Secretaría

- ☐ Ver al dorso
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- ☐ Notas
- ☐ Para mantenerle al día
- ☐ Expediente
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Senado
DE PUERTO RICO

El Capitolio
PO Box 9023431
San Juan, Puerto Rico
00902-3431

T: 787.722.3460
787.722.4012
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REFERIDO A:

COMISIONES PERMANENTES

- ☐ Hacienda
- ☐ Gobierno
- ☐ Seguridad Pública y Judicatura
- ☐ Salud
- ☐ Educación y Asuntos de la Familia
- ☐ Desarrollo Eonómico y Planificación
- ☐ Urbanismo e Infraestructura
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- ☐ Asuntos Municipales
- ☐ Recreación y Deportes
- ☐ Banca, Asuntos del Consumidor y Corporaciones Públicas
- ☐ Desarrollo de la Región del Oeste
- ☐ Asuntos de la Mujer
- ☐ Asuntos Internos
- ☐ Reglas y Calendario
- ☐ Asuntos Federales
- ☐ De la Montaña
- ☐ Ética

COMISIONES ESPECIALES

- ☐ Puerto de las Américas
- ☐ Derecho de Autodeterminación del Pueblo de Puerto Rico
- ☐ Sobre Reforma Gubernamental

COMISIONES CONJUNTAS

- ☐ Informes Especiales del Contralor
- ☐ Donativos Legislativos de Puerto Rico
- ☐ Internado Córdova-Fernós
- ☐ Internado Pilar Barbosa
- ☐ Internado Ramos Comas
- ☐ Código Penal
- ☐ Revisión y Reforma del Código Civil
- ☐ Alianzas Público Privadas
- ☐ Auditoría Fiscal y Manejo Fondos Públicos

1 5444

JUNTA DE PLANIFICACIÓN
OFICINA DEL GOBERNADOR
GOBIERNO DE PUERTO RICO

CENTRO GUBERNAMENTAL ROBERTO SÁNCHEZ VILELLA
AVE. DE DIEGO PDA. 22, SANTURCE
P.O. BOX 41119, SAN JUAN, PUERTO RICO 00940-1119

Rubén Flores Marzán, PPL, AICP
Presidente

30 de marzo de 2012

RECIBIDO SECRETARIA
SENADO DE P.R.
2012 APR -9 PM 2:06

Hon. Migdalia Padilla Alvelo
Presidenta
Comisión de Hacienda
Senado de Puerto Rico
El Capitolio
San Juan, PR 00902

RE: Single Audit 2011

Estimada señora Presidenta:

En la Junta de Planificación de Puerto Rico se han recibido los Estados Financieros para el año 2011, realizados por la firma de auditores Aquino De Córdova & Co., LLP. Remitimos copia de la mencionada auditoría para su conocimiento y acción que corresponda.

Para información adicional, favor comunicarse con el Sr. Andrés Ruiz Rodríguez, Director de la Oficina de Presupuesto y Finanzas, al (787) 723-6200 ext. 16654.

Cordialmente,

Rubén Flores Marzán, PPL, AICP
Presidente

Anejo

Financial Statements

COMMONWEALTH OF PUERTO RICO
PUERTO RICO PLANNING BOARD

COMBINED STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ALL FUND TYPES

YEAR ENDED JUNE 30, 2011

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Aquino, De Córdova, Alfaro & Co., LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
Richard N. Alfaro, CPA (1951-1998)

Jorge Aquino Barreto, CPA, CVA
Jerry De Córdova, CPA, JD
Miguel Angel Ortiz, CPA
Eduardo González Green, CPA, CFE

INDEPENDENT AUDITORS' REPORT

To the President of the
Puerto Rico Planning Board
San Juan, Puerto Rico

We have audited the accompanying combined statement of cash receipts and cash disbursements — all fund types of the Puerto Rico Planning Board (the Board) for the year ended June 30, 2011, as listed in the table of contents. This financial statement is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined statement of cash receipts and cash disbursements — all fund types is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined statement of cash receipts and cash disbursements — all fund types. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined statement of cash receipts and cash disbursements — all fund types' presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A to the combined statement of cash receipts and cash disbursements — all fund types, the cash receipts and disbursements basis of accounting, on which this statement is prepared, is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined cash receipts and cash disbursements - all fund types of the Puerto Rico Planning Board for the year ended June 30, 2011, on the basis of accounting described in Note A.

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2012, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 and should be considered in assessing the results of our audit.

To the President of the
Puerto Rico Planning Board

Our audit was conducted for the purpose of forming an opinion on the combined statement of cash receipts and cash disbursements — all fund types taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations", and is also not a required part of the Combined Statement of Cash Receipts and Cash Disbursements — All Fund Types. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the combined statement of cash receipts and cash disbursements — all fund types and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the combined statement of cash receipts and cash disbursements — all fund types or to the combined statement of cash receipts and cash disbursements — all fund types itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the Combined Statement of Cash Receipts and Cash Disbursements — All Fund Types taken as a whole.

San Juan, Puerto Rico
March 28, 2012

Aquino, De Córdova, Alfaro & Co., LLP

Stamp number 2635055
has been affixed to the
original report

COMMONWEALTH OF PUERTO RICO
PUERTO RICO PLANNING BOARD

COMBINED STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ALL FUND TYPES
YEAR ENDED JUNE 30, 2011

	Governmental Funds		Proprietary Fund	Total
	General	Special Revenue		
CASH RECEIPTS:				
Legislative appropriations	$ 10,686,919	$ -	$ -	$ 10,686,919
Federal grants	-	4,454,150	-	4,454,150
Other state funds	-	300,000	-	300,000
Charges for services	-	-	529,442	529,442
	10,686,919	4,754,150	529,442	15,970,511
CASH DISBURSEMENTS:				
Management	2,282,305	896,740	1,210,572	4,389,617
Internal administration	3,669,616	-	-	3,669,616
Economic and social planning	2,326,139	-	-	2,326,139
Physical planning	1,410,884	2,673,996	-	4,084,880
Information system	931,745	-	-	931,745
Free drug zone	66,230	-	-	66,230
Pass-through funds to other entities	-	1,402,059	-	1,402,059
	10,686,919	4,972,795	1,210,572	16,870,286
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS	$ -	$ (218,645)	$ (681,130)	$ (899,775)

See notes to Combined Statement of Cash Receipts and Cash Disburstments-All Fund Types

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Puerto Rico Planning Board (the Board) is an executive office of the Commonwealth of Puerto Rico (The Commonwealth), ascribed to the Governor Office and created by Law No. 75 of June 24, 1975, as amended. In May 1997, the Board was designated by an executive order of the Governor of Puerto Rico as the state agency with fiscal administration responsibilities for those federal funds received by the Puerto Rico Developmental Disabilities Council.

The Puerto Rico Developmental Disabilities Council (the Council) was created in 1971 by an executive order from the Governor of Puerto Rico, to comply with Federal Public Law 91-517, known as Developmental Federal Disabilities Act of 1970. This Act requires a council to each state that receives assistance under this law.

The Board is responsible for carrying out the programs of the Commonwealth directed toward the economic, social and physical development of Puerto Rico.

The operations of the Board are funded through annual budgetary appropriations approved by the Legislature of the Commonwealth of Puerto Rico. The annual budgetary appropriation amounted to $11,802,000 for the fiscal year ended June 30, 2011. In addition, The Board receives Federal Financial Assistance for specific purposes.

The Board maintained six programs to perform its activities, such as General Management, Internal Administration, Economic and Social Planning, Physical Planning, Information System and Drug Free Zone (School's Security).

As a governmental entity, the Board is exempt from the payment of any taxes on its revenues and properties.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Summary of significant accounting policies:

A summary of the significant accounting policies used in the preparation of the statement of cash receipts and disbursements follows:

Basis of presentation

The accompanying financial statement has been prepared pursuant to the provisions of Act No. 230 of July 23, 1974, as amended; known as the "Puerto Rico Government Accounting Act". This law establishes public policy with respect to the control of and accounting for, public funds and property. The Board's funds are, by law, under custody and control of the Secretary of the Treasury and are also accounted for in the Commonwealth's Central Government Accounting Systems (CGAS).The Board is a component unit of the Commonwealth of Puerto Rico. The accompanying financial statement is intended to present the combined cash receipts and cash disbursements — all fund types of only that portion of the funds of the Commonwealth of Puerto Rico that is attributable to the transactions of the Board.

The accounts of the Board are organized on the basis of these two fund types: Govermental Fund and Proprietary Fund. The Board maintains appropriations for several individual and local funds within each fund type. As more fully explained below, each fund is accounted for with a set of accounts, which only include cash receipts and disbursements. No balance sheet accounts are maintained or reported. The individual funds account for the governmental resources allocated to them for the purpose of carrying out specific activities in accordance with laws, regulations and other restrictions.

Description of funds

The various funds are summarized by type in the financial statement. The following fund types are used by the Board:

Governmental Fund Types

General Fund — is the general operating fund. It accounts for all financial resources except those required to be accounted for in other funds.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Summary of significant accounting policies -continued:

Description of funds- continued

Special Revenue Fund — are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Proprietary Fund Type

Enterprise Fund — is used to account for activities in which a fee is charged to an external user for goods or services.

Basis of accounting

The Board accounts for all funds administered using the cash basis of accounting. Under this basis, revenues are recognized as funds are received, and expenditures are recognized when funds are disbursed or transferred-out. Therefore, the Combined Statement of Cash Receipts and Cash Disbursements are not intended to present the Board's results of operations in accordance with generally accepted accounting principles (GAAP).

Appropriation funds are under control of the Secretary of the Puerto Rico Treasury Department and are recognized as cash received when funds are disbursed by the Secretary of the Treasury Department. Therefore, cash received and cash disbursed represent the same amount for the purpose of the General Fund and for those funds or contributions where the Secretary of the Treasury Department has established the same disbursement policy.

Description of Revenues and Support

General Appropriations

Legislative appropriations are approved by the Legislature of the Commonwealth of Puerto Rico. Budgeted amounts are as originally adopted, or as amended by the Puerto Rico Budget and Management Office. Total appropriations, as approved, for the year ended June 30, 2011 amounted to $11,802,000.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Description of Revenues and Support (continued)

Following is a summary of cash receipts/disbursements of the General Fund recognized during the year ended June 30, 2011:

Legislative appropriations — fiscal year 2010-2011	$10,663,801
Legislative appropriations — prior fiscal year (obligated funds as paid)	23,118
Total legislative appropriations	$10,686,919

Special Governmental Support

From time to time the Board receives special assignments from the State Legislature or from the Governor Office to perform these special assignments, most of the time the Board receives additional special funds assignments. The special assignments and funds assignments can be in effect for more than one year; in some cases the funds are assigned one time to be spent for a period more than one year.

Charges for Services

The Board is allowed to charge fees for permits and consultations. In addition, the Board generates revenues for the sales of maps, publications and other services that are provided to the general public. These revenues are accounted for by the Puerto Rico Treasury Department in special accounts assigned to the Board and to be used in general operations. These special accounts did not have time limitation or specify a period to be used.

Federal Assistance Programs

- State Developmental Disabilities Councils Grant Program

The purpose of this program is to assist States in the development of a plan for a comprehensive and coordinated system of services and other activities to enhance the lives of individuals with developmental disabilities and their families, as described in the federal law, to their maximum potential, and to support a system which protects the legal and human rights of individuals with developmental disabilities. The state receives funding under the Basic Developmental Disabilities Program and the Protection and Advocacy Program.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Description of Revenues and Support -continued

Grant funds must be obligated within a two year period, beginning in the first day of the federal fiscal year in which the grant was awarded and have additional period of one year to liquidate the related obligations.

• Community Assistance Program, State Support Service Element (CAP- SSSE) and Map Modernization Management Support (MMMS)

The Board is the Commonwealth Agency responsible for coordinating flood plan management aspects of the National Flood Implementation Plan. The purpose of these grants is to assist the Board in the performing of a State Level Conference to educate state and local agencies officials, and private sector plan developers. This conference will support the implementation of the Flood Map Modernization for Puerto Rico.

• Coastal Zone Management Program

The objective of this program is to assist the Puerto Rico National Resources Department in the implementation of the Coastal Zone Management Plan, as approved, by the National Oceanic and Atmospheric Administration, U.S. Department of Commerce. The Department pass-through funds to the Board which is the designated agency to manage the federal compatibility certification procedures for state and federal governmental agencies projects and private entities projects.

• Economic Development Technical Assistance

The main objective of this program is to coordinate the local economic planning process and to promote more and better employment opportunities in order to increase the income level of the residents of Puerto Rico.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Description of Revenues and Support -continued

The summary of all funds revenues and support as of June 30, 2011 is as follows:

NOTES TO THE COMBINED STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ALL FUND TYPES - CONTINUED
JUNE 30, 2011

Description	Budget	Obligated Funds	Available Balance
General Appropriation			
Legislative Appropriation 2011	$ 10,763,878	$ 191,752	$ 180,255
Special Governmental Support			
Castañer Ward Development 06-07	150,000	-	146,218
Castañer Ward Development 06-07	30,000	-	30,000
Castañer Ward Development 06-07	120,000	60,236	851
Castañer Ward Development 08-09	150,000	-	150,000
Castañer Ward Development 09-10	150,000	-	150,000
Castañer Ward Development 10-11	150,000	63,396	11,480
Castañer Ward Development 10-11	150,000	4,500	117,000
"Re- Diseño"	150,000	20,000	416
"Re- Diseño"	150,000	-	150,000
Land Developing Planning	5,800,000	9,453	581,000
Land Exploring Planning	425,380	-	96,016
Land Exploring Planning	400,000	-	61,067
Law 7 Second Phase	268,585	-	-
Total Special Governmental Support	8,093,965	157,585	1,494,048
Charges for Services			
Revenues from fees for services	-	501,094	1,592,243
Territories Ordering Planning	-	28,348	182,898
Revenues from sales of maps and others	-	-	548,667
Total Charges for Services	-	529,442	2,323,808

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Description of Revenues and Support - continued

Description	Budget	Obligated Funds	Available Balance
Federal Financial Assistance Programs			
Devepormental Disabilities Basic Support and Advocacy Grants			
Award year 2008-2009	2,506,931	10,884	398,915
Award year 2009-2010	2,506,931	8,245	1,691,880
Award year 2010-2011	2,506,931	18,990	2,460,832
Community Assistance Program State Support Services			
Award year 2010-2011	64,600	23,350	14,475
Award year 2009-2010	64,600	26,499	150
Coastal Zone Management Program			
Award Year 2010-2011	75,000	952	-
US. Department of Homeland Security			
Federal Emergency Management Agency (FEMA)			
CAP Fema	75,000	-	74,244
CAP Fema	75,000	36,712	3,072
Cooperating Technical Partners (CTP)			
Award year 2010-2011	50,000	3,608	43,863
Economic Development Administration Planning			
Award year 2010-2011	400,000	-	363,837
Total for Federal Financial Assistance Program	8,324,993	129,240	5,051,268
	$ 16,418,958	$ 1,497,260	$ 8,869,124

NOTE B - RETIREMENT PLAN

The Employees' Retirement System of the Government of Puerto Rico and its Instrumentalities (ERS) is a cost-sharing, multiple-employer, defined benefit on contribution pension plan sponsored by, and reported as a component unit of, the Commonwealth of Puerto Rico. All regular employees of the Board under age 55 at the date of employment become members of the system as a condition of the employment.

ERS provides retirement, death and disability benefits pursuant to Act No. 447, approved on May 15, 1951, as amended, which became effective on January 1, 1952. Retirement benefits depend upon age at retirement and number of years of credited service. Benefits vest after ten years of plan participation. Participants 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 or who have attained an age of at least sixty five (65) years and have completed at least 10 years of service if hired after April 1990 are entitled to an annual benefit, payable monthly for life.

The annuity, for which a plan member is eligible, is limited to a minimum of $400 per month and a maximum of 75% of the average compensation.

Participants who have completed at least thirty (30) years of creditable service are entitled to receive a Merit, Annuity. Participants who have not attained fifty-five (55) years of age will receive 65% of such average compensation. Participants who have attained fifty-five (55) years of age will receive 75% of such average compensation. Disability retirement benefits are available to members for occupational and non-occupational disability. However, for non-occupational disability a member must have at least ten (10) years of creditable service.

No benefit is payable if the participant receives a refund of his accumulated contributions. Commonwealth law requires employees hired on or before March 31, 1990 to contribute to the ERS 5.775 percent for the first $550 of their monthly gross salary and 8.275 percent for their salary in excess of $550.

The contribution for employees hired after April 1, 1990 is 8.275 percent of their gross salary. The Board is required to contribute 9.275 percent of the participants' gross salaries to the ERS. The contribution total disbursement for the year ended June 30, 2011 was approximately $657,788. On September 24, 1999 the law, which created ERS was amended for the purpose of establishing a defined contribution plan, know as System 2000.

NOTE B -. RETIREMENT PLAN - CONTINUED

System 2000 became effective on January 1, 2000. Board employees participating in the defined-benefit plan system at December 31, 1999, had the option to either stay in the defined benefit plan or transfer to System 2000. Persons employed by the Board on or after January 1, 2000 are only allowed to become members of System 2000.

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

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

System 2000 will reduce the retirement age of 65 years to 60 for those employees who joined the current plan on or after April 1, 1990.

NOTE C- LEASE COMMITMENTS

The Board leases its facilities in San Juan and the Regional Office in Mayaguez. The lessee and lessor are both instrumentalities of the Commonwealth of Puerto Rico. Lease operating facilities were constructed by the Puerto Rico Public Building Authority. Currently, the annual lease payments are fixed, subject to change as deemed necessary by the Executive Director of the Puerto Rico Public Building Authority. These leases expired in April 30, 2003. After this date, the lease continues on a month to month basis until a renewal contract is formalized.

The Board also leases the operating facilities of the State Developmental Disabilities Council under a month to month operating lease until a renewal contract is formalized.

The total rent expense for all property amounted to $628,999 for the year ended June 30, 2011.

NOTE D - CONTINGENCIES

Litigation

The Board is a party in legal proceedings and is a defendant in lawsuits pertaining to material matters, including those claims asserted which are incidental to performing its routine operations. These litigations include, but are not limited to, actions commenced and claim asserted against the Board. As of June 30, 2011, the financial effect of outstanding litigations could not be determined. The Board is represented by the Puerto Rico Department of Justice in most of the lawsuits filed against it, and any successful claims would be paid from the General Fund of the Commonwealth of Puerto Rico, with no material effect on the functional budget of the Board.

NOTE D - CONTINGENCIES - CONTINUED

Grant Programs

The Board participates in a number of Federal financial assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the funds to the grantor. The management of the Board believes that disallowed expenditures, if any, will not have a material effect on the results of its operations.

SUPPLEMENTARY INFORMATION

COMMONWEALTH OF PUERTO RICO
PUERTO RICO PLANNING BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Grantor Agency & Program Title	Federal CFDA #	Grant Award Number	Federal Expenditures
US Department of Health & Human Services			
Administration for Children and Families:			
Developmental Disabilities Basic			
Support and Advocacy Grant	93.630	75-0-1536	$ 531,246
	93.630	75-9-1536	1,402,899
	93.630	G-1101PRBS81	27,109
			1,961,254
US Department of Homeland Security			
Federal Emergency Management Agency (FEMA):			
Community Assistance Program, State Support			
Service Element (CAP-SSSE)			
	97.023	EMN-2010-GR0202	26,775
	97.023	EMN-2008-GR0205	31,051
			57,826
Map Modernization Management Support (MMMS)			
	97.070	EMN-2007-CA0208	756
US Department of Environmental Protection			
Coastal Zone Management	11.419	NA08NOS4018SUB	73,559
US Department of Homeland Security			
Federal Emergency Management Agency (FEMA):			
Cooperating Technical Partners (CTP) Program	97.045	EMN-2010-CA0300	2,529
US Department of commerce			
Economic Development Administration	11.303	01-69-08951	36,163
Total Expenditures of Federal Awards			**$ 2,132,087**

COMMONWEALTH OF PUERTO RICO
PUERTO RICO PLANNING BOARD

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011

NOTE A- GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the Puerto Rico Planning Board. The Board reporting entity is defined in Note 1 to The Board's Combined Statement of Cash Receipts and Cash Disbursements — All Fund Types. Federal financial assistance passed through from other government agencies is included on the schedule.

NOTE B- BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting, which is described in Note 2 to The Board's Combined Statement of Cash Receipts and Cash Disbursements — All Fund Types.

NOTE C- RELATION TO FINANCIAL STATEMENT (COMBINED STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS — ALL FUND TYPES)

The federal funds expended for the year ended June 30, 2011 are as follows:

Management	$ 730,028
Pass-through to other entities	1,402,059
Total disbursements	$ 2,132,087

Aquino, De Córdova, Alfaro & Co., LLP
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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 President of the Puerto Rico Planning Board

We have audited the combined statement of cash receipts and cash disbursements — all fund types of the Puerto Rico Planning Board for the year ended June 30, 2011, and have issued our report thereon dated March 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United Sates of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Puerto Rico Planning Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement but not for the purpose of expressing an opinion on the effectiveness of the Puerto Rico Planning Board internal control over financial reporting.

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 or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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CORRESPONDENT of Praxity
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Puerto Rico Planning Board's financial statement is free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 11-01.

The Boards' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board's, management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 28, 2012 Aquino, De Córdova, Alfaro & Co. LLP

Stamp number 2635056
has been affixed to the
original report

Aquino, De Córdova, Alfaro & Co., LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
Richard N. Alfaro, CPA (1951-1998)

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Miguel Angel Ortiz, CPA
Eduardo González Green, CPA, CFE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the President of the Puerto Rico Planning Board

Compliance

We have audited the Puerto Rico Planning Board compliance with the types of compliance requirements described in the *OMB Circular A- 133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Puerto Rico Planning Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Puerto Rico Planning Board's management. Our responsibility is to express an opinion on the Puerto Rico Planning Board's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Puerto Rico Planning Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Puerto Rico Planning Board's compliance with those requirements.

In our opinion, the Puerto Rico Planning Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures also disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 11-01.

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CORRESPONDENT of Praxity
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Internal Control over Compliance

The management of the Puerto Rico Planning Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Puerto Rico Planning Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Puerto Rico's Planning Board internal control over compliance.

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 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.

Our consideration on internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 11-01.

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 28, 2012 Aquino, De Córdova, Alfaro & Co, LLP

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has been affixed to the
original report

COMMONWEALTH OF PUERTO RICO
PUERTO RICO PLANNING BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

I. Summary of Audit Results

Financial Statement

a.	Type of auditor's report issued:	*unqualified*	
b.	Internal control over financial reporting:		
-	Material weakness (es) identified?	____ yes	__x__ no
-	Significant deficiency (ies) identified that is (are) not considered to be Material weakness (es)?	__x__ yes	____ no
c.	Noncompliance material to the fianancial statement noted?	____ yes	__x__ no

Federal Awards

a.	Internal control over major programs		
-	Material weakness (es) identified?	____ yes	__x__ no
-	Significant deficiency (ies) identified that is (are) not considered to be Material weakness (es)?	____ yes	__x__ no
b.	Type of auditors' report issued on compliance for major programs:	*unqualified*	
c.	Any audit findings disclosed that are required to be reported in accordanced with section 510 (a) of OMB Circular A-133?	____ yes	__x__ no
d.	The program tested as major was: CFDA 93.630- Developmental Disabilities Basic Support and Advocacy Grants		
e.	The treshold for distinguishing Types A and B programs was:	$500,000	
f.	The Puerto Rico Planning Board was determined to be a high-		

CFDA

Number (s) Federal Program Grantor and Program Name US Department of Health and Human Services:

93.630 Developmental Disabilities Basic Support and Advocacy Grant

- Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000 or 3% of total federal awards expended
- Auditee qualified as low-risk auditee? Yes **X** No

II. FINANCIAL STATEMENT FINDINGS:

11-01 Financial Management — Accounting System and Reporting Practices

Criteria:

As stated in 45CFR Part 92.20, Subpart C — Standards for Financial management System: (b) The financial management system of other grantees and sub-grantees must meet the following standards:

(2) Accounting records: Grantees and sub-grantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, un-obligated balances, assets, liabilities outlays or expenditures and income.

Condition:

The accounting records did not identify any record or disclose information related to the funds, assets and liabilities.

Cause:

The Board's accounting system does not provide to maintain records of funds, assets and liabilities. The Board's funds are, by law, under custody and control of the Secretary of the Treasury and are also accounted for in the Commonwealth's Central Government Accounting Systems (CGAS).

Effects:

The Board does not have a complete set of financial information that could affect the decision making process.

Recommendation:

The Board needs to develop an integrated accounting system that provides complete financial information.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

COMMONWEALTH OF PUERTO RICO
PUERTO RICO PLANNING BOARD

STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Finding Number	Finding Description	Questioned Costs	Status
Accounting and Finance Department			
10-01	Financial Management- Accounting and Reporting Practices	-	Situation Still Prevails. Refer to Finding 11-01 and related Corrective Action Plan.
10-02	Cash Management	-	Situation was corrected.
10-02	Reporting-Financial and Cash Transaction Report	-	Situation was corrected.

CORRECTIVE ACTION PLAN

CORRECTIVE ACTION PLAN
FOR THE SINGLE AUDIT REPORT OF FISCAL YEAR 2011
AND THE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER 11-01
Financial Management - Accounting System and Reporting Practices

Corrective Action

The Puerto Rico Planning Board (PRPB) acquired an accounting system program to comply with the requirements and is currently in the implementation process. The PRPB hired the consultants that will help us with the implementation of it in order to comply with the finding.
The implementation work will include the following financial accounting services and reports:

1. Creating the NewDatabaseStructureofAccounting inthe Program "Sage MIPFundAccounting"to incorporate the effectof Law No.161.

2. Import the accounting data from the Puerto Rico Accounting System "PRIFAS" for fiscal years2008-2009,2009-2010 and 2010-2011.This will allowthe PRPB preparesitsfinancial statements in aGAAPbasis of accounting.

3. Continuousassistance in the process ofvalidationand reconciliation of accounting informationPRIFASpreviouslyimported.

4. Regular meetings withthePRPB staffto discuss their needs,answer questionsand anyother advicedeemed necessary.

5. Creation and development offinancialreports in MIP andassist the PRPB staffin the preparationof financial statementsin MIP.

6. Assist the PRPB's management in completing the annual closing for the yearended June 30, 2012.

7. Assist the PRPB's management in the preparation of the basic financialstatements for the fiscal year ended June 30, 2012, using the trial balance from theaccounting system known as MIP Fund Accounting.

8. As part of this assistance, we will provide evaluation of the financial position ofthe PRPB's programs to be used by the Executive Director in the managementdiscussion and analysis of the financial section of the single audit report and in thedecision making process.

The PRPB expects to clear this finding with the Single Audit Report for the year ended June 30, 2012.