

“Inspector General of Puerto Rico Act”

Law No. 15 of February 28, 2017, as amended

To state public policy on governmental integrity and efficiency; create the Office of the Inspector General of Puerto Rico; provide its purpose, organization, functions and powers; authorize the transfer of the internal audit offices of the Executive Branch and public corporations to said Office; repeal Section 2 of Law 1101995; allocate funds for the initial expenses for the organization of the Office; and for other purposes.

STATEMENT OF MOTIVES

It is the public policy of all democratic governments to encourage and ensure that their institutions provide quality and excellent services to the citizenry. To achieve these purposes, agencies and programs have been created to promote sound public administration through effective supervision of the use of funds and property of the Government.

Given the need to continue looking for alternatives aimed at maximizing not only the use of funds and public property, but also the optimal use of existing resources, the figure of the Inspector General arose. This figure was created in the United States, through federal legislation, for the purpose of consolidating the resources of the different existing audit components in government entities and in order to more effectively combat fraud, abuse, waste and inefficiency in the administration of the programs and operations of said government entities.

Through federal law, it was provided for the creation of an Office of the Inspector General in each government entity and it was established that each inspector would respond to and be under the general supervision of the head of the corresponding government entity. This organizational structure is and has been effective in the Federal Government because it approves some proposals and grants fiscal resources to the states, cities, counties and municipalities to comply with the requirements and criteria established by said federal legislation. Therefore, it is advisable to have an Inspector General in each government agency to detect, eradicate and prevent fraud.

In Puerto Rico, this function is carried out by the existing internal audit offices in government agencies and the Office of the Comptroller, among other entities. However, the personnel that work in these internal audit offices are appointed and report directly to the head of the government entity. This foments the lack of independence of criteria and actions when conducting investigations and studies with the aim of evaluating the effectiveness, efficiency and economy of the programs, activities and projects developed by government agencies. The situation tends to get complicated in those cases where there are findings and indications that may affect the performance of the head of the agency concerned. This conflict of interest would be resolved with the creation of a body



that would be invested with total independence of criteria when carrying out the studies and investigations of the operations of government entities, without being subject to the intervention of the head of said dependencies.

It should be noted that the duties and responsibilities of the figure of the Inspector General are in no way in conflict with the duties and responsibilities of the Comptroller. Our constitutional framework empowers the Comptroller to oversee the accounts, funds, income, disbursements, and properties of the State, its agencies, departments, and municipalities, in order to determine if they have been carried out in accordance with the law. His/her intervention is required once the disbursements have been made to guarantee the people their proper use.

The Inspector General intervenes with government entities, in a preventive way, to promote healthy government administration. Among his/her multiple responsibilities we can highlight: conducting studies, examinations and evaluations necessary to measure, improve and increase the effectiveness, efficiency and economy in the operation of government entities. In addition, he/she has the power to advise agencies in the development of administrative studies and existing evaluations in the design of managerial procedures of government entities, in order to formulate recommendations that promote economy and efficiency in public administration. The Inspector General must have an active participation before and during the administrative management. Therefore, both the Inspector General and the Comptroller, among other entities, intervene with public entities in search of effective administration, but at different stages of the administrative process.

In order to achieve said objectives at the lowest possible cost, the transfer of personnel and equipment from the existing internal audit offices in the different agencies and departments of the Government of Puerto Rico to the Office of the Inspector General is provided. However, the municipalities, the Office of Management and Budget, the Office of Government Ethics, the ENLACE Project Corporation of Caño Martín Peña and the Company for the Integral Development of the Cantera Peninsula are excluded from the jurisdiction of the Inspector General.

The centralization of audit functions in the Office of the Inspector General will allow for a comprehensive vision of the Government's efforts in this area. In addition, it will result in a reduction of costs and maximization of the resources available for this overseeing.

The Office of the Inspector General was created by Law 42-2010, as amended. The Inspector commenced duties and began to audit the Executive Branch. Notwithstanding the foregoing, said Office was eliminated by Law 62-2013. With this, an important Office was abolished that served the People of Puerto Rico as a safeguard to avoid the irresponsible disbursement of public funds and public property, and corruption. These actions and lack of adequate controls resulted in a palpable increase in public corruption. In the Plan for Puerto Rico, the promise to reactivate this Office was embodied in order to duly audit the



agencies of the Executive Branch. It is our commitment and our public policy to tackle public corruption in order to achieve the highest levels of government transparency and efficiency.

The aforementioned situation, together with the precarious fiscal situation that the Government of Puerto Rico is going through, and the lack of internal controls, warrant the adoption of rigorous measures to achieve economic recovery, effectively control the use of funds and public property, and clean up public administration. Puerto Rico needs us to rescue the highest values, trust, integrity and the best practices of sound administration in the public service. For this, it is necessary to eradicate the bad habits and improper conduct of those who have been entrusted with the administration of public funds and property and have failed the People. In the same way, it is essential to adopt a new option that contributes to promoting and achieving excellence and quality in services, as citizens expect and deserve.

This legislation is consistent with the need for the Government of Puerto Rico to be responsible with the management of public funds, achieving savings and recovering lost credibility.

Be it enacted by the Legislative Assembly of Puerto Rico

Article 1. — Title.

This Law shall be known as the "Puerto Rico Inspector General Act."

Article 2. — Public Policy Statement.

It is public policy of the Government of Puerto Rico:

- a) to achieve the most optimal levels of integrity, honesty, transparency, effectiveness and efficiency in public service to:
- b) to repudiate and reject any act, conduct or indication of corruption by public officials or employees;
- c) to point out and prosecute criminally, administratively and civilly those who commit acts of this nature;
- d) to establish controls, as well as take action and the pertinent measures to detect, prevent and act proactively to prevent corruption activities in government agencies; and
- e) to discourage practices of embezzlement, misuse, fraud and illegal management of public funds and property.



It will be the responsibility of each Secretary, Executive Director, Head of Agency or governing body of the Government to observe and ensure that this public policy is complied with in each government entity. In the same way, to establish the appropriate controls and mechanisms to guarantee compliance. It will be the duty, moreover, of each one of these and of the other public officials and servants, to put into effect the norms, practices, and standards promulgated by the Office of the Inspector General of Puerto Rico, created by this Law, as well as the recommendations, measures, and corrective action plans that arise from the evaluations of the Office of the Inspector General of Puerto Rico.

Article 3. — Definitions.

For purposes of this Law, the following terms shall have the meaning indicated below:

- a) **Corruption** — means the misuse of the power of a public official or employee to obtain an illegitimate advantage. It is the practice consisting of the use of the functions and means of public organizations for the benefit, financial or otherwise, of their managers.
- b) **Effectiveness** — means the achievement of the objectives or results of a program or activity with the resources available in a given time.
- c) **Efficiency** — It means the ability to achieve the scheduled objectives and goals with the minimum of available resources and the shortest time, achieving their optimization. It is about getting the most out of a given volume of resources.
- d) **Public Employee** — means those persons who hold positions or jobs in the Government of Puerto Rico who are not invested by the sovereignty of the State; includes regular and irregular public employees, trust or career; those who provide services by contract that are equivalent to a regular position or charge, those with temporary appointments, and those who are in probationary period.
- e) **Government Entities** — means the agencies, departments, offices and public corporations of the Executive Branch. The municipalities, the University of Puerto Rico, the Municipal Tax Collection Center, the Office of Management and Budget, the Government Ethics Office, are excluded from this term, and the Corporation of the ENLACE Project of the Caño Martín Peña and the Company for the Integral Development of the Cantera Peninsula.
- f) **Fraud** — as established by the Penal Code of Puerto Rico, as amended, when a person fraudulently induces another to perform acts or omissions that affect rights or patrimonial interests over real property of the State; or perform acts or omissions that deprive another person or affect the rights or economic interests over real estate to the detriment of the latter or of a third party.
- g) **Public Official** — means those persons who hold positions or jobs in the Government of Puerto Rico who are invested with part of the State's sovereignty, for which reason they



intervene in the formulation and implementation of public policy. It also includes employees appointed in positions of trust.

- h) **Integrity** — means honesty, transparency and neatness in the performance of public management.
- i) **Office of Government Ethics** — means the government entity created by virtue of Law 1-2012, as amended.
- j) **Office of Management and Budget** — means the government entity created by virtue of Law 147 of June 18, 1980, as amended.
- k) **Office of the Inspector General of Puerto Rico** — means the entity created under this Law.
- l) **Generally Accepted Government Auditing Standards** — means the standards adopted by the American Institute of Certified Public Accountants (hereinafter “AICPA”). These standards establish the quality in the performance of audit procedures.
- m) **Transparency** — means the act of making public information about the decisions, public policy practices and results of the Government. This in order to facilitate the relationship between the Government and the citizenry through public management open to the opinions of citizens regarding public services and public policies. In addition, to broaden and make accountability common and reduce the risks of corruption.
- n) **Unethical Actions** — means those acts recognized by each individual and by society as contrary to morality, ethics or the law. Includes acts of fraud, corruption, abuse of power, illegal appropriation of funds, embezzlement, use of funds and public property for personal purposes, illicit enrichment, deprivation of honest services, gross negligence in the performance of duty, among others. .

Article 4. — Creation of the Office of the Inspector General of Puerto Rico.

The Office of the Inspector General of Puerto Rico is hereby created, hereinafter the "OIG", whose purposes will be to strengthen the mechanisms for prevention, inspection, investigation, and auditing of government management; carry out audits and consultancies in government entities aimed at achieving optimal levels of economy, efficiency and effectiveness of their administrative systems and risk management, control and direction; enforce and punish violations of the laws, regulations, and standards adopted by the Government of Puerto Rico on the administration of public resources and assets; and achieve reliable information with the highest degree of security possible.

The Office will have full administrative, budgetary, operational and fiscal autonomy, which allows it, without being understood as a limitation, to exercise custody and control of its funds and public



property; design and establish its own tax organization and accounting systems and procedures to carry out its financial transactions; prepare, request, manage and monitor your budget; and reprogram the assigned funds or savings according to the priorities of the functions carried out by it. This will operate completely autonomously and independently, with full capacity to operate continuously, without external interventions, which will allow it to carry out its ministerial function effectively.

The OIG will have access to the information and documents related to the budget of all government entities, as defined in this Law. The OIG will not have jurisdiction over the Legislative and Judicial Branches. Nor will it intervene with the municipalities, the University of Puerto Rico, the Office of Management and Budget, the Office of Government Ethics, the Corporation of the ENLACE Project of Caño Martín Peña, or the Company for the Integral Development of the Cantera Peninsula. Notwithstanding the foregoing, the excluded entities may enter into collaborative agreements with the OIG so that their resources can be used to the maximum for the benefit of the people and will have the obligation to remit to it, within ten (10) calendar days of being issued, the results of the interventions and/or audits to which they are subject, either by their respective internal audit units or audits carried out by external entities. The OIG will certify that such interventions and/or audits comply with generally accepted government auditing standards, in terms of the principles of independence of the audit organization, independence of the conceptual framework, and independence of the Inspector General. In addition, the excluded entities will consider within their annual audit work plans the requests of the OIG.

The officials who occupy the position of Internal Auditor within the excluded entities, or perform these functions, may not be trusted employees within the entity in which they intervene nor may they provide their services through government contracting. This prohibition will not be applicable to the Legislative Branch, nor to the Judicial Branch.

Article 5. — Position of the Inspector General.

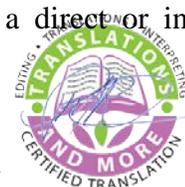
The position of Inspector General may only be held by a person over thirty (30) years of age, a citizen of the United States of America, who has resided in Puerto Rico during the five (5) years prior to the date of their appointment. In addition, they will be required to be a certified public accountant or auditor with a minimum of six (6) years of experience in audit processes and to be of recognized professional capacity, moral probity and knowledge in the field of public administration and government management. The Inspector General shall be appointed by the Governor, with the advice and consent of the Senate and the House of Representatives, and their appointment shall be for a term of ten (10) years.



The Inspector General shall earn an annual salary equivalent to that of a Secretary of the Constitutional Cabinet, who is not the Secretary of State, and may receive a differential just as the Governor is authorized by law to grant it to a Secretary of his constitutional Cabinet.

The Inspector General is prohibited from participating in the following political or party-related activities, whether at the state, municipal, or federal level:

- a) They may not be an aspirant or candidate for elective office while working for the OIG
- b) They may not have held an elective position during the three (3) years prior to their appointment or in the three (3) years following their departure from the OIG.
- c) They may not participate in political campaigns of any kind, during or outside of the constitutionally established electoral year.
- d) They may not belong to any internal body, committee or campaign group of a political party, political action committee or candidate.
- e) They may not hold positions in the internal bodies of political parties, political action committees or any candidacy.
- f) They may not participate in meetings, gatherings, walks, rallies, assemblies, conventions, primaries or other similar acts that are organized or financed by parties, aspirants, candidates for political office or elected officials during their incumbency or internal bodies of political parties or committees of political action.
- g) They may not publicly endorse candidates for elective office, whether in a primary election, general election, special election, or intraparty election.
- h) They may not publicly support independent candidates running for elective office.
- i) They may not serve as a college official in general elections, primaries, special elections, referendums or plebiscites.
- j) They may not, directly or indirectly, make contributions to candidates, political parties, aspirants, campaign committees, or to authorized agents, representatives, or committees of any of the foregoing, or to political action committees that make donations or coordinate spending among themselves, or to committees or segregated funds nor may they participate in any fundraising activity sponsored by or for the benefit of any political party, political action committee, or candidate for elective political office, or elected officials while in office.
- k) They may not organize any political activity such as fundraisers, radio and telethons, raffles, fairs and other similar events, even if they do not make a direct or indirect contribution of any kind.



- l) They may not make public expressions on matters of a political-partisan nature or attack politically or engage in controversies with aspirants, candidates or political leaders, without this being understood as an impairment of the right to defend themselves from abusive attacks on their person or their honor.
- m) They may not use their position to advance personal political agendas.

In the event that a vacancy arises in the position, before the term of the appointment expires, the person designated by the Governor and confirmed by the Senate and the House of Representatives of Puerto Rico will occupy the position for the time of the term that is needed to fulfill his predecessor's term.

Article 6. — Provision of Services in Government Entities Intervened by the OIG, Prohibition.

No official or regular, temporary or contract employee of the OIG may, during the twelve (12) consecutive months following the date on which they cease to provide services to the same, by themselves or through any legal person, corporation, association or entity of which they are an employee, partner or shareholder, render services to any government entity, as defined in this Law, in which said official has performed any audit work, either directly participating in the audit work or has supervised said audit work, unless there is a waiver from the Office of Government Ethics.

The aforementioned prohibition will apply when:

- (a) The person has engaged directly with an agency or has supervised such engagement on behalf of the OIG; or
- (b) The intervention has been carried out during the year prior to the date on which the person ceased their position or the date of termination of any service contract with the OIG.

Any person who violates the provisions of this Article will incur a felony and upon conviction will be punished with imprisonment for a term of one (1) year or with a fine of two thousand (2,000) dollars, or both penalties, at the discretion of the Court. Should there be aggravating circumstances, the Court may increase the previously established penalty to a maximum of two (2) years in prison or up to a three thousand (3,000) dollar fine. If there are extenuating circumstances, it may be reduced to a minimum of six (6) months and one (1) day of imprisonment or a fine of up to one thousand (1,000) dollars. Likewise, the Court will impose the obligation to pay the Government of Puerto Rico an amount equivalent to three (3) times the value of any economic benefit received or obtained as a consequence of the violation of the provisions of this Article. In addition, any person convicted of violating this Article will be prevented from holding or performing any public office or employment, subject to the provisions of Law 8-2017, known as the "Government of Puerto Rico Human Resources Administration and Transformation Act", as amended.



Article 7. — Functions and Powers of the OIG.

The OIG will have, without it being understood as a limitation, the following faculties, duties and powers:

- a. Carry out the pre-audit in the non-excluded government entities, including, but not limited to, the processes of purchase and acquisition of goods and services of the covered entities.
- b. Develop a comprehensive operational audit program in government entities, including the use of federal and state funds allocated, aimed at increasing the levels of economy, efficiency and effectiveness of the programs, activities or projects carried out by the entity government, including government information systems. This, in compliance with the Generally Accepted Government Auditing Standards, the Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.
- c. Carry out operational audits in government entities, both on their own initiative and at the request of the Governor or the Legislative Assembly, to determine the degree of success achieved by government programs, projects or activities in achieving the objectives set; achieve those objectives at the lowest possible cost and avoid or eliminate all waste, extravagance or unnecessary duplication in programs.
- d. Require from government entities all information of a programmatic, fiscal and managerial nature, financial and operational statements, and any other information that is needed.
- e. Have access to all files, reports, audits, documents, contracts, accounts, recommendations and any other material available in government entities related to their programs, activities, projects and operations.
- f. Hold the necessary hearings or meetings with the heads of the covered government entities, including any official or employee thereof.
- g. Carry out those studies, examinations and evaluations that are considered necessary to measure, improve and increase the effectiveness, efficiency and economy in the operation of government entities, as well as recommend the elimination of regulatory provisions or unnecessary regulations, improve service to the people and recommend the elimination of inefficient and ineffective procedures.
- h. Make indications, prepare reports with the findings and make recommendations to the heads of government entities, the Governor and the Legislative Assembly, as a result of the evaluations, studies and examinations carried out, including the need and progress of the corrective actions to be taken.
- i. Follow up on corrective action plans and reorganizations implemented by government entities, in order to evaluate the results and achievements obtained and formulate the



pertinent indications and recommendations to the head of the government entity, the Governor and the Legislative Assembly.

- j. Promote and help coordinate efforts to address issues and situations that require the participation or intervention of various government entities, such as the Office of Government Ethics, the Department of Justice, and the Office of the Comptroller.
- k. Provide assistance and advice to government entities in the development of administrative studies, evaluations, in the design of management systems and procedures, and in the implementation of jointly adopted corrective measures.
- l. Evaluate and make recommendations on existing and proposed legislation, and regulations related to the operating programs of government entities.
- m. Take oaths, by himself/herself or through any official of their Office to whom they delegate, and request from the Court of First Instance, when the person refuses, subpoenas requiring the appearance and testimony of witnesses, and the presentation of documents and any evidence that is relates to any matter under their jurisdiction that they are evaluating, investigating or studying.
- n. Interpret, apply and enforce the provisions of this Law and the regulations adopted by virtue of it, issue the orders that are necessary and convenient to fulfill their functions, responsibilities and duties, and request the Court of First Instance to force their compliance.
- o. Promulgate the regulations that are necessary and convenient to comply with the purposes of this Law, including rules of procedure for the hearings and investigations that they carry out.
- p. Evaluate the reports of the Comptroller of Puerto Rico and the Joint Commission on Special Reports of the Comptroller in order, if necessary, to carry out the investigations they deem necessary and take the actions they deem pertinent.
- q. Coordinate and expand government efforts to promote integrity and efficiency, detect and prevent fraud, embezzlement and abuse in the use of funds and public property, whether state or federal.
- r. Supervise compliance with public policy, laws, regulations, as well as any other regulations established to guarantee sound public administration, by government entities and public employees, and sanction the conduct of those who do not comply with the above.
- s. Maintain information related to the costs of investigations of non-governmental entities that incur improper conduct and cooperate with administrative and judicial agencies in the recovery of such costs.



- t. Carry out investigations related to proposals or complaints about irregularities in the operations of covered entities and sanction the conduct of those who have not acted in accordance with the established regulations. In no case may the identity of the person(s) who submitted the complaint or approach be revealed without their prior consent. If the Inspector General determines that the identity of the person(s) is essential for the development of the investigation, he/she must notify the person(s) at least seven (7) days before doing so.
- u. Advise the Governor and the Legislative Assembly on matters related to the duties and powers assigned to the OIG by virtue of this Law.
- v. Develop standards, policies, regulations, and procedures to guide agencies in establishing controls and complying with sound management practices. In addition, help them find ways to operate more efficiently and identify methods to generate income, reduce costs, increase financial aid and optimize resources.
- w. Develop and maintain an electronic page and other electronic systems with information available to government entities and the general public on various matters concerning the OIG, including the publication of reports issued by it.
- x. Require government entities and public employees to be trained and participate in training in matters of auditing, control and compliance with sound public administration, and prevention of inefficiencies and irregularities. The OIG will monitor compliance and content of said training.
- y. Resolve disputes that arise from the application of this Law and the rules or regulations adopted by virtue of it.
- z. Establish and administer procedures to identify violations of public policy, laws, regulations, and standards adopted by the Government of Puerto Rico on the administration of public resources and property, to prevent violations, and to take or order disciplinary or administrative measures, after the parties are granted the due process of applicable law.

Article 8. — Additional Powers and Duties of the Inspector General.

The Inspector General shall also have the following powers and functions:

- a. Organize, plan, supervise and direct the work of the OIG
- b. Appoint or hire the personnel that are necessary to carry out the functions and duties established in this Law, according to the criteria that ensure the provision of the best quality services. Said personnel will be subject to the prohibitions established in Article 5 of this Law.



- c. Hire the services of professionals with expertise, as deemed appropriate, to collaborate in investigations and evaluations on areas of greater complexity.
- d. Prepare the annual strategic plan for audits, evaluations and investigations to be carried out by the OIG.
- e. Delegate to any OIG official under their supervision any power or duty, except the authority to regulate and appoint personnel.
- f. Appoint an official in each government entity that represents them.
- g. Establish a system of professional improvement with a view to increasing the effectiveness of OIG personnel, through the development of policies, standards and approaches that allow having a well-trained workforce with the required skills. Said system must provide for the personnel to obtain a planned progress in their work or in their field that allows them to achieve their professional goals.
- h. Adopt the internal regulations for the operation of the OIG.
- i. Appoint examining officers or administrative judges to preside over the adjudication processes that begin in the OIG. These will have the power to issue all those orders that are necessary to safeguard the due process of law of the parties, in accordance with the regulations adopted by the OIG.
- j. Appear in the contracts and formalize all public documents or instruments that are necessary or convenient for the achievement of the aims and purposes of the Office.
- k. Acquire real and personal property in any legal manner, including, but not limited to, acquisition by purchase, lease, lease-purchase, bequest, or donation; as well as possess, preserve, use, dispose of any asset (whether movable or immovable, improved or unimproved), security, right or interest therein, in the way it deems most effective, efficient and necessary for the benefit of the Office.
- l. Establish collaboration agreements with public or private entities, inside and outside of Puerto Rico, to achieve the objectives of this Law.

Article 9. — Records.

During the course of auditing an entity under the jurisdiction of the OIG, no document may be seen or reviewed by persons outside the audit process. The results of audits, studies and evaluations must be made public, unless they include information that is confidential or is exempt from having to be disclosed to the public by any legal provision. The OIG will establish through regulations the form and manner in which the reports will be published.



The Inspector General must maintain the confidentiality of public documents that by their nature must be confidential, and will be subject to the same penalties as the custodian of said documents if he/she violates confidentiality statutes.

Articles 10. — Reports.

Within three (3) months following the close of each fiscal year, the Inspector General shall submit annual reports to the Governor, the Comptroller of Puerto Rico, the Executive Director of the Office of Government Ethics and the Legislative Assembly, containing their efforts, studies and investigations. In addition, they will render those other special reports that they deem appropriate. Likewise, they will be obligated to immediately submit to the Department of Justice, the Office of the Comptroller of Puerto Rico, and the Office of Government Ethics, any OIG report in which the Inspector General reasonably understands that a violation of the laws regarding the use of public property and funds has been committed.

Article 11. — Transfers.

The following is transferred to the Office of the Inspector General:

- a) The personnel, equipment, records, documents, assets, liabilities, contracts, properties, materials, and files, as well as the remaining balances of funds destined to the units, divisions, or other components that are duly related to the internal audit of government entities which are not excluded in Article 4 of this Law.
- b) The Inspector General and the secretaries, directors or heads of the covered government entities are ordered to adopt all those measures and carry out all those steps they deem necessary to ensure the effective and adequate transfer of personnel, equipment, records, documents, assets, liabilities, contracts, properties, materials and files transferred by means of this Law.
- c) The personnel of the Audit Unit of the State Insurance Fund Corporation, because it is the only one with certification of exclusive representation from the Puerto Rico Labor Relations Board, will be exempt from being transferred to the Office of the Inspector General.

In the same way, the Audit Unit of the Department of Transportation will be exempt from being transferred to the Office of the Inspector General.

For both agencies, said internal audit units will be exempt from transferring to the Office of the Inspector General their respective equipment, records, documents, assets, liabilities, contracts, properties, materials and files, as well as the remaining balances of funds destined for the offices and other components that are duly related to internal audits.



Article 12. — Retention of Status and Personnel Rights.

The personnel assigned to the different units, divisions or other components of each government entity that are transferred to the OIG will retain, as long as they occupy the same position they held at the time of transfer, the same status they had in accordance with Law 8-2017, known as the "Government of Puerto Rico Human Resources Administration and Transformation Act", as amended. Once they join the OIG, they will be subject to the personnel regulations adopted by the OIG for such purposes. The personnel transferred to the OIG, under the provisions of this Act, will also retain all rights, privileges, obligations, and status with respect to any existing pension, retirement, or savings and loan system and to which they were affiliated when this Law was approved.

Article 13. — Responsibility of Government Entities.

It shall be the obligation of each secretary, director or head of the covered government entities to provide OIG personnel with access to any physical and electronic books, documents and files, as well as any electronic accounting system or of any other nature necessary for the carrying out of its functions. Likewise, they must instruct the officials and employees of their respective agencies to facilitate the work of the OIG staff and provide the necessary cooperation for such purposes.

Article 14. — Exclusions.

In order to promote administrative, operational, and fiscal independence, which is essential to perform the sensitive function entrusted to it, the OIG will be excluded from the following laws: Plan 3-2011, as amended, known as the "Reorganization Plan of Puerto Rico's General Services Administration" and the Registry of Bidders assigned to said Administration or of any Law that succeeds Plan 3-2011 or the Registry of Bidders; Law 8-2017, as amended, known as the "Government of Puerto Rico Human Resources Administration and Transformation Act"; Law 45-1998, as amended, known as the "Puerto Rico Public Service Labor Relations Act"; Law No. 230 of July 23, 1974, as amended, known as the "Puerto Rico Government Accounting Act"; Law No. 25 of December 8, 1989, as amended, known as the "Law to Establish a Prompt Payment System for Suppliers of Goods and Services to the Government"; Law No. 5 of December 8, 1955, as amended, known as the "Public Records Administration Act"; Law 197-2002, as amended, known as the "Act to Regulate the Transition Process of the Government of Puerto Rico"; Law 265-2003, known as the "Law to Regulate Certain Government Contracts for the Financing and Leasing of Movable Property"; Law No. 147 of June 18, 1980, as amended, known as the "Organic Law of the Office of Management and Budget"; Law 209-2003, as amended, known as the "Puerto Rico Institute of Statistics Act"; Law 151-2004, as amended, known as the "Electronic Government Act"; Law 48-2006, as amended, known as the "Electronic Transactions Act"; Law 80-1991, as amended, known as the "Municipal Revenue Collection Center Law"; Law 831991, as amended, known as the "Municipal Property Tax Law of 1991"; Law No. 113 of July 10, 1974, known as the "Municipal Patent Law"; and Law 78-1997, as amended, known as the Law to



Regulate Tests for the Detection of Controlled Substances in Officials and Employees in Employment in the Public Sector. Law to Regulate Tests for the Detection of Controlled Substances in Employment in the Public Sector."

However, the OIG will adopt the internal rules to establish its own personnel system, which will incorporate the principle of merit, as well as the principle of mobility adopted with Law 8-2017, cited above, regulations related to addressing the detection and use of controlled substances by employees. Likewise, it will adopt its own accounting system and the acquisition and disposal of assets, incorporating the principles of austerity and fiscal control adopted by the Government of Puerto Rico.

Furthermore, it is expressly provided that the OIG is exempt from the payment of all taxes, permits, duties, fees, costs or contributions imposed by the Government or its municipalities on the properties of the OIG or in which it is the lessor or lessee, and on the income derived from any activity of the OIG, including, but not limited to, municipal taxes imposed pursuant to Law No. 113-1974, cited above, and municipal excise taxes imposed on construction, pursuant to Law 81-1991, as amended, known as the "Autonomous Municipalities of the Commonwealth of Puerto Rico Law of 1991". Also, the OIG is exempt from paying all kinds of charges, stamps and vouchers, costs or taxes required by law in judicial and administrative processes; payment for certifications, copies, reproductions or documents in all government entities of the Executive Branch; and for the granting, certification or registration of documents before a notary and public instruments, their presentation and registration in any public registry of the Government of Puerto Rico.

Article 15. — Section 2 of Law 110-1995 is repealed.

Article 16. — Budget.

The Office of Management and Budget will identify and allocate to the OIG from the current budget for Fiscal Year 2016-2017 the amount of funds necessary to cover the initial expenses of their organization, including those related to the transfer of internal auditors to said

Office. The Governor will include the necessary resources to cover operating expenses in the following fiscal years, without reviewing them and in a consolidated manner. The foregoing in recognition of the fiscal, operational, and administrative autonomy of the OIG, to perform the sensitive function entrusted to it.

The resources from the savings generated or the funds recovered through the evaluations carried out by the OIG in the covered government agencies, departments or entities, will revert to the General Fund or to the account or fund of origin thereof, at the end of each fiscal year in which they have been saved or recovered.



Article 17. — Sanctions and Penalties.

The Inspector General may impose administrative sanctions for violation of the norms, regulations, orders, and recommendations issued by this Office, as well as for violations of this Law or of the laws, regulations, and any other regulations established to guarantee sound public administration.

The OIG may also impose other sanctions, such as:

- a. Declaring the contract or appointment void.
- b. Requiring the restitution of public funds, income earned and accrued interest.
- c. Requiring from whoever obtains an economic benefit as a result of the violations of this Law the payment of three times the value of the economic benefit received.
- d. Refer to the appointing authority any public employee who has violated any legal precept over which the OIG has authority, so that they take the corresponding corrective or disciplinary action.

Article 18. — Separability.

If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading or part of this Law were annulled or declared unconstitutional, the resolution, opinion or judgment issued to that effect shall not affect, harm, or invalidate the remainder of this Law. The effect of said judgment shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, subsection or part of it that has thus been annulled or declared unconstitutional. If the application to a person or a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, section or part of this Law were invalidated or declared unconstitutional, the resolution, opinion or sentence issued to that effect will not affect or invalidate the application of the remainder of this Law to those persons or circumstances in which it can be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and application of this Law to the greatest extent possible, even if any of its parts are left without effect, annulled, invalidated, damaged or declared unconstitutional, or even if its application to any person or circumstance is left without effect, invalidated or declared unconstitutional. This Legislative Assembly would have approved this Act regardless of the separability determination that the Court may make.

Article 19. — Validity. This Law shall enter into force immediately after its approval.

