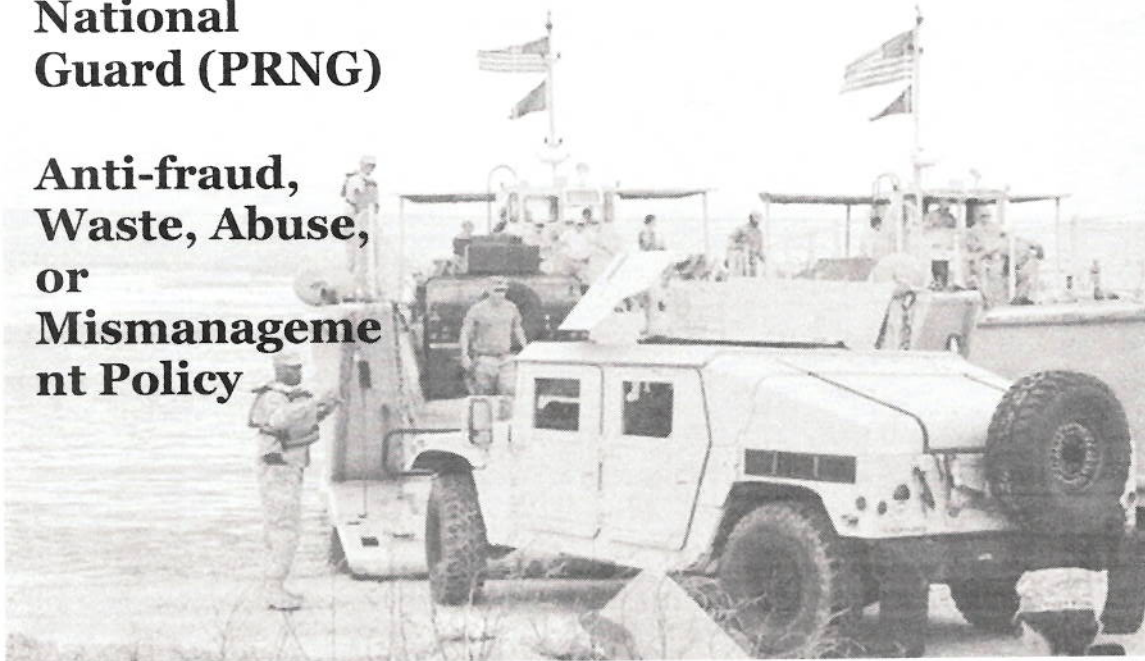


Puerto Rico National Guard (PRNG)

Anti-fraud,
Waste, Abuse,
or
Mismanagem
nt Policy



VERSION 1

Approved by:

Miguel A. Mendez
Major General, PRNG
The Adjutant General

10 October 2024
Date

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[Signature]

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I. Overview

The Puerto Rico National Guard (PRNG) the militia of the Government of Puerto Rico created pursuant to *Military Code of Puerto Rico of the XXI Century, Act 88-2023, as amended*, Title 10 & 32 70A Stat. 596 United States Code defined in 10 USC 311 and 32 USC 109 (c). The PRNG is constantly called to respond to emergency situations and guaranteed the public security. During the passing of recent emergencies like hurricanes Irma & Maria, COVID-19 and hurricane Fiona; the PRNG has demonstrated it is essential in domestic emergencies because they are ready to respond immediately.

Commented [mm5]: Código Militar Nuevo Ley 88-2023, 2023 (enmienda 102)

After Hurricane María and the earthquake disasters that affected Puerto Rico, most of the structures used by the PRNG were impacted, altering the availability of the facilities to provide critical services to the communities on the Island. Hence, the Federal Emergency Management Agency (FEMA) provided federal funding through various programs, including the Public Assistance (PA) program destined for the reconstruction of Puerto Rico after the passage of disasters to address these and other social and essential service facilities. Also, the PRNG is a subrecipient of the Community Development Block Grant Disaster Recovery (CDBG-DR), which is managed by the Puerto Rico Department of Housing (PRDOH). The U.S. Department of Housing and Urban Development (HUD) allocated these funds to address Puerto Rico's long-term recovery and mitigation needs caused by Hurricanes Irma and María in September 2017. Thus, the PRNG participates in the Recipients' efforts to advocate for the good management of resources by adopting, enforcing, and maintaining a comprehensive policy for preventing, detecting, reporting, and rectifying fraud, waste, abuse, and mismanagement.

II. Legal Basis

Pursuant to Federal Register Volume 83, Number 157 (August 14, 2018), 83 FR 40314 for CDBG-DR, and Federal Register Vol. 84, No. 169 (August 30, 2019), 84 FR 45838 and Special Conditions in Federal Register Vol. 85, No. 17 (January 27, 2020), 85 FR 4676 for CDBG-MIT, *Military Code of Puerto Rico of the XXI Century, Act 88-2023, as amended*, the PRNG implements adequate measures to detect and prevent fraud, waste, abuse, or mismanagement in all Programs administered with CDBG-DR funds. It also encourages any individual who is aware or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse, or mismanagement, regarding the CDBG-DR Programs to report such acts to the CDBG-DR Internal Audit Office, directly to the Office of Inspector General (OIG) at HUD, or any local or federal law enforcement agency.

Commented [mm5]: Subsección 2 y 3 del artículo 102

Commented [mm5]: Código Militar Nuevo Ley 88-2023, 2023 (enmienda 102)

Commented [mm5]: This Code says that the agency will determine the measures will take care of the report of violations. Top of Justice will conduct the criminal action before the court. Art. 9.2

Commented [mm5]: Artículo 9.01 - Código de Justicia Militar, Puerto Rico, Capitulo 102 (enmienda 102) U.S.R.C. § 100.01

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III. Scope

This policy applies to any allegations or irregularities, either known or suspected, that could be considered acts of fraud, waste, abuse, or mismanagement, involving any citizen, previous, current, or potential consultant, contractor, employee, provider, supplier, and/or vendor under the HUD and FEMA PA Programs.

IV. Policy

The PRNG acknowledges, as subrecipient of federal funds for repairing and reconstructing facilities damaged by disasters, is responsible for preventing, detecting, reporting, and rectifying fraud, waste abuse, or mismanagement, among other irregularities related to the Programs. Thus, the aim of this policy is to encourage an individual(s) to raise concerns, known or suspected, of acts of fraud, waste, abuse, or mismanagement by anyone involved with any federal funding Program. The process is for concerns to be reported, investigated, and acted upon.

V. Submission forms

The PRNG has formally adopted the electronic submission forms provided by the below entities for any type of report related to allegations of fraud, waste, abuse, or mismanagement related to CDBG-DR, PA and HMGP, or any other federal funds managed by the PRNG. This complaint process aims to protect the integrity of the federal grant programs and guarantee the appropriate use of funds that HUD, FEMA, and the Recipients (e.g., PRDOH and COR3) allocate for the reconstruction of Puerto Rico. This form can be submitted online, by electronic or postal mail, or in person. As defined below, the complainant may remain anonymous or specify that their contact information stays confidential.

PRDOH-Anti-Fraud, Waste, Abuse, or Mismanagement Submission Form

- If a person knows or suspects that someone has committed fraud, waste, abuse, or mismanagement related to the CDBG-DR Program and/or operations administered by the PRDOH;
- **Submission Form link:** <http://cdbg-dr.pr.gov/en/fraud/>
- **Website:** www.hudoig.gov/hotline
- **Email:** hotlineCDBG@vivienda.pr.gov
- **Phone:** 787.274.2135

COR3 Fraud, Waste and Abuse:

- COR3 is responsible for ensuring that funds are used for their intended purposes. Hence, COR3 established an electronic reporting method to enable employees and citizens to report situations where fraud, waste or abuse may have occurred.
- COR3 can investigate:
 - Complaints from COR3 employees, subrecipients or contractors about fraud, waste, abuse, mismanagement, or corruption related to FEMA's Public Assistance and Hazard Mitigation programs (whistle-blower complaints).
 - Complaints from citizens about fraud, waste, abuse, mismanagement, or corruption related to FEMA's Public Assistance or Hazard Mitigation programs.
 - Crime, gross misconduct, or conflicts of interest involving COR3 employees, its subrecipients, or contractors.
 - Kickbacks or inducements for referrals by COR3 employees, subrecipients or contractors.
- **Complaint(s) link:** <https://recovery.pr.gov/en/fraud-waste-and-abuse>

Office of the Inspector General of Puerto Rico Fraud, Waste and Abuse:

- OIG recognized and promotes the importance of appropriate fund management to ensure that Federal obligated fundings are used for their intended purposes.
- The OIG has implemented a reporting method to enable employees and citizens to report events where fraud, waste, abuse, or mismanagement of funds may have occurred.
- The complainant must provide the all the information included on the provided form, including allegation description and acknowledge the provided disclaimer.
- **Complaint(s) link:** <https://www.oig.pr.gov/informa>
- **Email:** informa@oig.pr.gov / consultas@oig.pr.gov
- **Phone:** (787) 679-7997

Comptroller of Puerto Rico:

- Comptroller can investigate:
 - Complaints about fraud, waste, abuse, mismanagement, or corruption relating to public funds.
 - Complaints about procurement irregularities or illegal acquisitions of material and equipment.
 - Contracts that are unduly onerous to public funds or were not awarded according to law.
- **Complaint(s) link:** <https://www.ocpr.gov.pr/querellese/>
- **Email:** querellas@ocpr.gov.pr
- **Phone:** 1-877-771-3133 – 787-754-3030 ext. 2806



The PRNG promotes the establishment of controls to protect our communities by reporting fraud, scams, waste, mismanagement, and bad business practices. In brief, we have a “**See it, tell all**” policy that works as illustrated below.



Individuals who submit a complaint (complainant) may remain anonymous or fully disclose their identity.¹ It may be necessary to reveal a confidential complainant’s identity if such identification is necessary to investigate the alleged matter, or as otherwise required by law. Complainants who file anonymously should understand filing as such may hinder the ability to thoroughly pursue their complaint. In accordance with 2 C.F.R. § 200.303, regarding internal controls of a non-Federal entity, Recipients and Subrecipients are obliged and committed to protect all Personally Identifiable Information (PII) obtained. This includes, but is not limited to, Social Security Numbers, driver’s license numbers, alien registration numbers, financial or medical records, biometrics or criminal history. Although the Recipients maintains a website with acceptable and reasonable precautions to protect your personal information, since no method of transmission over the Internet or storage of data on an Internet server is 100% secure, we do not guarantee its absolute security.

V. What is a Complainant?

The complainant is defined as any citizen, applicant (previous, current, or potential), beneficiary, consultant, contractor, employee, partner, subcontractor, provider, subrecipient, recipient, supplier, or vendor under federally funded program (e.g., PA, HMGP, CDBG-DR).

VI. What is Fraud?

Fraud is defined as the wrongful or criminal deception intended to result in financial or personal gain. Fraud includes false representation of fact, making false statements, or by concealment of information. Examples include, but are not limited to, the following:

¹ No person can be retaliated against for denouncing waste, fraud, or abuse of Federal Funds. This person is protected by the *Anti-Corruption Code for the New Puerto Rico, Act 2-2018, Title IV*, as amended.

- Falsification of information in applications, contracts or procurement process;
- Billing for services not rendered or duplication of payments;
- Alteration of documents or forgery, which may include contracts, purchase orders, and invoices;
- Bribery or kickbacks;
- False claims or bid rigging;
- Theft, embezzlement, or other misapplication of funds or assets;
- Impropriety with respect to reporting financial transactions;
- Profiting on insider knowledge;
- Destruction or concealment of records or assets; and
- Falsifying eligibility.

VII. What is Waste and Mismanagement?

Waste and mismanagement are defined as the thoughtless or careless expenditure, mishandling, and/or abuse of resources to the detriment (or potential detriment) of the U.S. Government and or the Government of Puerto Rico. Failure to observe laws, rules, or regulations when handling public funds leading to wrongful use of public funds may constitute waste and mismanagement. For example, incurring unnecessary costs resulting from inefficient or ineffective practices, systems, or controls, such as, but are not limited to, the following:

- Purchasing unnecessary supplies, materials, and equipment;
- Purchasing supplies without regard to cost;
- Using supplies, materials, and equipment carelessly, resulting in unnecessary waste and replacement.

VIII. What is Abuse?

Abuse is defined as the excessive or improper use of a thing or something contrary to the natural or legal rules for its use. Abuse can occur in financial or nonfinancial settings. Examples include, but are not limited to, the following:

- Making procurement or vendor selections that are contrary to existing policies or are unnecessarily extravagant or expensive;
- Receiving favor for awarding contracts to certain vendors;
- Using one's position for personal gain or to gain an advantage over another;
- Failure to report damage to equipment or property;
- Creating unneeded overtime; and
- Requesting staff to perform personal errands or work tasks for a supervisor or manager.

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IX. Awareness and Prevention²

PRNG implements adequate measures to create awareness and prevent fraud, waste, abuse, or mismanagement in all programs administered with CDBG-DR/MIT funds. PRNG always aims to maintain an ethical work environment. To that end, directors, deputies, program managers, and supervisors are responsible for promoting, implementing, and maintaining a work environment that endorses honest behavior from all employees, contractors, vendors, and suppliers, among others directly involved with federally funded Programs. PRNG will also create awareness to prevent fraud, waste, abuse, or mismanagement by conducting, but not limited to, the following:

- Establishing open and transparent lines of communication with employees, contractors, subcontractors, vendors, suppliers, and other stakeholders that work on federally funded projects.
- Request contractors, subcontractors, partners, vendors, and suppliers that sign any contract with PRNG for federally funded activities to sign the *Anti-Corruption Code for the New Puerto Rico, Act 2-2018*, as amended.
- Written agreements must include clauses on corruption, fraud, and ethics at a State and Federal level, including all required applicable Federal clauses.
- Reviewing, addressing, and correcting any audit or program evaluation findings.
- Implement monitoring and contract oversight practices to ensure federally funded work is performed in compliance with contract terms and conditions.

X. Trainings

PRNG will promote fraud-related training to staff, contractors, vendors, and suppliers providing services or performing federally funded activities. The training will include information on managing and disclosing any allegation of known or suspected acts of fraud, waste, abuse, or mismanagement relating to Federal funds.

XI. Informative Material

As part of PRNG's policies and procedures to prevent fraud, waste, abuse, or mismanagement, it will provide informative material, including, but not limited posters and/or electronic content. These materials will help citizens recognize fraudulent activities or schemes and

² Pursuant to Federal Register Vol. 83, No. 157 (August 14, 2018), 83 FR 40314 and Federal Register Vol. 84, No. 169 (August 30, 2019), 84 FR 45838 and Special Conditions in Federal Register Vol. 85, No. 17 (January 27, 2020), 85 FR 4676 for CDBG-MIT.

explain how to report them. This written Policy will also be provided to all employees, contractors, and vendors. Anti-fraud posters will be displayed in, but not limited to, common areas of the PRNG Headquarters, regional offices, and construction sites.

XII. Detection

The PRNG recognizes the importance of implementing prevention practices to evade possible key events of risks of fraud. In addition, the PRNG has identified that to deter future issues, detection techniques must be put in place whenever the preventive measures failed their purpose. Nonetheless, in the measures and efforts to prevent fraud, waste, abuse, or mismanagement, the PRNG is fully committed to the detection of such acts or the intent to commit any fraudulent activity regarding the management and expenditure of Federal funds.

Hence, the PRNG has implemented a notice to reporting program that not only employees, but contractors, subcontractors, vendors, suppliers, providers, and citizens can participate to detect fraud, waste, or mismanagement of Federal funds. All parties can access the list of reporting sites through the PRNG website: <https://nationalguard.com/puerto-rico>.

Additionally, the PRNG has implemented Program specific training on what fraud is, what to look for, and how to report it to empower employees and non-employees. Evaluating risk or threat of fraud, waste, abuse, or mismanagement is a collaborative effort involving every individual inside or directly related to the federally funded Programs.

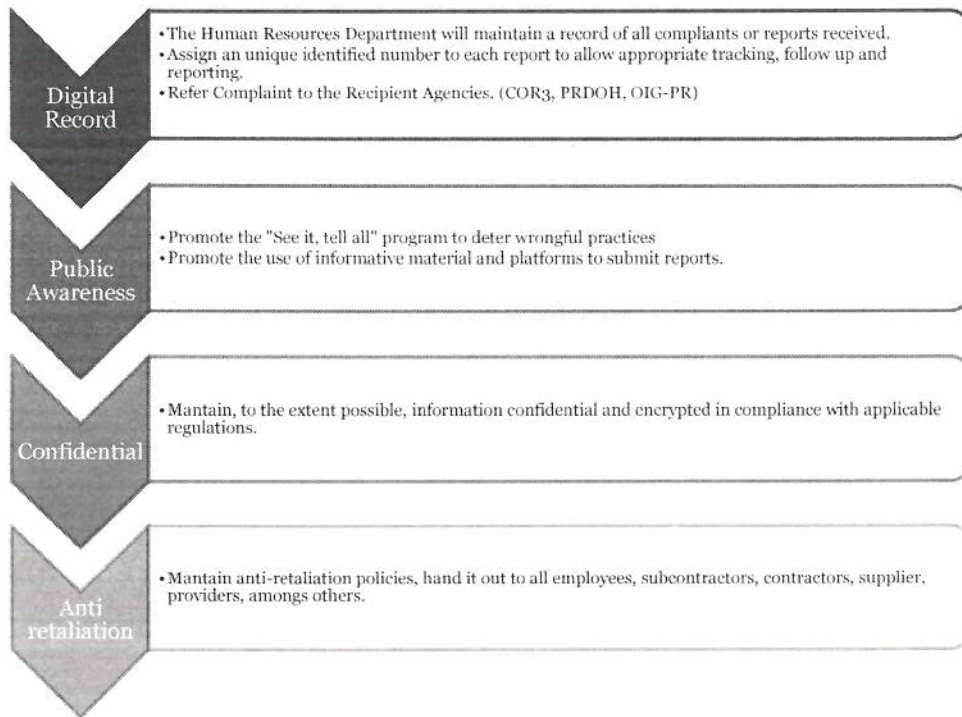
Through the yearly Internal Audit³, PRNG will periodically evaluate the exposure to risk or threat of fraud to be able to identify schemes or events that need to be prevented to mitigate the risks. Risk or threat of fraud would be studied through various mechanisms such as, but not limited to conducting interviews with key employees (i.e., those who have access or custody of documents and sensitive information), surveys, and anonymous feedback mechanisms, among other qualitative and quantitative factors.

XIII. Federal Funds Task Force

The PRNG has established a Federal Funds Task Force (FF Task Force) encompassed by leads from multiple internal divisions, which will oversee and manage all federally funded activities. As such, the FF Task Force will refer to the above listed reporting entities any incoming complaints. In addition, they will promote the reporting mechanisms to employees, contractors, subcontractors, vendors, suppliers, and other Stakeholders. In addition, the PRNG will:

Commented [nm6]: the FF Task Force will:

³ The PRNG conducts a yearly audit in compliance with the Puerto Rico Department of Treasury requirements. The audit is made by external auditors how report on the previous fiscal year and provide corrective action plans. The requisites for the audit can be found in the Puerto Rico Department of Treasury Circular letter No. 1300-01-25.



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XIV. Severability Clause

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If any chapter, article, section, subsection or paragraph of this Regulation were to be declared unconstitutional, invalid or null and void by a court of competent jurisdiction, the remaining provisions of the Regulation shall remain valid.

XV. Repeal

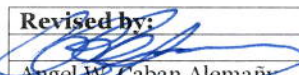
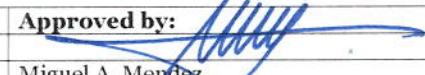

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Any administrative order, rule, manual or regulation, which is contrary to or in conflict with the present one, is hereby rendered null and void.

XVI. Validity

These Rules and Regulations shall take effect immediately. The Human Resources Office will individually notify each user of the Agency with a copy of the same. Each user, employee (trusted, permanent, probation, transition), contractor must certify with his/her signature the Acknowledgement of Receipt which shall be attached to the Human Resources file and/or to the professional services contract in the case of an independent contractor. This protocol will also apply to visitors or clients of the Puerto Rico National Guard.

Approved in San Juan, Puerto Rico on this 10th day of October of 2024.

Revised by:	Approved by:
	
Angel W. Caban Alemany	Miguel A. Mendez
PRNG Attorney	Major General, PRNG
Date:	The Adjutant General
	Date: <u>10 OCT 24</u>
Colonel William E. O'Connor	
JAG	
Date: <u>10 OCT 2024</u>	