts in the comptroller; registration and/or amendment of contracts; review of invoices certified by directors and payment referrals.	PRIFAS	N/A
<i>Contador Senior</i> (Preintervention Officer)	Pre-intervention of tax documents; reports requested by State or Federal entities, review of digital payment file. preparation of PP <sup>1</sup> for travel expenses abroad.	NO	N/A
<i>Oficial de Nómina</i> (Payroll Officer)	Prepare correction wages for payroll and other expenses; preparation of collection invoices; preparation of remittances; preparation of the quarterly driver insurance; quarterly unemployment report; double verification of the expense in relation to the payroll for each of the employees; monthly update of budget projection expenses of the payroll; record of employee transactions in RHUM.	RHUM	Payroll
<i>Gerente Senior de Administración</i> (Payment Specialist)	Review and payment of invoices; works with ERP; review of supplier account statements; registration of contracts in PRIFAS; preparation of payment vouchers and journals; certification of federal funds and special programs; budget control; monthly budget projection;	PRIFAS	Payment Analyst; Payment Specialist

<sup>1</sup> Preparation of Proposals ("procesamiento de planteamientos" or "PP", by its Spanish acronym) may be utilized to authorize specific needs such as travel expenses and staff hiring.

User Role	Description of Duties	Systems Access	Functions
	preparation of federal funds required financial reports.		
<b>Administrative Assistant II</b>	Track and follow-up on payment status of invoices; file tax documents from the Finance Division.	NO	N/A
<b>Budget and Finance Director</b>	PCo preparation; registration of contracts in PRIFAS; PP preparation; preparation of payment vouchers; certification of funds; budget control; preparation of monthly payroll reports, monthly budget projection; preparation of local funds required financial reports.	PRIFAS	Approval Level
<b>Administration and Finance Director</b>	Supervise and ensure activities are performed in compliance as per State and Federal requirements.	PRIFAS	Approval Level
<b><i>Oficial Ejecutivo Gubernamental</i> (National Initiatives Support Office)</b>	Administration of Finance and Compliance regarding Federal Funds and Special Programs; PP preparation; approval of payment vouchers, contracts and obligations; certification of federal funds and special programs; budget control; monthly budget projection; preparation of federal funds required financial reports.	PRIFAS	Payment Analyst; Payment Specialist Approval Level
<b>Authorized Invoice Certifier</b>	They are the resources with the signature registered in the Department of the Treasury to certify invoices. Responsible for reviewing and certifying, with their signature, that the work detailed in the invoices was satisfactorily provided under the established terms and conditions.	NON APPLICABLE	Approval Level

## Article 5 Organizational Structure

This clear organizational structure with defined responsibilities and duties, as outlined in the Systems Roles and Access Controls Section of this Guide will result in an efficient and transparent management of public funds, and will lead the PROMB to

fulfill its plans, achieve its objectives and maintain compliance with all applicable laws and regulations.

## **Article 6 Audits**

When expending more than the federally regulated threshold<sup>2</sup> in federal funds during any fiscal year, the PROMB will coordinate a single audit to be performed by an independent auditor. A single audit is an audit that includes the PROMB's financial information and all disbursements from federal awards (from all applicable federal programs). The single audit will be performed in accordance with generally accepted auditing standards (GAAS). GAAS helps to ensure the accuracy, consistency, and verifiability of an auditor's actions and reports.

## **Article 7 Standardized Financial Documents**

The "Puerto Rico Government Accounting Act", Act No. 230-1974, as amended, establishes the public policy regarding the control and accounting of public funds and property. Act 230 enables the Secretary of the Treasury of Puerto Rico as its authorized official in charge of designing and implementing the standards for fiscal organization, accounting systems, and procedures of the dependencies and corporate entities of the Government of Puerto Rico. The Department of the Treasury is designated as the central accounting axis of the Government of Puerto Rico, and the Secretary as the official in charge of guarding and auditing all financial transactions, ensuring that they comply with the principles, standards, procedures, rules, and applicable regulations.

To this end, the Puerto Rico Department of the Treasury has adopted model financial documents, coded with the letters "SC", which must be used in all executive agencies when performing their financial transactions. The completion of these documents must follow federal and local laws, as well as the applicable regulations of the Department of the Treasury of Puerto Rico, among others, [Regulation Number 25](#) of the Department of the Treasury, "Regulation of Collection, Deposit, Control and Accounting of Public Funds Collected by Official or Substitute Collectors and their Auxiliaries".

The central accounting system established in the Government of Puerto Rico allows the PROMB to maintain uniform, transparent, documented and compliant financial transactions.

## **Article 8 Transactions Records Systems**

The Puerto Rico Department of the Treasury has established the Puerto Rico Integrated Financial Accounting System ("PRIFAS") as the central accounting mechanism for financial transactions for the Government of Puerto Rico. The PROMB Finance Division uses this system for all pertinent transactions directly which is directly

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<sup>2</sup> As per the Uniform Grants Guidance 2024 Revision, the Single Audit or Program Specific Audit threshold was increased from \$750,000 to \$1,000,000. This increased amount became effective on October 1, 2024.

connected to the Department of the Treasury, along with the other four (4) accounting platforms. Therefore, accounting records platforms utilized by the PROMB are:

- a. **PRIFAS** – Puerto Rico Integrated Financial Accounting System
- b. **RHUM** – Platform used for the payroll processes and records.
- c. **JEDI** – Platform used for procurement of goods and non-professional services, established by the Puerto Rico General Services Administration.
- d. **KRONOS** – Platform used to register and reconcile employee attendance record.
- e. **Timesheet and Effort Reporting Tool** – Instrument used to record the daily hours and allowable activities worked by an employee during a specific period. Its purpose is to maintain recordkeeping to request reimbursement to the federal government for the time and effort of federally funded dedicated employees.

As part of the internal controls, PROMB staff have access to only one (1) role within each platform, therefore, preventing the same individual from performing multiple functions leading to the same transaction.

In addition, as per federal requirements, the PROMB accounting records track all the following information:

- Federal funds requested;
- Federal funds allocated;
- Federal funds awarded;
- Federal funds drawdowns;
- Matching funds of State, local, and private organizations, when applicable;
- Program income;
- Subawards (amount, purpose, award conditions, and current status);
- Contracts expended against the award;
- Expenditures.

## Article 9 Transaction Record Framework

[Act No. 230-1974](#), requires the accounting of the Government of Puerto Rico to clearly reflect the results of its financial operations, provide the necessary financial information, and constitute an effective control over the revenues, disbursements, funds, properties, and other assets of the Government. On the other hand, the "[Puerto Rico Oversight, Management and Economic Stability Act](#)" ("PROMESA") requires the Government of Puerto Rico to issue update reports (weekly and monthly) on the state



fiscal information. To this end, the Puerto Rico Integrated Financial Accounting System ("PRIFAS") has been established as the accounting system of the Government of Puerto Rico, with the main objective of managing and maintaining budget control of the Government of Puerto Rico, as well as expediting the entry of agencies financial transactions.

To maintain budgetary and expense control, the PROMB must immediately register in the PRIFAS System and/or any other system authorized for that purpose, all transactions that require the disbursement of public funds. The allocation of accounts for local funds follows the Regulation No.49 of the Department of the Treasury, "[Provisions on Public Allocations and Funds](#)". For federal fund accounts, they are identified with the Award Number provided by the corresponding federal agency, allowing for separate fund accounting.

Furthermore, by virtue of [Circular Letter No. 1300-20-17](#) of the Puerto Rico Department of the Treasury, all invoices received at the PROMB must be registered in PRIFAS, no later than **twenty (20) working days**, calculated from the receipt of the invoice and the supporting documents. During this twenty (20) day period, the PROMB must review the invoices to ensure their legality and correctness in accordance with the applicable laws and regulations.

The Department of the Treasury of Puerto Rico oversees the preparation of, monthly the bank reconciliation of the cash account of the Secretary of the Treasury. Furthermore, it produces the financial reports corresponding to the agencies, at the end of each accounting period. To this end, the Department of the Treasury issues circular letters with the dates on which each accounting period will close, and the deadline for the correction and approval of all agency's transactions. For these purposes, the PROMB must remain alert to these notifications and will be responsible for making the financial staff aware of this information, in a proactive and diligent manner.

By virtue of [Administrative Bulletin OE-2021-018](#), the Secretary of the Treasury was appointed as the "Chief Financial Officer" (CFO), and was empowered to require all agencies, government components, instrumentalities, and public corporations the financial, budgetary, operational, and managerial information necessary to achieve the purposes of the aforementioned Administrative Bulletin. For these purposes, Section 7 of Administrative Bulletin OE-2021-018 orders that requests from the CFO be addressed with priority. It will be the responsibility of the PROMB financial staff to identify any request from the CFO in a timely manner, as well as to provide the requested fiscal information in an expeditious and efficient manner. These requests will be addressed with the highest level of priority.

## Article 10 Periodic Trial Balance

Periodically, the PROMB will conduct a trial balance to confirm that the sum of all debits equals the sum of all credits and identify any entries that may have been recorded in the wrong account or amount. The trial balance shall include:

- Credits and debits to each account from transactions during the accounting period
- The associated account names
- The associated account numbers
- The dates of the accounting period
- The total sum of all debit balances and credit balances

#### **Article 11 Periodic Reconciliations**

On a monthly basis, the PROMB will prepare account reconciliations and any differences between PRIFAS balances and general ledger cash accounts will be reviewed. Account reconciliations will be performed by an PROMB employee or official whose access in PRIFAS does not constitute recording cash receipt, cash disbursement or journal entry transactions. During the reconciliation process, electronic payments, check images or cancelled checks and bank statements will be reviewed to identify potential erroneous transactions. A Supervisor will then review the account reconciliation and authorize any corrections required.

#### **Article 12 Time Attendance and Reporting**

PROMB employees are required to register their attendance in KRONOS. According to [Act No. 8-2017](#), as amended, known as the "Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico" provides as a fringe benefit for employees, the right to accumulate vacation leave. On the other hand, [Act No. 230-1974](#), provides that no payments shall be made to any natural or legal person who, for any reason, has overdue debts with the Government of Puerto Rico or with a municipality. Furthermore Act 203 also establishes that the agency head or their authorized representative will be responsible for the legality, accuracy, property, necessity, and correctness of all the expenses that they sustain. In addition, the agency head or their authorized representative is responsible, with their own personal funds or assets, for any illegal, improper, or incorrect payment, after it has been certified as legal and correct by the agency.

For this reason, and in accordance with Circular [Letter 1300-02-18](#) of the Department of the Treasury, the PROMB must complete an "employee available balance reconciliation" on a monthly basis, including any adjustment for unauthorized absences, unregistered attendance or any other situation that affects the available balances, prior to the authorization of the enjoyment of licenses of an employee. If the PROMB identifies that the employee does not have balances available, the leave

request will not be authorized. Nevertheless, if it is identified that the employee has a debt, a payment plan will be formalized immediately.

The PROMB must also send, to the Department of the Treasury, a monthly report of the formalized payment plans, which includes the amount of the debt, the monthly payment terms and amounts recovered.

The monthly balance review required in this subsection will allow the PROMB to keep the balances updated and authorize the licenses in a legal, proper, and transparent manner.

Simultaneously, the PROMB has developed an employee timesheet reporting process to comply with federal policies providing reasonable assurance that the charges are accurate, allowable, and properly allocated.

As best practice, employees must record their daily time entries, which include worked hours and allowable activities, and submit the timesheet through the Office of Management and Budget (OMB) Employee Data Entry Form for federal funds compliance.

The timesheet reports are due monthly and shall include a comprehensive table that outlines billable and non-billable hours, time allocation (direct or indirect), cost type, fund type, and daily time entries. It serves as a central repository for recording and tracking time-related data, facilitating accurate reporting and analysis of resource utilization.

### CHAPTER 3 EFFECTIVE DATE

Adopted as the Internal Controls Guide on Monday, December 23, 2024, in San Juan, Puerto Rico.