



GOVERNMENT OF PUERTO RICO
OFFICE OF MANAGEMENT AND BUDGET

PUERTO RICO OFFICE OF MANAGEMENT AND BUDGET FINANCIAL POLICY FOR FEDERAL FUNDS

V.1
2024

OFFICE OF MANAGEMENT AND BUDGET
FINANCIAL POLICY
VERSION LOG

VERSION NUMBER	DATE REVISED	DESCRIPTION OF CHANGES
1	December 23, 2024	Original version.

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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 Policy (hereinafter the “Policy” or “Financial Policy”).

Article 2 Legal Basis

The Puerto Rico Office of Management and Budget, created by Act No. 147-1980, as amended, known as the *“Organic Act of the Office of Management and Budget”*, is an office adhered to by the Office of the Governor of Puerto Rico. Its purpose is to execute public policy that consists of implementing rigorous fiscal control and efficiency measures. In the pursuance of the aforementioned fiscal responsibility, this Policy is developed and adopted to standardize the financial transactions processes to be followed by the PROMB personnel who have a direct or indirect participation in the procedures described herein.

Article 3 Background

Consistent with the public policy of fiscal responsibility, this Policy is developed and adopted according to the powers granted in Articles 3(a), 4(b), (c), (k), and (l) of Act No. 147-1980 to standardize the financial processes within the PROMB and oversee compliance with the regulations and standards outlined in the Title 2 Part 200 of the Code of Federal Regulations (“2 CFR Part 200”), known as the *“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”*.

Article 4 Purpose

The purpose of this Policy is to establish the basic guidelines that ensure compliance with federal and local requirements, including those enclosed in 2 CFR Part 200. This Policy promotes the institution of uniform financial/administrative requirements, cost principles, and audit requirements. It heeds a culture of financial maximization, risk minimization, and service optimization, through fiscal transparency and compliance with federal and local laws, regulations, circular letters, and any other applicable document.

Article 5 Applicability

This Policy will apply to all financial activities related to federal programs funds, as well as to the personnel who perform these activities directly or indirectly.

Article 6 Administrative and Fiscal Responsibilities

The PROMB Finance Division and/or the National Initiatives Support Office performs all the procedures leading to fiscal responsibility and efficiency including, but not limited to:

- a. Registration and control of payments.
- b. Registration and control of requisitions.
- c. Authorization and registration of contracts, both in PRIFAS and at the Contracts Registry on the Commonwealth's Comptroller Office.
- d. Review, registration, and control of invoices.
- e. Preparation and submission in the Electronic Processing Platform ("PEP", by its Spanish acronym) for travel expenses, regular purchases and professional services contracts
- f. Creation and organization of digital purchase files.
- g. Pre-intervention of all fiscal documents.
- h. Payroll review, reconciliation, and approval.
- i. Fund certifications and budget control.
- j. Federal Funds registration, compliance and spending control.
- k. Access and authorization to federal platforms for compliance and cash management

CHAPTER 2 DEFINITIONS

Article 7 Interpretation and Definition of Terms

The concepts used in this Policy in the present tense include the future tense. Distinction between masculine and feminine gender terms is avoided. However, whenever utilized, the allusion to the masculine gender includes the feminine and vice versa. For purposes of this Policy, the following terms or phrases shall have the following meanings, unless the context indicates otherwise:

- a. **Accrual Basis Method** – Refers to an accounting method in which income is recorded when *earned* and expenses when *incurred*.
- b. **Activity** – Refers to a specific project action or task.
- c. **Cash Basis Method**– Refers to an accounting method in which income is recorded when *received* and expenses are recorded when *paid*.
- d. **GAAP** – Refers to the Generally Accepted Accounting Principles, a common set of accounting rules, standards, and procedures issued by the Financial Accounting Standards Board.
- e. **GAGAS** – Refers to the Generally Accepted Government Auditing Standards, a guideline for audits created by the Comptroller General and the audit agency of the United States Congress, the Government Accountability Office.

- f. **Modified Accrual Method**—The term “modified accrual accounting standards” means recognizing revenues as they become available and measurable and recognizing expenditures when liabilities are incurred, in each case as defined by the Governmental Accounting Standards Board, per generally accepted accounting principles. This is the accounting method designated by the PROMESA Act.
- g. **PROMB** – Refers to the Puerto Rico Office of Management and Budget.

CHAPTER 3 INTERNAL CONTROLS

Article 8 General

The PROMB is committed to preserving a healthy public administration. Therefore, it establishes internal controls aimed at creating an environment of transparency, fiscal efficiency, accountability, and responsibility. The internal controls of PROMB's Finance Division and/or the National Initiatives Support Office are focused on:

- a. The use of public resources only for what they were intended, always under the protection of the law, regulations, and applicable policies.
- b. The protection of public resources from losses, mismanagement, or any other scenario that may affect the transparency of PROMB fiscal processes.
- c. All transactions with public resources have detailed information that allows validating the correctness of the processes, and the transparency of their uses and allows effective control; and
- d. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

PROMB internal controls include the following:

- a. A defined organizational structure, with assigned duties and responsibilities for each administrative and compliance staff.
- b. Definition and delimitation of tasks, in writing, of the administrative and compliance staff.
- c. Written Standard Operating Procedures (SOPs) that provide step-by-step instructions to implement the policies in this document.
- d. A list of Accounts and management of these according to the principles of “GAAP” and the Department of Treasury laws and regulations.

Article 9 Oversight and Management

For greater fiscal control, the PROMB established several levels of supervision, management, and approval requirements for all financial transactions. This allows each transaction to go through more than one evaluator to identify errors, inconsistencies,

and possible non-compliance with applicable local and federal laws, regulations, and policies.

Article 10 Segregation of Duties

The standards in this Policy are based on the general principle of segregation of duties. The concept of segregation of duties states that no single person shall have the authority to prepare, approve, execute, and/or record a single transaction, nor have custody of any resulting assets.

Article 11 Organizational Structure

Refer to the **Office of Management and Budget Financial Internal Controls Guide** for more information regarding the organizational structure implemented.

CHAPTER 4 ACCOUNTING RECORDS & SYSTEMS

Article 12 Accounting Records

The Puerto Rico Department of Treasury has established the Puerto Rico Integrated Financial Accounting System ("PRIFAS") as the central accounting system for the Government of Puerto Rico. The Finance Division and/or the National Initiatives Support Office uses this system for all pertinent transactions, being directly connected to the Department of Treasury. For federal allocations, the Finance Division and/or the National Initiatives Support Office shall follow the procedures established in the Puerto Rico Department of Treasury Circular Letter No. 1300-11-06, and any other applicable regulation for the management and accounting of federal program funds. In summary, the financial/accounting platforms used by the PROMB are:

- a. **PRIFAS** – Puerto Rico Integrated Financial Accounting System
- b. **RHUM** – Platform used for the payroll process.
- c. **EPM** – Oracle Enterprise Planning and Budgeting Cloud Services, used for budgeting.
- d. **JEDI** – Platform used for procurement processes, attached to the Puerto Rico General Services Administration.
- e. **KRONOS** – Platform used to register and reconcile employee attendance record.
- f. **Timesheet and Effort Reporting Tool**¹ – 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

¹ This Timesheet and Effort Reporting Tool may be substituted by any other PROMB instrument as deemed necessary.

federal government for the time and effort of federally-funded dedicated employees.

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 13 Chart of Accounts

The Chart of Accounts (“COA”) is a financial tool that provides a complete catalog of every account in the general ledger, as listed in Appendix 1 of Regulation No. 49 of the Puerto Rico Department of Treasury, *“Regulations on Public Allocations and Funds”*. Every PROMB account has a name and identification code, which breaks down into subcategories such as:

- Assets.
- liabilities.
- revenues; and
- expenditures

Article 14 Source Documentation

All PROMB journal entries must be appropriately approved and supported by source documentation. Source documentation must explain the basis of the costs incurred and the actual dates and amount of expenditure. Besides, it must evidence:

- a. That the transaction to be recorded occurred within the corresponding period.
- b. It is verifiably paid out, or adequately accrued.
- c. It was expended on eligible costs and within approved budgets; and

- d. It was verified and approved by the appropriate PROMB personnel, ensuring obligations incurred are not in excess of total grant funds available or total available funds for a budget cost category.

CHAPTER 5 COST PRINCIPLES

Article 15 Cost Allowability

The federal regulation establishes that all non-Federal entities are responsible for the efficient and effective administration of federal awards. Thereby, Section 200.403 of the Code of Federal Regulations, in its Title 2 establishes that, except where otherwise authorized by statute, a cost must meet the following general criteria to be allowable under federal awards:

- a. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
- d. Be agreed consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e. Be determined in accordance with generally accepted accounting principles ("GAAP"), except for state and local governments only, as otherwise provided for in this part.
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- g. Be adequately documented.
- h. Be incurred during the approved budget period.

Furthermore, Part 200 of the Code of Federal Regulations contains diverse allowable or unallowable costs. All payments made for unallowable costs, using federal awards, must be refunded to the Federal Government.

Article 16 Reasonable Cost

Federal regulations require that all uses of federal funds must meet the "reasonable cost" criteria. As per 2 CFR § 200.404, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

In determining the reasonableness of a given cost, consideration must be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- b. The restraints or requirements imposed by such factors as: sound business practices; arms-length bargaining; Federal, state, local, tribal, and other laws, and regulations; and terms and conditions of the Federal award.
- c. Market prices for comparable goods or services for the geographic area.
- d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- e. Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

Article 17 Allocable Costs

Allowable costs must also meet the criteria for allocability to a federal award. According to 2 C.F.R. § 200.405, the following criteria govern the allocation of costs to Federal awards:

- a. A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective following relative benefits received.
- b. The cost is incurred specifically for the Federal award.
- c. Benefits both the Federal award and other work of the non-Federal entity, can be distributed in proportions that might be approximated using reasonable methods, is necessary to the overall operation of the non-Federal entity, and is assignable in part to the Federal award following the cost principles.
- d. All activities that benefit from the non-Federal entity's indirect cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.
- e. Any cost allocable to a particular Federal award under the cost principles might not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons, except for shifting costs that are allowable under two or more Federal awards following existing Federal statutes, regulations, or the terms and conditions of the Federal awards.
- f. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the

project based on the proportional benefit and, conversely, if a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, the costs might be allocated or transferred to benefitted projects on any reasonable documented basis; and

- g. If the contract is subject to the Cost Accounting Standards, the cost must be allocated according to these Standards.

Article 18 Travel Expenses

Travel expenses incurred by the PROMB must comply with local and federal regulations. Specifically, they must comply with Regulation No. 37 of the Puerto Rico Department of Treasury, "*Regulation for Travel Expense*", Regulation No. 38 of the Puerto Rico Department of Treasury, "*Regulation for Travels Abroad*", and with the provisions of 2 CFR Part 200. As per 2 CFR § 200.475, travel costs are defined as "expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity". Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances.

Travel costs include, but are not limited to, mileage, meals, lodging, airfare, incidentals, and other eligible costs.

Adequate supporting documentation must be provided to substantiate travel costs and ensure the costs are necessary and reasonable. Furthermore, for travel expenses to be reimbursable, the Travel Order must be completed using *Form SC 1231* ("*Orden de Viaje*"), which will openly indicate the trip to be made, the purpose of the trip, the type of transportation authorized and the exact date of the trip. This order must be completed and issued before the employee travels and incurs expenses, except in emergencies. For emergencies, the PROMB Director or his authorized representative will indicate the circumstances that justified the trip without the Travel Order.

Travel expenses associated with federal grants must follow any requirements set forth by the awarding entity.

CHAPTER 6 BUDGET

Article 19 General

The budget assigned to the PROMB is governed by the provisions of the Constitution of Puerto Rico, Article IV Section 4, which indicates that, at the beginning of each regular legislative session, the Governor will present a message on the situation of the State and shall submit a report on the conditions of the Treasury of Puerto Rico, and the disbursements proposed for the following fiscal year (from the 1st of July through the 30th of June, for Puerto Rico). Besides, the budget will also be governed by

the provisions of Public Law No. 114-187, known as the “*Puerto Rico Oversight, Management and Economic Stability Act*” (“PROMESA”).

The PROMB has the responsibility of guaranteeing that the execution and administration of the budget are consistent with PROMESA, the certified plans of the Financial Oversight and Management Board for Puerto Rico (“FOMB-PR”), and all applicable laws and regulations, auscultating the soundest public administration standards and in harmony with the programmatic commitments for which public funds are provided. Budget management must respond to the values of prudence, discipline, and fiscal transparency. Furthermore, the budget should justify all expenses, be reasonable as well as consistent with all Program requirements, and illustrate that the requested funds will be used judiciously. The budget defines projected costs that will allow the PROMB to complete approved Program activities and justifies and supports the requested funds.

CHAPTER 7 CASH MANAGEMENT

Article 20 Invoicing

In accordance with federal regulations, all transactions with federal awards must comply with the reasonableness criteria, as well as with all other principles established in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements. The PROMB must pursue processes that ensure the highest levels of fiscal transparency and, therefore, requires invoices for all vendors’ transactions.

The administrative procedure for the *receipt, certification* process, and *payment* of invoices will also be governed by the provisions of Memorandum No. OGP-F-01:

Invoices will only be received by email, through facturas_suplidores@ogp.pr.gov. Upon receipt of the email, the PROMB invoicing team will forward the correspondence to the applicable area/division/ or program for review. The vendor must not copy additional personnel or send hardcopy invoices.

Article 21 Invoice Record

As required by Circular Letter No. 1300-22-18 of the Puerto Rico Department of Treasury, all vendors must register their invoices using the Online Services section of the virtual page of the Puerto Rico Department of Treasury.

Article 22 Vendor Registration

As required by Circular Letter No. 1300-02-20 of the Department of Treasury, and according to the General Services Administration for the Centralization of Government of Puerto Rico Purchases Act of 2019, all vendors must be registered in the Registry of Suppliers. Without meeting this requirement, no electronic transfer will be authorized.

Article 23 Invoice Payment

Invoices will be paid only when they are duly certified, according to the requirements outlined in Memorandum No. OGP-F-01, and when it is determined that they comply with the corresponding procedure and the agreements established in the contract or purchase order.

Once the invoice is validated, it will be sent to the Paying Official, who will prepare the "Payment Receipt" and send it to the Pre-Controller. The Pre-Controller verifies, validates, and authorizes the payment receipt and supporting documents, making sure that all transactions comply with current regulations. The payment will only be processed once the invoice has the Pre-Intervention Stamp.

Article 24 Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.

Article 24.1 Application to Federal awards

Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials, and other items of expense incurred for the Federal award. If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also be considered direct costs. Examples include extraordinary utility consumption, the cost of material supplied from stock or services rendered by specialized facilities, program evaluation costs, or other institutional service operations.

Article 25 Salaries of Administrative and Clerical Staff

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all the following conditions are met:

- a. Administrative or clerical services are integral to a project or activity.
- b. Individuals involved can be specifically identified with the project or activity.
- c. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- d. The costs are also not recovered as indirect costs.

Article 26 Minor Items

Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all Federal and non-Federal cost objectives.

Article 27 Certain Unallowable Costs as Direct Costs

The costs of certain activities are not allowable as charges to Federal awards. However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for purposes of determining indirect cost rates and be allocated their equitable share of the non-Federal entity's indirect costs if they represent activities which:

- a. Include the salaries of personnel,
- b. Occupy space, and
- c. Benefit from the non-Federal entity's indirect costs.

Article 28 Indirect Costs

In the application, management, control and recording of indirect costs, the Cost Principles detailed in the "Uniform Guidance", as well as the requirements of the specific guidelines of each Program, must be followed.

Article 29 Disbursement

As per 2 CFR § 200.305, the PROMB payment methods must minimize the time elapsing between the transfer of funds from the US Treasury or the pass-through entity and the disbursement.

To streamline the vendor's payment process, the Puerto Rico Department of Treasury issued Circular Letter No. 1300-13-19, which amends Circular Letter No. 1300-22-18. Through this letter, the agencies were informed that the Treasury Department would modify its system so that vendors could select the purchase order and upload it directly to the registry. On the other hand, the agencies will have automatic access to the registry and will be able to print the documents and begin the vendor's payment process, immediately.

It is important to highlight that, although the Department of Treasury issued this circular letter to comply with an agile, efficient, and effective payment process, it does not excuse the agencies from their responsibility to comply with the corresponding Pre-Intervention process.

CHAPTER 8 PROGRAM INCOME

Article 30 General

Program income means gross income earned by the PROMB that is directly generated by a supported activity or earned because of the Federal award during the period of performance. Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees, and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.

Article 31 Cost of Generating Program Income

If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.

Article 32 Governmental Revenues

Taxes, special assessments, levies, fines, and other such revenues raised by the PROMB are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.

Article 33 Property

Proceeds from the sale of real property, equipment, or supplies are not program income; such proceeds will be handled following the requirements of the Property Standards² established in the Uniform Guidance, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.

CHAPTER 9 RECONCILIATIONS

Article 34 Reconciliation Process

The PROMB will keep a process to reconcile accounts and reports, comparing revenues and expenditures against disbursements. The reconciliation process will be performed monthly. The PROMB's finance division receives two (2) monthly reports from the PR Department of Treasury, (i) a Payroll Report, and (ii) a Report on Operational Accounts. Throughout these reports, the PROMB must confirm that the

² 2 CFR § 200.311

accounting records and disbursements, as issued by the Treasury, are complete and accurate.

CHAPTER 10 FIXED ASSETS, PROPERTY, AND EQUIPMENT

Article 35 General

Real or personal property acquired, in whole or in part, with federal funds is subject to 2 CFR Part 200 requirements. The PROMB will maintain property records that include all the following information:

- Description of the property
- Serial number or other identification number
- Source of the property, including the federal award identification number
- Identification of the title holder
- Where the title vests
- Acquisition date
- Cost of the property
- Percentage of Federal participation in the cost of the property
- Location of the property
- Use and condition of the property
- Disposition data, including the date of disposal and sale price

At a minimum, the PROMB will carry out a physical inventory and reconciliation of property every two (2) years.

CHAPTER 11 SUPPLANTING

Article 36 Supplanting of Federal Funds

Supplanting refers to the practice of using federal grant funds to replace or substitute existing funds that were previously allocated for a specific purpose. Supplanting requirements for federal grants aim to ensure that federal funds provided through grants are used to supplement, rather than supplant, non-federal funds.

As such, the PROMB National Initiatives Support Office must ensure that federal programs funds be used to augment and enhance the activities or services funded by State or local funds, rather than replacing them. Non-compliance with supplanting requirements may result in the potential loss of federal grant funds, repayment of funds, or disqualification from future grant opportunities.

The PROMB National Initiatives Support Office will be responsible for documenting and reporting compliance with supplanting requirements. This may include providing financial records, budgets, expenditure reports, and other documentation that demonstrates the appropriate use of federal grant funds and the preservation of non-federal funding.

CHAPTER 12 FINANCIAL REPORTING

Article 37 Reporting Responsibility

As per the Subpart D of the Uniform Guidance, *“Performance and Financial Monitoring and Reporting”*, the PROMB National Initiatives Support Office is responsible for oversight of the operations of Federal award supported activities. It is the PROMB’s National Initiatives Support Office (NISO) responsibility to ensure that all reports are submitted in a timely manner, and documents are maintained properly and secure.

Article 38 Single Audit³

When expending more than the federally regulated threshold⁴ in federal funds during any fiscal year, the PROMB National Initiatives Support Office will coordinate a single audit to be performed by an independent auditor. A single audit is an audit that includes both 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 39 Financial Statements and Comprehensive Annual Financial Report

The PROMB provides financial information to the Puerto Rico Department of Treasury on an annual basis for the preparation of the Comprehensive Annual Financial Report.

Article 40 Federal Financial and Progress Reports

The National Initiatives Support Office shall ensure all required financial, compliance, and performance reports⁵ for all federally funded Programs in which the PROMB is named as recipient, are completed and submitted on a timely basis.

Please refer to the applicable Notice of Award (“NOA”) and /or programmatic and compliance documents.

³ See Circular Letter No. A-133 issued by the U.S. Office of Management and Budget.

⁴ 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.

⁵ Additional reports may be required if established by Federal regulation or as required by the PROMB.

Article 41 Federal Fund Accountability and Transparency Act (FFATA)

The Federal Funding Accountability and Transparency Act of 2006 (FFATA), requires full disclosure of all entities and organizations receiving federal funds. If a recipient or subrecipient receives \$25,000 or more in federal funds, either as grants, contracts, loans, or any other assistance and payments, it must be reported through the FFATA Subaward Reporting System (FSRS). The information will then be displayed on the www.USASpending.gov website. If the initial subaward is at least \$25,000, the award recipient must report the subawards and the names and annual compensation of the sub-awardee's five highest paid executives. If the initial award is below \$25,000, but subsequent award modifications result in a total award equal to or over \$25,000, the award will be subject to the reporting requirements as of the date the award reaches \$25,000. If the initial award is equal to or greater than \$25,000 but de-obligation of funding causes the total award amount to fall below \$25,000, recipients will continue to be subject to the reporting requirements.

CHAPTER 13 CLOSEOUT

Article 42 General

A Federal award will be closed out when the Federal awarding agency determines that all applicable administrative actions and all required work of the Federal award have been completed by the PROMB. The PROMB National Initiatives Support Office will submit all financial, performance, and other reports required by the terms and conditions of the Federal award no later than 120 calendar days after the end date of the period of performance. Additionally, no later than 120 calendar days after the end date of the period of performance, the PROMB will liquidate all financial obligations incurred under the Federal award.

CHAPTER 14 FINAL PROVISIONS

Article 43 Severability Clause

If any part, article, paragraph, clause or subsection of this Policy or its application to any person or circumstance, is declared unconstitutional, null, or illegal by a court with jurisdiction and competence, the sentence issued for such purposes will not affect or invalidate the other articles, nor the application of this Policy, but its effect would be limited to that part, article, paragraph, clause, or subsection so declared.

Article 44 Amendments

The provisions of this Policy may be amended at any time, if required by PROMB, or as mandated by any applicable law, order, or circular letter.

Article 45 Effective Date

Adopted as Policy on Monday, December 23, 2024, in San Juan, Puerto Rico.