

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**AUDITED STATEMENT OF CASH RECEIPTS  
AND DISBURSEMENTS AND SINGLE AUDIT (WITH REPORTS  
REQUIRED UNDER UNIFORM GUIDANCE)**

**(Cash Basis)**

**(with Independent Auditor's Report Thereon)**

**For the Year Ended September 30, 2021**

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

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For the Year Ended September 30, 2021**

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**Independent Auditor's Report**

To the Office of the Advocate for the Elderly  
of the Commonwealth of Puerto Rico

**Report on the Audit of the Statement of Cash Receipts and Disbursements**

***Opinion***

We have audited the accompanying cash basis financial statement of cash receipts and disbursements of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico, which comprise Statement of Cash Receipts and Disbursements for the year ended September 30, 2021, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico for the year ended September 30, 2021, in accordance with the cash basis of accounting described in Note 2.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter - Basis of Accounting***

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

The management's discussion and analysis on pages 6 and 7 is presented to supplement the statement of cash receipts and disbursements. Such information is the responsibility of management and, although not a part of the statement of cash receipts and disbursements, We have applied certain limited procedures to this supplementary information which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the statement of cash receipts and disbursements, and other knowledge we obtained during our audit of the statement of cash receipts and disbursements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the statement of cash receipts and disbursements of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico. The accompanying Schedule of Expenditures of Federal Awards included on pages 24 and 25 is presented for purposes of additional analysis as required by *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the statement of cash receipts and disbursements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statement of cash receipts and disbursements. The information has been subjected to the auditing procedures applied in the audit of the statement of cash receipts and disbursements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statement of cash receipts and disbursements activities and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects, in relation to the statement of cash receipts and disbursements as a whole, in conformity with the basis of accounting described in Note 1.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, on our consideration of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control over financial reporting and compliance.

San Juan, Puerto Rico  
May 3, 2024



Stamp No. E569435 of the Puerto  
Rico Society of Certified Public  
Accountants was affixed to original.

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Management's Discussion and Analysis  
For the Year Ended September 30, 2021**

**Management's Discussion and Analysis**

The management of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico (the "OAE") provides this overview and analysis of the financial activities of the OAE during the year ended September 30, 2021. This report includes the cash received and cash paid as a result of the operating activities of the OAE including both funds appropriated by the Commonwealth of Puerto Rico (the "Commonwealth") and federal financial assistance programs granted by the U.S. Governmental Agencies.

**Overview of the Financial Statements**

The OAE's financial statement includes a statement of cash receipts and disbursements and the notes to the audited financial statement. Below is a brief explanation of the statement and notes presented.

- The **Statement of Cash Receipts and Disbursements** reports information about the OAE's General Operational Fund and Federal Fund; and includes all receipts and disbursements resulting from cash transactions.
- The **Notes to the Financial Statement** are an integral part of the statement of cash receipts and disbursements; and provides explanation and detail regarding the information reported in the statement and the schedule of expenditures of federal awards.

**Financial Highlights**

The statement of cash receipts and disbursements for the year ended September 30, 2021, is presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States (GAAP).

**Statement of Cash Receipts and Disbursements**

The statement of cash receipts and disbursements for the year ended September 30, 2021, reflects a deficiency in the general fund of approximately \$389 thousand and an excess of receipts over disbursements in the federal fund of approximately \$18 million. This excess of receipts substantially corresponds to reimbursements obtained from federal sources of prior years expenditures.

The Federal Fund consists of federal grants received from federal agencies. Federal disbursements for the year ended September 30, 2021, amounted to approximately \$22 million.

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Management's Discussion and Analysis, Continued  
For the Year Ended September 30, 2021**

**Financial Analysis**

The statement of cash receipts and disbursements presents the funds provided by the Commonwealth and from the awards received from funds of U.S. Governmental Agencies.

**Contacting Financial Management**

This financial report is designed to provide a general overview of the OAE's cash receipts and disbursements articles and to demonstrate accountability for the funds administered. If you have questions about this report or need additional financial information, contact the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico at PO Box 191179, San Juan, PR 00919-1179; or by phone to the (787) 721-6121, Ext. 1232.

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Statement of Cash Receipts and Disbursements  
(Cash Basis)**

**Governmental Fund**

**For the Year Ended September 30, 2021**

	<b>General Fund</b>	<b>Federal Funds</b>	<b>Total</b>
<b>Cash Receipts:</b>			
Commonwealth appropriations	\$ 2,240,947	-	\$ 2,240,947
Federal financial assistance	-	40,067,139	40,067,139
Veterans' affairs benefit	3,030,627	-	3,030,627
Miscellaneous receipts	119,778	-	119,778
Total cash receipts	5,391,352	40,067,139	45,458,491
<b>Cash Disbursements:</b>			
Administration	5,521,328	2,784,583	8,305,911
Supportive services and Seniors centers	238,726	5,522,458	5,761,184
Nutrition	-	8,626,263	8,626,263
Elder abuse	-	67,580	67,580
Long-term care	-	30,447	30,447
Caregiver support	-	2,294,597	2,294,597
Disease prevention	-	252,023	252,023
Medicare	-	1,375,317	1,375,317
Foster grandparent / Senior companion	19,441	642,387	661,828
Veterans' affairs benefit	1,800	-	1,800
Total cash disbursements	5,781,295	21,595,655	27,376,950
(Deficiency)/excess of receipts over disbursements	\$ (389,943)	18,471,484	\$ 18,081,541

See accompanying independent auditor's report  
and notes to statement of cash receipts and disbursements.



**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Statement of Cash Receipts and Disbursements  
For the Year Ended September 30, 2021**

**1. Organization and Reporting Entity**

The Office of the Advocate for the Elderly (the “OAE”) was created by the enactment of Act 203 of August 7, 2004 of the Commonwealth of Puerto Rico. The OAE is responsible to assist in the coordination of efforts to make solutions viable to address the problems, needs and claims of the elderly in the areas of education, health, employment, civil and political rights, social, labor and tax legislation; housing, transportation, recreation and culture, among others. The OAE is responsible for establishing and carrying out an assistance, orientation and advisory program for the protection of the rights of the elderly. In addition, it is the body that oversees, investigates, regulates, plans and coordinates with the various public agencies and/or private entities, the design and development of the projects and programs intended to address the needs of the elderly population conforming to the public policy stated by virtue of this Act, Public Law No. 89-73 of July 14, 1965, as amended, known as the “Older American Act of 1965,” Act No. 121 of July 12, 1986, as amended, better known as the “Bill of Rights of the Elderly,” and any other special law that thus empowers it, in order to propitiate the enjoyment of a full and productive life and attain greater involvement of these persons in the community. Furthermore, it oversees the implementation and compliance of public agencies with the public policy that concerns this sector of the population.

The Reorganization Plan No. 1 of June 22, 2011 “*Advocate's Office Reorganization Plan*” (“the Reorganization Plan”) created the Advocate Office Administration (“AOA”), as the administrative component of the following also newly created (by virtue of the Reorganization Plan) advocacies;

1. Office of the Healthcare Advocate;
2. the Advocate’s Office for Persons with Disabilities;
3. the Office of the Veterans’ Advocate;
4. the Advocate’s Office for Pensioners and the Elderly (formerly the Office of the Advocate for the Elderly)

Consequently, the Reorganization Plan repealed the enacted pieces of legislation that formed the above-mentioned government agencies including Act No. 203 of August 7, 2004 (which created the Office of the Advocate for the Elderly).

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**1. Organization and Reporting Entity, Continued**

Under the reorganized structure, the Advocate’s Office for Pensioners and the Elderly was in charge with the responsibility of addressing and finding solutions for the problems, needs, and claims of every pensioner, participant and/or beneficiary of the different government retirement systems, as well as of the elderly in areas such as education, financial planning, health, employment, civil and political rights, social, labor, and tax legislation, housing, transportation, recreation, culture, and other entrusted to it by the AOA. The Advocate’s Office for Pensioners and the Elderly was the body in charge of overseeing the implementation and enforcement by agencies and private entities of the public policy set forth in Act No. 121 of July 12, 1986, as amended, better known as the “Bill of Rights for Aged Persons”, and any legislation that conforms to the public policy established by virtue of Public Law No. 89-73 of July 14, 1965, as amended, known as the “Older Americans Act of 1965”, with regard to that sector of the population.

Act 75-2013 of July 24, 2013 repeals The Reorganization Plan No. 1 of June 22, 2011 “*Advocate's Office Reorganization Plan*”, and restated the OAE full capacities.

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**2. Summary of Significant Accounting Policies**

The accompanying statement of cash receipts and disbursements has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, receipts are recognized when received rather than when earned, disbursements are recognized when paid rather than when the obligation is incurred, and noncash transactions are not recognized.

- a. Expenditures - Expenditures are recognized in the accounting period in which the funds are disbursed.
- b. General fund - These funds basically consist of legislative resolutions received from the Commonwealth of Puerto Rico.
- c. Federal funds - These funds consist of financial assistance received from federal agencies. Federal funds are legally restricted to expenditures for specified purposes.
- d. Veterans' affairs benefit - The Commonwealth of Puerto Rico designated the OAE as the agency responsible to administer US Department of Veterans Affairs funds destined for the care of veterans at home (an alternate option to receiving this care at the local Veteran's Hospital). The OAE solely makes the applicable payments to the caregivers as instructed by the US Department of Veterans Affairs and therefore does not engage in the typical activities of administering federal grants awarded directly to the agency. The US Department of Veterans Affairs funds received and disbursed for the care of veterans at home are presented in the statement of cash receipts and disbursement as Veterans' affairs benefit.
- e. Vacation and sick leave - The OAE's employees are entitled to accrue both vacation and sick leave benefits based on service time. In the event of termination or retirement, employees would be paid up to a maximum of sixty (60) days for vacations. Expenditures for sick leave and vacation benefits are recognized when such absences are paid.
- f. Resources with fiscal agent - The funds of the OAE from legislative appropriations and federal grants are under the custody of the Commonwealth of Puerto Rico Secretary of the Treasury, pursuant to Act No. 230 of July 23, 1974, as amended, known as the "Accounting Law of the Commonwealth of Puerto Rico". The Commonwealth of Puerto Rico Department of the Treasury follows the practice of pooling resources under the custody of the Secretary of the Treasury. Those portions of funds of the OAE are pooled in appropriation accounts and are available to meet the OAE's current operating requirements.

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**3. Commitments and Contingencies**

Operating Leases

The OAE signed a lease agreement for its main office and regional location in San Juan, Puerto Rico. The term of the lease commenced on February 1, 2009 and concluded on January 31, 2014. The agreement provides for a renewal option term, but the OAE is renewing the agreement on a month-to-month basis.

The OAE, also, signed one lease agreement for a regional location in Ponce, Puerto Rico. The term of the lease commenced on July 1, 2018 and concluded on February 28, 2021. This agreement was renewed with an effective date of July 1, 2021 through June 30, 2026. Future minimum operating leases commitments for this location are scheduled as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 68,400
2023	68,400
2024	68,400
2025	68,400
2026	<u>51,300</u>
Total	\$ <u>324,900</u>

Rental disbursements for the year ended September 30, 2021 related to above leases amounted to \$404,824.

Litigations and Claims

The OAE is a defendant in various lawsuits resulting from the normal course of business. OAE's management believes that the potential claim will not materially affect its cash receipts and cash disbursements.

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**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
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**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**3. Commitments and Contingencies, Continued**

Federal Awards

The OAE participates in various federally funded programs. Substantially, the funds are received on a reimbursement basis. These programs are routinely subject to financial and compliance audits in accordance with the provisions of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) or to compliance audits by the pass-through and/or federal agency. The reports on the audits of these programs, which are conducted pursuant to such federal regulations, are required to be submitted by the OAE to the regulatory agencies.

Such agencies have the authority to determine liabilities, as well as, to limit, suspend, or terminate the federal financial assistance programs. Other federal and local programs are also subject to audit. If any unallowed cost is detected as a result of such compliance audits, the OAE may be required to reimburse such amounts to the corresponding federal and pass-through agencies from its own non-federal resources.

Coronavirus Pandemic

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease (COVID-19) as a pandemic. Since then, many countries have enacted COVID-19 protection measures, with a significant impact on daily life, production and the supply chain of goods in these countries and beyond. The disruption caused by COVID-19 in the general economic conditions, is a concern that it is being monitored by Management. No major direct impact, other than temporary, has been identified.

**4. Retirement Plan**

The Employees' Retirement System of the Commonwealth of Puerto Rico and its Instrumentalities ("ERS" or the "System") is a cost-sharing multiple-employer defined benefit pension plan sponsored by the Commonwealth of Puerto Rico. The System provides retirement, death and disability benefits pursuant to Act 447 of May 15, 1951, as amended. Disability retirement benefits are available to members for occupational and non-occupational disability benefits. Retirement benefits depend upon age at retirement and the number of years of creditable service. Benefits vest after ten (10) years of plan participation.

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
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**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**4. Retirement Plan, Continued**

No benefits are payable if the participant receives a refund of higher accumulated contributions. Members who have attained an age of at least fifty-five (55) years and have completed at least twenty-five (25) years of creditable service or members who have attained an age of at least fifty-eight (58) years and have completed at least ten (10) years of creditable service, are entitled to an annual benefit, payable monthly for life.

The amount of the annuity shall be one and a half (1.5) percent of the average compensation, as defined, multiplied by the number of years of creditable service up to twenty (20) years, plus two (2) percent of the average compensation, as defined, multiplied by the number of years of creditable service in excess of twenty (20) years.

In no case will the annuity be less than \$200 per month. Participants who have not attained fifty-five (55) years of age will receive 65% of the average compensation, as defined, or if they have attained age fifty-five (55) years will receive 75% of the average compensation, as defined.

On September 24, 1999, an amendment to Act 447 of May 15, 1951, which created the "System", was enacted with the purpose of establishing a new pension program (System 2000). Employee participation in the current System as of December 31, 1999, may elect to stay in the defined benefit plan or transfer to the new program. Persons joining the OAE on or after January 1, 2000, will only be allowed to become members of System 2000. System 2000 will reduce the retirement age from sixty-five (65) years to sixty (60) years for those employees who joined the current plan on or after April 1, 1990.

System 2000 is a hybrid defined contribution plan, also known as a cash balance plan. Under this new plan, there will be a pool of pension assets, which will be invested by the System together with those of the current defined benefit plan. The Commonwealth will not guarantee benefits at retirement age. The annuity will be based on a formula which assumes that each year the employees' contribution (with a minimum of 8.275% of the employee's salary up to a maximum of 10%) will be invested in an account which will either: (1) earn a fixed rate based on the two-year constant Maturity Treasury Note or, (2) earn a rate equal to 75% of the return of the ERS's investment portfolio (net of management fees), or (3) earn a combination of both alternatives.

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**4. Retirement Plan, Continued**

Participants will receive periodic account statements similar to those of defined contribution plans showing their accrued balances. Disability pensions will not be granted under System 2000. The employer's contribution (9.275% of the employee's salary) will be used to fund the current plan.

Government legislation requires employees to contribute 5.775% for the first \$550 of their monthly gross salary and 8.275% for the excess over \$550 of monthly gross salary. The OAE was required by the same statute to contribute 10.275% of the participant's gross salary.

On April 4, 2013, by means of Act No. 3, an amendment to Act No. 447 of May 1, 1951, which created the System 2000, was enacted for the purpose of establishing a new pension program effective July 1, 2013 for all active participants. Under the Act No. 3, all active participants at July 1, 2013 under Act No. 447 joined a "Hybrid Program", a combination of defined benefits and defined contribution program.

All active participants under Act No. 447 preserve benefits accrued as of June 30, 2013. The annuity for these participants will be computed based on the average compensation multiplied by the credited years of service as of June 30, 2013 and contributions made to the new defined contribution program after June 30, 2013. For participants under System 2000, all contributions made before June 30, 2013 were transferred to the new defined contribution program.

To qualify for an annuity under the new "Hybrid Program", participants have to meet two conditions: five (5) years of credited service and \$10,000 or more in contributions made under this program. The annuity will be based on a distribution of all contributions made, divided by a factor of life expectancy of the participant at the age of retirement.

The new pension program also established a new age for retirement as follows:

For participants who entered the program before April 1, 1990 (Act No. 447):

<u>Age at June 30, 2013</u>	<u>Age under new program</u>
57 years or more	59 years
56 years	60 years
55 years or less	61 years

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
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**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**4. Retirement Plan, Continued**

For participants who entered the program after April 1, 1990 through December 31, 1999 (Act No. 1):

<b>Age at June 30, 2013</b>	<b>Age under new program</b>
65 years or less	65 years

For participants who entered the program after January 1, 2000 through June 30, 2013 (System 2000):

<b>Age at June 30, 2013</b>	<b>Age under new program</b>
59 years	61 years
58 years	62 years
57 years	63 years
56 years	64 years
55 years or less	65 years

For participants who entered the program on or after July 1, 2013 (Act No. 3), the retirement age will be sixty-seven (67) years.

In addition, Act No. 3 amended the provisions of the different benefit structures under the Retirement System, including, but not limited to, the following:

- Increased the minimum pension for current retirees from \$400 to \$500 per month.
- Eliminated the "merit annuity" available to participants who joined the retirement system prior to April 1, 1990.
- The employee contribution rate was increased from 8.275% to 10%.
- For the System 2000 Program participants, the retirement benefits will no longer be paid as a lump sum distribution, instead, they will be paid through a lifetime annuity.
- Eliminated or reduced various retirement benefits previously granted by special laws, including Christmas and summer bonuses. The Christmas bonus payable to current retirees was reduced from \$600 to \$200 and was eliminated for future retirees. The summer bonus was eliminated.

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**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
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**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**4. Retirement Plan, Continued**

- Disability benefits were eliminated and substituted for a mandatory disability insurance policy.
- Survivor benefits were modified.

Employee contributions are credited to individual accounts established under the Defined Contribution Hybrid Program. In addition, a mandatory contribution equal to or less than point twenty-five percent (0.25%) is required for the purchase of disability insurance.

Upon retirement, the balance in each participant's account will be used to purchase an annuity contract, which will provide for a monthly benefit during the participant's life. In case of the pensioner's death, the designated beneficiaries will continue receiving the monthly benefit until the contributions of the participant are completely consumed. In case of the participants in active service, a death benefit will be paid in one lump sum in cash to the participant's beneficiaries. Participants with a balance of less than \$10,000 or less than five (5) years of computed services at retirement will receive a lump-sum payment. In case of permanent disability, the participants have the option of receiving a lump sum or purchasing an annuity contract.

On June 27, 2017, the Treasury Department issued Circular Letter No. 1300-46-17 in order to convey to the central government agencies, public corporations, and municipalities the new implementation procedures to adopt, effective July 1, 2017, a new "pay-as-you-go" (PayGo) mechanism for the Commonwealth Retirement Systems. With the start of fiscal year 2018, employers' contributions, contributions ordered by special laws, and the additional uniform contribution were all eliminated. ERS will determine and administer the payment amount per retiree that will be charged to each agency, public corporation and municipality, including the OAE.

In addition to the establishment of the PayGo mechanism, on August 23, 2017, the Governor signed into law the Act to Guarantee the Payment to Our Pensioners and Establish a New Plan for Defined Contributions for Public Servants (Act No. 106), which reformed the Commonwealth Retirement Systems so that their active participants would deposit their individual contributions in a new Defined Contributions Plan, that will be managed by a private entity. Act No. 106 created the legal framework so that the Commonwealth can make payments to pensioners through the PayGo system. Act No. 106 also created a Defined Contributions Plan, similar to a 401(k) plan, which mandates the contributions of public servants, because future benefits will not be paid by the Commonwealth Retirement Systems.

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**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Statement of Cash Receipts and Disbursements, Continued  
For the Year Ended September 30, 2021**

**4. Retirement Plan, Continued**

Act No. 106, among other things, amended Act No. 12 with respect to the ERS's governance, funding and benefits for active members of the actual program and new hired members. Under Act No. 106, the ERS's Board of Trustees was substituted with a new retirement board (the Retirement Board), which is currently responsible for governing all Commonwealth Retirement Systems.

Act No. 106 terminated the previously existing pension programs for ERS participants as of June 30, 2017. The members of the prior programs and new system members hired on and after July 1, 2017, will be enrolled in a new defined contributions program that will be selected by the Retirement Board. The accumulated balance on the accounts of the prior program will be transferred to the members account in the new defined contributions program. ERS's active members in the defined contributions program will retain their benefits as stated under Act 91 of March 29, 2003.

Total covered payroll for the year ended September 30, 2021, was \$2,993,344.

Additional information on the System is provided in its financial statements for the year ended June 30, 2017, which is the most recent audited report. A copy of the financial statements can be obtained from Retirement System Administration, PO Box 42003, San Juan, Puerto Rico 00949 or [www.retiro.pr.gov](http://www.retiro.pr.gov).

**5. Subsequent Events**

Management has evaluated subsequent events through May 3, 2024, the date the financial statements were available to be issued. No material subsequent events requiring further disclosure have been identified.

**SCHEDULE OF DISBURSEMENTS BY FUNCTIONAL EXPENSES - FEDERAL FUNDS**

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Supplemental Information  
Schedule of Disbursements by Functional Expenses-Federal Funds  
For the Year Ended September 30, 2021**

Functional Expenses Description	Administration	Supportive Services and Centers	Nutrition	Elder Abuse	Long Term Care	Caregiver Support	Disease Prevention	Medicare	Foster Grandparent/ Senior Companion	Total
Salaries and Fringe										
Benefits	\$ 1,092,017	625,863	-	38,229	3,371	470,608	112,590	173,974	144,418	\$ 2,661,070
Public Services	72,324	-	-	-	-	-	-	68,257	1,189	141,770
Purchases Services	1,187,297	32,087	567,189	-	27,051	1,588,501	-	426,742	27,030	3,855,897
Distributions to Municipality										
Sponsors	-	3,499,908	6,512,826	-	-	130,844	-	-	-	10,143,578
Distributions to: Non-Governmental										
Sponsors	-	1,292,708	1,546,248	-	-	-	-	-	-	2,838,956
Transportation										
Expenses	72,206	46,306	-	1,573	25	34,564	10,550	17,321	11,749	194,294
Professional and										
Consulting Services	43,414	8,482	-	27,000	-	-	126,045	110,758	-	315,699
Other Expenses	87,700	12,998	-	-	-	52,190	1,431	236,448	454,419	845,186
Supplies	151,454	778	-	-	-	17,890	252	195,557	3,582	369,513
Equipment Purchases	69,523	3,328	-	778	-	-	1,155	35,832	-	110,616
Advertising	8,648	-	-	-	-	-	-	110,428	-	119,076
<b>Total Expenses</b>	<b>\$ 2,784,583</b>	<b>5,522,458</b>	<b>8,626,263</b>	<b>67,580</b>	<b>30,447</b>	<b>2,294,597</b>	<b>252,023</b>	<b>1,375,317</b>	<b>642,387</b>	<b>\$ 21,595,655</b>

See accompanying independent auditor's report  
and notes to statement of cash receipts and disbursements.

**SCHEDULE OF DISBURSEMENTS BY FUNCTIONAL EXPENSES - GENERAL FUNDS**

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Supplemental Information  
Schedule of Disbursements by Functional Expenses-General Funds  
For the Year Ended September 30, 2021**

<b>Functional Expenses Description</b>	<b>Adminis- tration</b>	<b>Supportive Services and Seniors Centers</b>	<b>Foster Grandparent/ Senior Companion</b>	<b>Veterans' Affairs Benefit</b>	<b>Total</b>
Salaries and Fringe Benefits	\$ 977,926	-	-	1,800	\$ 979,726
Public Services	13,108	-	-	-	13,108
Purchased Services	268,883	-	-	-	268,883
Distributions to Municipality Sponsors	1,198,097	-	-	-	1,198,097
Distributions to Non- Governmental Sponsors	-	238,726	-	-	238,726
Transportation Expenses	10,154	-	19,441	-	29,595
Professional and Consulting Services	227,798	-	-	-	227,798
Supplies	1,980	-	-	-	1,980
Equipment Purchases	5,776	-	-	-	5,776
Advertising	2,205	-	-	-	2,205
Other Expenses	2,815,401	-	-	-	2,815,401
Total Expenses	<u>\$ 5,521,328</u>	<u>238,726</u>	<u>19,441</u>	<u>1,800</u>	<u>\$ 5,781,295</u>

See accompanying independent auditor's report  
and notes to statement of cash receipts and disbursements.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021**

<u>Federal Grantor Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures By Sub-recipients</u>	<u>Total Federal Expenditures</u>
<b><u>Direct Programs:</u></b>			
U.S. Department of Health and Human Services (HHS):			
<u>Aging Cluster</u>			
Special Program for the Aging-Title III Part B-Grant for Supportive Services and Senior Centers	93.044	\$ 4,792,616	\$ 8,565,376
Special Program for the Aging-Title III Part C- Nutrition Services	93.045	6,649,252	6,885,856
Nutrition Services Incentive Program	93.053	1,409,823	1,740,408
Sub-total Aging Cluster		12,851,691	17,191,640
<u>Title VII</u>			
Special Program for the Aging-Title VII-Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	-	13,182
Special Program for the Aging-Title VII-Chapter 2- Long Term Care Ombudsman Services for Older Individuals	93.042	-	155,632
Sub-total Title VII		-	168,814
<u>HHS Other Awards</u>			
National Family Caregiver Support, Title III, Part E	93.052	130,844	2,294,596
Special Program for the Aging-Title III Part D- Disease Prevention and Health Promotion Services	93.043	-	252,023
State Health Insurance Assistance Program	93.324	-	827,187
Medicare Enrollment Assistance Program	93.071	-	70,106
Elder Abuse Prevention Interventions Program	93.747	-	5,644
Sub-total HHS Other Awards		130,844	3,449,556
Total U.S. Department of Health and Human Services		12,982,535	20,810,010
Corporation for National and Community Services (CNCS):			
Foster Grandparent Program	94.011	-	327,104
Senior Companion Program	94.016	-	364,109
Total Corporation for National and Community Services		-	691,213
Sub-total Direct Programs carried to next page		\$ 12,982,535	\$ 21,501,223

(Continued)



**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended September 30, 2021**

<u>Federal Grantor Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures by Subrecipients</u>	<u>Total Federal Expenditures</u>
Sub-total Direct Programs brought from previous page		\$ 12,982,535	\$ 21,501,223
U.S. Department of Agriculture (USDA) Senior Farmers Market Nutrition Program	10.576	-	40,034
<b><u>Passed Through Programs:</u></b>			
U.S. Department of Justice: Pass Through P.R. Justice Department: Crime Victim Assistance (Pass-through entity assigned number 2017-VA-OPPEA-01)	16.575	-	54,398
<b>Total Expenditures of Federal Awards</b>		\$ 12,982,535	\$ 21,595,655

The accompanying notes are an integral part of this schedule.

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended September 30, 2021**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico (“OAE”) under programs of the federal government for the year ended September 30, 2021. The OAE’s reporting entity is defined in Note 1 to the financial statement.

The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and following the cash receipts and cash disbursements basis of accounting. Because the Schedule presents only a selected portion of the operations of the OAE, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the OAE.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. It is drawn primarily from the OAE’s internal accounting records, which are the basis of the OAE’s Statement of Cash Receipts and Disbursements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The titles of federal awards included in the SEFA are presented as described in the Federal Assistance Listing Numbers (“ALN”).

**3. Indirect Cost Rate**

OAE has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended September 30, 2021**

**4. Relationship to the Financial Statement**

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying schedule, which is prepared on the basis of accounting explained in Note 2. Office of Management and Budget and the Uniform Guidance require that federal financial reports for claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared. The OAE prepares the federal financial reports and claims for reimbursements primarily based on information from the internal accounting records.

Expenditures included in the SEFA amounting to \$21,595,655 agree with the amounts included in the accompanying statement of cash receipts and disbursements for purposes of the Federal Financial Assistance.

**5. Matching Costs**

Matching costs, such as the nonfederal share of certain program costs, are not included in the accompanying Schedule.

**6. Late Submission of the Reporting Package**

OAE experienced difficulties that caused a late submission of the reporting package to the Federal Clearinghouse for several years. For the year ended September 30, 2021, OAE is still in the process of regularizing its submission process.

(Continued)

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Notes to Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended September 30, 2021**

**7. Cluster**

A cluster of programs means federal programs with different Federal ALN that are defined as clusters of programs because they are closely related programs that have similar compliance requirements. The schedule includes the following clusters:

<u>Cluster</u>	<u>Federal Program</u>	<u>ALN</u>
	Special Program for the Aging-Title III Part B-Grant for Supportive Services and Senior Centers	93.044
Aging Cluster	Special Program for the Aging-Title III Part C-Nutrition Services	93.045
	Nutrition Services Incentive Program	93.053
Foster	Foster Grandparent Program	94.011
Grandparent/Senior Companion Cluster	Senior Companion Program	94.016

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**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statement Performed  
in Accordance with Government Auditing Standards**

To the Office of the Advocate for the Elderly  
of the Commonwealth of Puerto Rico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico, which comprise the statement of cash receipts and disbursements for the year ended September 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated May 3, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control.

A deficiency *in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## OAE's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the OAE's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. OAE's response was not subject to the other auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on the response.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Juan, Puerto Rico  
May 3, 2024



Stamp No. E569436 of the Puerto  
Rico Society of Certified Public  
Accountants was affixed to original.

**ZAYAS, MORAZZANI & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by Uniform Guidance**

To the Office of the Advocate for the Elderly  
of the Commonwealth of Puerto Rico

**Report on Compliance for Each Major Federal Program**

**Qualified Opinion**

We have audited the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's major federal programs for the year ended September 30, 2021. The Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on Special Program for the Aging-Title III Part B-Grant for Supportive Services and Senior Centers (ALN 93.044), Special Program for the Aging-Title III Part C-Nutrition Services (ALN 93.045), Nutrition Services Incentive Program (ALN 93.053), National Family Caregiver Support-Title III, Part E (ALN 93.052) and State Health Insurance Assistance Program (ALN 93.324)*

In our opinion, except for the noncompliance described in the Basis for Qualified section of our report, the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Special Program for the Aging-Title III Part B-Grant for Supportive Services and Senior Centers (ALN 93.044), Special Program for the Aging-Title III Part C-Nutrition Services (ALN 93.045), Nutrition Services Incentive Program (ALN 93.053), National Family Caregiver Support-Title III, Part E (ALN 93.052) and State Health Insurance Assistance Program (ALN 93.324) for the year ended September 30, 2021.

**Basis for Qualified Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's compliance with the compliance requirements referred to above.

*Matters Giving Rise to Qualified Opinion on Special Program for the Aging-Title III Part B-Grant for Supportive Services and Senior Centers (ALN 93.044), Special Program for the Aging-Title III Part C-Nutrition Services (ALN 93.045), Nutrition Services Incentive Program (ALN 93.053) (“Aging Cluster”) and National Family Caregiver Support-Title III, Part E (93.052) and State Health Insurance Assistance Program (ALN 93.324)*

As described in the accompanying schedule of findings and questioned costs, the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico did not comply with requirements regarding the Special Program for the Aging-Title III Part B-Grant for Supportive Services and Senior Centers (ALN 93.044), Special Program for the Aging-Title III Part C-Nutrition Services (ALN 93.045), Nutrition Services Incentive Program (ALN 93.053), National Family Caregiver Support-Title III, Part E (ALN 93.052) and State Health Insurance Assistance Program (ALN 93.324) as described in finding number 2021-001 for reporting and 2021-02 for Subrecipient Monitoring.

Compliance with such requirements is necessary, in our opinion, for the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico to comply with the requirements applicable to those programs.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico’s federal programs.

#### **Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico’s compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

San Juan, Puerto Rico  
May 3, 2024



Stamp No. E569437 of the Puerto  
Rico Society of Certified Public  
Accountants was affixed to original.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2021**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued	Unmodified
Internal Control over financial reporting:	
1. Material weakness identified?	No
2. Significant deficiencies that are not to be considered material weakness?	No
3. Non-compliance material to financial statement noted?	No

**Federal Awards**

Type of auditor’s report issued on compliance for each major program:	
1. Material weakness identified?	Yes
2. Significant deficiencies that are not to be considered material weakness?	No
3. Type of auditor’s report issued on compliance for major program	Qualified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes

The programs tested as major programs are the following:

<b>Federal grantor/Name of Federal Program</b>	<b>Federal ALN</b>
U.S. Department of Health and Human Services:	
Title III – B Supportive Services and Senior Centers	93.044
Title III – C Nutrition Services	93.045
Title III – E National Family Caregiver Support	93.052
Nutrition Services Incentive Program	93.053
State Health Insurance Assistance Program	93.324
The threshold for distinguishing Types A and B programs:	\$750,000
Auditee qualified as low risk auditee?	No

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Findings and Questioned Costs, Continued  
For the Year Ended September 30, 2021**

**Section II – Financial Statement Findings**

There is no financial statements findings that need to be disclosed.

**Section III – Federal Award Findings and Questioned Costs/Management Response**

**Finding Number: 2021-001**

*Federal Programs:*

All federal financial assistance programs.

*Category:*

Internal Control/Compliance - Material Weakness

***Compliance Requirement:***

Reporting - Data Collection Form

***Condition:***

The Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico (“OAE”) submitted the data collection form for the year ended September 30, 2020, to Federal Clearinghouse after its due date. Also, the current single audit for the year ended September 30, 2021, is being completed and submitted after the corresponding date.

***Criteria:***

2 CFR Part 200, Subpart C, Section 200.512 established that the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. Unless restricted by law or regulation, the auditee shall make copies available for public inspection.

***Cause:***

OAE's Single Audit Report for fiscal year 2020 was submitted on January 12, 2023. The main causes were recurrent delays in engaging the auditors and general planning of the process and the extended disruptions caused by COVID-19. For fiscal year 2021, the main causes were the delays experienced in the contract process to engage the external auditors and delays in retrieving the relevant support documents in custody of the Puerto Rico Department of Treasury. All the disbursements are processed by the subject Department.

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Findings and Questioned Costs, Continued  
For the Year Ended September 30, 2021**

***Effect:***

OAE may be subject to sanction, as described in the Uniform Guidance, Section 225 titled "Sanctions", in cases of continued inability to have an audit conducted in accordance with this part, Federal agencies and pass-through entities shall take appropriate actions using sanctions such as: (a) withholding a percentage of federal award until the audit is completed satisfactorily; (b) withholding or disallowing overhead cost; (c) suspending federal award until the audit is conducted; or (d) terminating the federal award.

***Questioned Cost:***

None.

***Recommendation:***

We recommend management to formalize a plan to monitor the single audit process, including the engagement of the external auditors, the completion of all required steps, including the access to the required documentation, as well as an itinerary of every relevant step to perform, complete and submit single audit during the required period.

***Management Response:***

Management agrees with the observation. Management recognizes that a delay will be experienced with respect to 2021. However, Management adopted a plan to reduce the delay for 2022 and to comply with the deadlines for the years after 2022.

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Findings and Questioned Costs, Continued  
For the Year Ended September 30, 2021**

**Finding Number 2021-002**

***Federal programs:***

AL No.: 93.044      Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers

AL No.: 93.045      Special Programs for the Aging-Title III, Part C-Nutrition Services

***Category:***

Internal Control/Compliance – Material Weakness

***Compliance Requirement:***

Subrecipient Monitoring

***Condition:***

OAE requires the monitoring process of 100% of the population of the subrecipients of federal funds, at least once a year. During the year ended September 30, 2021, the OAE distributed federal funds to 123 subrecipients. However, the subrecipients subjected to formal monitoring were only six (6) or 5%.

***Criteria:***

45 CFR Sections 1321.11(b) and 1321.17(f)(9), the State Agency is required to develop policies governing all aspects of programs operated under the State Plan and to monitor their implementation, including assessing performance for quality and effectiveness and specifying data system requirements to collect necessary and appropriate data. The policies developed by the State agency shall address the manner in which the State agency will monitor the performance of all programs and activities initiated under this part for quality and effectiveness.

***Cause:***

The design of the policies for the monitoring activities over subrecipients does not consider that there are no current or contemplated resources that could be available to perform formal and comprehensive monitoring exercises over the total population of sub-recipients on an annual basis.

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Findings and Questioned Costs, Continued  
For the Year Ended September 30, 2021**

***Effect:***

The failure to monitor sub-recipients may lead to inappropriate use of the funds by the subrecipients, and the disallowance of such costs by the federal agencies.

***Questioned Cost:***

None.

***Recommendation:***

OAE should review the design of the internal policies according to the available resources and modify what is established in the State Plan regarding the monitoring of subrecipients. The monitoring processes should be designed to ensure that the grants were used properly, and all supporting documents were properly assembled and stored. Best practices on subrecipients monitoring should be searched and evaluated for implementation.

***Management Response:***

Management agrees with the observation. OAE reviewed its policies and procedures for subrecipients monitoring and developed and adopted a risk base plan to comply with the requirements. The subject plan was adopted for implementation effective April 23, 2024. Under the new plan, the monitoring activities will entail a risk-based monitoring approach to streamline the related processes.



**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Schedule of Findings and Questioned Costs, Continued  
For the Year Ended September 30, 2021**

**Status of Prior Year Audit Findings and Questioned Costs**

<b><u>Finding Reference Number</u></b>	<b><u>Finding Description</u></b>	<b><u>Questioned Costs</u></b>	<b><u>Finding Current Status</u></b>
2020-001	Reporting – Data Collection Form	None	Delay experienced for 2019 and 2020 was also experienced for 2021. Management has plans to reduce the delay for 2022. (see finding 2021-001)
2020-002	Subrecipient Monitoring	None	Formal corrective action was implemented. (see finding 2021-002)

**AUDIT ENGAGEMENT PROFILE**

**OFFICE OF THE ADVOCATE FOR THE ELDERLY  
OF THE COMMONWEALTH OF PUERTO RICO**

**Audit Engagement Profile  
For the Year Ended September 30, 2021**

AUDITORS : Zayas, Morazzani & Co.

CONTACT PERSON : Mr. Luis A. Martínez-Renta, CPA, Partner  
l.martinez@zmcompany.com

FEDERAL EMPLOYER ID NUMBER : 66-0365844

ADDRESS : Belisa Development  
1538 Bori Street  
San Juan, Puerto Rico 00927

LICENSE NUMBER : 95

TELEPHONE NUMBER : (787) 753-7025; 753-6780

FAX NUMBER : (787) 759-7122

The audit was performed at the Organization's facilities, as follows:

<u>Location</u>	<u>Description of Facility</u>	<u>Dates Visited</u>
Ponce de León Avenue 16 Blg. 1064 3 <sup>rd</sup> floor Santurce	Administration Offices	Various

Records for the accounting and administration of the OAE are located at the above-referenced facilities.

**CORRECTIVE ACTION PLAN  
AND  
STATUS OF PRIOR YEAR AUDITING  
FINDINGS AND QUESTIONED COSTS  
PROVIDED BY THE  
OFFICE OF THE ADVOCATE  
FOR THE ELDERLY  
OF THE  
COMMONWEALTH OF PUERTO RICO**



**GOVERNMENT OF PUERTO RICO**  
**PUERTO RICO OFFICE OF THE OMBUDSMAN FOR THE ELDERLY**  
**COMMONWEALTH OF PUERTO RICO**

<b>CORRECTIVE ACTION PLAN FOR SA-2020-2021</b>				
<b>FINDINGS NUMBER</b>	<b>AUDITOR'S DESCRIPTION</b>	<b>CONDITION</b>	<b>CORRECTIVE ACTION PLAN</b>	<b>LEAD PERSON FOR ACTION ITEM COMPLETION</b>
#2021-001	Reporting - Data Collection Form	The Office of the Advocate for the Elderly of the Commonwealth of Puerto Rico ("OAE") submitted the data collection form for the year ended September 30, 2020, to Federal Clearinghouse after its due date. Also, the current single audit for the year ended September 30, 2021, is being completed and submitted after the corresponding date.	As we mentioned in the SA 2020 Corrective Action Plan, we expected to finish SA 2021 in FY 2023, as well as SA 2022. We were not able to achieve this goal as face-to-face work had not yet been fully normalized due to a Pandemic Covid-19. Normalcy in terms of face-to-face work was fully implemented in 2022-2023. We currently have a contract to achieve the SA 2022 which will start in April 2024. We will continue to enter into a unified contract to achieve SA 2023 and SA 2024 completion on or before December 31, 2024. We have worked hard planning for this goal.	Director of Administration
#2021-002	Internal Control & Compliance - Material Weakness - Sub-recipient Monitoring	During our compliance procedures, we noted that the procedures of the OAE requires a monitoring process of the total 100% population of the subrecipients of federal funds at least once a year. We observed that during the year ended September 30, 2021, the OAE distributed federal funds to 123 subrecipients. The actual subrecipients subjected to formal monitoring exercises amounted to six (6) or 5%.	As established in the SA 2020 Corrective Action Plan, the OPPEA established a process to adapt to the reality of the office. The OPPEA implemented a Risk Assessment System. The actions taken by management regarding monitoring are based on a review of the policies and processes to carry out the monitoring of subrecipients. Risk monitoring will be carried out to minimize evaluation efforts in the follow-up. With the purpose of streamlining their process and ensuring that they are completed effectively in less time. Some Risk categories were established so that in the event that a Monitor finds as a result of its evaluation that said project represents a risk in the management of funds, a more in-depth Monitoring can be carried out.	Monitoring Office Director of Administration



# GOVERNMENT OF PUERTO RICO

PUERTO RICO OFFICE OF THE OMBUDSMAN FOR THE ELDERLY  
COMMONWEALTH OF PUERTO RICO

April 25, 2024

## Status of Prior Year Auditing Findings and Questioned Costs For the year ended September 30, 2021

**Audit Finding Number:** 2020-001 Federal Programs  
Reporting - Data Collection Form

**CFDA number and name:**

All federal financial assistance programs.

**State agency:** Ombudsman Office for the Elderly

**Status:** Partially Corrected

The corrective action plan was

The Single Audit Report for fiscal year 2020 was submitted on January 12, 2023. The main causes were recurrent delays in the engagement of the auditors and the general planning of the process, and the extended disruptions caused by COVID-19.

Our Agency submitted the SA 2021 in April 2024.

**The agency has implemented the following:**

- We currently have a contract to achieve SA 2022 which will start in April 2024. We will continue to enter into a unified contract to achieve SA 2023 and SA 2024 completion on or before December 31, 2024. We have worked hard planning for this goal.
- The office hired additional staff for positions that were vacant and recruitment was difficult due to low pay. The Government of PR, through a new reclassification and remuneration law, increased salaries. This allowed us to hire vacant personnel in the Administration area in mid-2023.

**Audit Finding Number:** 2020-002 Federal Programs  
Subrecipient Monitoring

PO BOX 191179, SAN JUAN, PR 00919-1179 TEL.: (787) 721-6121 FAX: (787) 724-1152

Autorizado por la Oficina del Contralor - OCE-SA-2023-00094



**CFDA number and name:**

CFDA No.: 93.044 Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers

CFDA No.: 93.045 Special Programs for the Aging-Title III, Part C-Nutrition Services

**State agency:** Ombudsman Office for the Elderly

**Status:** Corrected


**The corrective action plan was:**

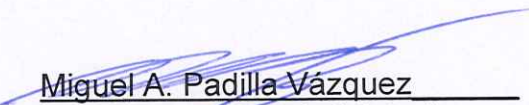
The office established a new procedure for subrecipients monitoring to develop an effective plan to meet the requirements.

**The agency has implemented the following:**

- The Office acquired computer equipment as well as access points where the Monitors can connect remotely and continue their work.
- The office hired additional staff for positions that were vacant and recruitment was difficult due to low pay. The Government of PR, through a new reclassification and remuneration law, increased salaries. This allowed us to hire vacant personnel in the Monitoring area in mid-2023.
- The process was established to carry out risk monitoring of the Sponsoring Groups.

In San Juan, Puerto Rico, today, April 25, 2024.

  
Carmen D. Sánchez Salgado, Ph.D.  
Ombudsman

  
Miguel A. Padilla Vázquez  
Acting Director of Administration