



Commonwealth of Puerto Rico
Department of Correction and Rehabilitation

Manual for Federal Funds Management

The Department of Corrections and Rehabilitation of Puerto Rico, hereinafter DCR, has create this manual to standardize various procedures in the administration of federal funds received.

The DCR has implemented this manual in accordance with the statutes established by the Department of Treasure of Puerto Rico and the Administration of General Services of Puerto Rico to ensure the efficient management of federal funds received.

- a. All Departments are required in the months of July and August to mark all revenues before giving to the payer for deposit what fiscal year the money is received for. This is input in the computer which generates a report of all income received from the previous year.
- b. All Departments are required in the months of July and August to mark all expenditures before giving to the Collector's Office for payment what fiscal year the service or merchandise was requested in. This is input in the computer which generates a report of all accounts payable received from the previous year.
- c. Copies of these computer generated reports are given to each department head for them to compare to their records of what they turned in to be sure nothing was missed at the end of each month.
- d. All Departments are required to keep lists of Capital Assets purchased over \$5,000 of any one item.
- e. The accountant reconciles and prepares all significant cash accounts on a monthly basis and the Director of Budget and Finance Office then reviews and signs off approval of reports and disburses to all department heads for reconciliation and approval.

ARTICLE I- TRACKING FEDERAL FUNDS

Section 1 - Fiscal Control and Accounting Requirements

These fiscal control and accounting procedures must:

- a. Permit preparation of required reports for state and federal officials; and

- b. Permit funds to be traced to a level of expenditures adequate to establish that the funds have not been used in violation of restrictions and prohibitions of programs statutes.

Section 2 - Federal Financial Management Standards

- a. Provide accurate, current and complete disclosure of federally assisted activities in accordance with financial reporting requirements of the program;
- b. Maintain records to adequately identify the source and application of funds for federally assisted programs: award letters, authorization statutes, obligations, unobligated balances, assets, liabilities, expenditures and revenue;
- c. Maintain effective control and accountability for all grant, real and personal property and other assets. Grantees must adequately safeguard property and ensure it is used solely for authorized purposes;
- d. Maintain comparisons of actual expenditures to budgeted expenditures for each grant;
- e. Follow applicable federal Office of Budget and Finance (OBF) cost principles, the government regulations and the terms of the grant agreements;
- f. Support accounting records with source documentation, e.g., approved requisitions and purchase orders, cancelled warrants, paid invoices, payrolls, time and attendance records, contracts and award documents, etc.; and
- g. Establish reasonable procedures to request funds as close as possible to the time they are needed to make payments for grant activities

Section 3 - Reviewing a Separate Accounting Required for Each Grant Project

Maintain a separate accounting of revenues and expenditures by project and by fiscal year.

Section 4 - Fiscal Year Period

"Fiscal Year" means a year used as an accounting period. The Puerto Rico's government uses a fiscal year that begins July 1 and ends June 30. The federal fiscal year is October 1 through September 30.

Section 5 - Budgeting for Good Management Control

To ensure good fiscal control, each grantee of federal or state grant funds must establish a "line item" budget for each project. That means each expenditure account

(e.g., instructional salaries, instructional supplies, rent and contracted services) must be allocated based on an estimated amount of what will be spent for that purpose. Planned indirect cost recoveries, equipment purchases, or transfers to other districts must also be budgeted. Federal regulations require a grantee to maintain its accounting records in a manner that allows for comparison of actual expenditures to budgeted amounts for each grant.

Section 6 - Changes that Do Require the Federal Program Office Approval

A grantee must request of the Federal Program Office's approval for certain types of post-award changes in budgets and projects by submitting an amendment to the approved grant application.

Changes that require Federal Program Office's pre-approval include:

a. Budget Modifications

1. Plans to purchase additional equipment items costing \$5,000 or more per unit;
2. A change in the overall funding of the project (such as the addition of carryover or reallocated funds or an increase or decrease of the federal appropriation after the original application was submitted); or
3. A re-budget between line items within an approved budget to meet unanticipated needs, if the new line item was not included in the original approved grant budget or if the change results in a difference of 50 percent or more in any previously approved line item.

b. Program Modifications

1. A change in the program scope and objectives, regardless of whether there is an associated budget revision; or
2. A request to extend the project period from June 30 to September 30.

Section 7 - How to Submit an Amendment Request - Deadlines

Grants amendment requests must be submitted to the Federal Program Office's, 45 days prior the ending date of the project.

Section 8 - Obtaining Approval before Incurring Obligations

Budget amendments which require approval must be submitted to the Federal Program Office's and approved before making obligations or expenditures.

Section 9 - Project Extensions

Most grants will end on June 30 or September 30. In limited cases, which resulted in some economies, and with the approval of the Federal Program Office's, may extend the project year on September 30 for a project that would otherwise end on June 30?

Section 10 - Effect of a Project Extension

If the Federal Program Office's approves an extension, the grantee must obligate funds by the due date of the project.

Section 11 - Project Number for an Extended Project

Approved extensions are treated as an amendment to the project budget. The same project number will be used to track expenditures incurred during the extension period. That is, for example:

If the original project number was: 222-1370000-081-XXXX

The project number after an extension is approved remains unchanged: 222-1370000-081-XXXX.

Section 12 - Obligations and Expenditures

"Obligations" are orders placed, contracts awarded and goods and services received but not paid for during the project period. Obligations must be liquidated (i.e., paid for) within 30 days following the end of the project period.

Section 13 - Deadline for Obligations

Depending on the source of funds, the project period for the grantee-administered programs is usually July 1 through June 30, or July 1 through September 30. This means that for projects ending June 30, program funds must be spent or "obligated" by June 30. For projects ending or extended to September 30, program funds must be spent or "obligated" by September 30.

ARTICLE II- REVIEW AND RECORDING OF ACCOUNTING TRANSACTIONS

The PR DCR has implemented the following steps to ensure that all accounting transactions: are incurred in accordance with applicable laws and regulations; are timely recorded in the grantee's accounting system; are reviewed and approved by management before posting; and the supporting documentation is maintained for future auditing purposes.

- a. To ensure all transactions are in accordance with applicable laws and regulations, each transaction is prepared by a staff member with an educational background in accounting, the transaction is then reviewed and approved by a member of the management team who is educationally qualified and has a lengthy career in the accounting profession. In addition, continuous training and education is provided to the appropriate staff to keep staff current with the most recent laws and regulations.
- b. To ensure all transactions are timely recorded in the grantee's accounting system, our accounting manual states all adjusting journal entries are to be submitted to accounting on a daily basis, all accounts payable are to be submitted within 5 working days to the accounting department for payment, and all cash receipts are recorded on a daily basis.
- c. To ensure all transactions are reviewed and approved by management before posting, all accounting transactions require a signature approval by a member of the management team before the accounting staff will enter the transaction into the accounting system.
- d. To ensure all transactions have the supporting documentation and that it is maintained for future auditing purposes, part of the reviewer's responsibility is to verify that adequate documentation has been submitted with each accounting transaction. Once the transaction has been entered into the accounting system, the supporting documentation goes on file, and is retained by each organization for at least 10 years following notification by the awarding agency that the grant has been programmatically and fiscally closed OR at least 10 years following the closure of its audit report covering the entire award period, whichever is later.

ARTICLE III- FEDERAL FINANCIAL REPORTS AND PROGRESS REPORTS

The Department of Correction and Rehabilitation Corrective Action Plan (DCRCAP) to ensure that future Federal Financial Reports (FFR) and Progress Reports are timely submitted to the U.S. Department of Justice (DOJ), and the supporting documentation is maintained for future auditing purposes.

The DCR has implemented the following steps to ensure that future Federal Financial Reports and Progress Reports are timely submitted to the DOJ, and the supporting documentation is maintained for future auditing purposes.

The Federal Affair Office is responsible of prepares and submits the FFRs and Progress Reports in a timely manner. The Federal Affair Office will prepare and update a schedule/calendar identifying the FFRs due on a monthly basis and their specific due dates. During the Grants Meeting, the FFR Due Dates are reviewed with staff. The FFRs are due 5 days prior to the due date to the Federal Affair

Office, for a detailed review, which includes a comparison to the accounting records and sign off for approval. The FFR is returned to the Department that prepared it for filing, and the supporting documentation for each FFR filed is kept in the master file of the department receiving the funds.

a. Quarterly Progress Reporting - Narrative and Data Reports

These reports are due on the tenth day of the month following the end of each quarter. There are three documents involved in the quarterly progress reports. They include a narrative update on the grantee's goals/objectives. A demographic report on participants served and a mandatory performance measurement report that includes both quarterly and cumulative data. The State will withhold grant payments if reporting requirements are not met in a timely manner. The reporting due dates are as follows:

Title II Formula /Title V:

January 10th,

April 10th,

July 10th,

October 10th

If quarterly reports due date fall on a Saturday, Sunday or holiday reports may be submitted on the next working day.

b. Annual Performance Report

The annual performance report using OJJDP performance measures is due on the last day of the month following the end of the grant period. The grant period covers the federal fiscal year between October first and September 30th. The annual performance report is due October 31st.

c. Reporting No Activity

In any reporting period in which no activity took place, the required reports must still be filed in a timely manner. If no activity took place or no services were provided, report zero statistics and state why no activity took place for the quarter in question.

ARTICLE IV- FIXED ASSETS

All items purchased with federal funds must be specifically tagged with new coding tags that will be made available from the Property Division. Federal grant purchased item will have an FF (Federal Fund) to additionally segregate the asset. Each of these special tags must be adhered to the item purchased and attached for easy display and verification with a scanner. Each voucher must have the location of where said asset will be stationed, and the staff member who will be responsible for

said asset. As with other fixed assets the appropriate asset movement form must be completed.

In addition, the following information must be provided:

- Description of the asset
- Date acquired
- Cost
- Serial number
- Other identification such as make model
- Warranty
- Location
- Person who is assigned to
- Purchase Order Number

Disposal of said asset must be cleared in accordance with the Grant Agreement – it would speed the disposal process if said documents were sent along with the request for disposal. No assets are to be disposed unless all required approvals are obtained. Many grants require approval of the grantor agency prior to disposal – the contracting unit is required to be aware of any additional provisions of the grant contract.

Individual departments will be required to take inventory every year to verify the existence of said asset.

The fixed asset ledger and detail will be maintained in the property division. The detail ledger will be reconciled annually to the control ledger. The Administration and Management Secretary will review the fixed asset ledger, and approve any adjustments.

Section 1 - Fixed Assets Acquisition Process

a. Purpose:

The fixed assets acquisition process is responsible for the proper recording and distributing of any fixed asset.

b. Objective:

The objective is to guard the assets of the agency.

c. Process:

1. The requestor requests item that is deemed to be a fixed asset.

2. The Secretary Administration and Management will review the requisitions for any fixed asset items and approves those items.
3. Purchasing received the approvals and creates purchase orders for those items.
4. Purchasing distributes copies of those purchase orders to accounts payable and property division.
5. The accounts payable department receives the copies and files them, pending receipt of the invoices.
6. The property division receives the copies and files them, pending the delivery.
7. The property division receives the asset and logs it.
8. The accounts payable division receives the invoice and prepares for the payment.
9. The property division tags the asset.
10. The property division prepares an Inventory Delivery Form.
11. The property division arranges with the transportation division the delivery of the asset with the Inventory Delivery Form to the location.
12. At the location, the person receiving the asset, signs the Inventory Delivery Form and indicates where the asset will go.
13. The property division enters the information from the Inventory Delivery Form into the General Fixed Assets and files the record. The property division also notifies this information to the Department of Treasure of Puerto Rico.

Section 2 - Fixed Assets Disposal Process

a. Purpose:

The fixed assets disposal process is responsible for the proper and timely disposal of all obsolete and/or other assets.

b. Objective:

The objective is to properly dispose of obsolete assets and maintain an updated inventory of assets.

c. Process:

1. Personnel will identify the asset(s) to be disposed, fill out Property Disposition Form and notify the property division.
2. If the asset(s) is a technology item, then they will notify the Technology Office for disposal before it is processed to fixed assets.
3. Before the disposal takes place, the person requesting the disposal will fill out the Property Disposition Form. The requestor will complete the form, sign it and obtain all necessary signature approvals and will retain until property division comes to pick it up.
4. The property division will go to the location, receive the signed Property Disposition form and verify that the information on the disposition form matches the asset(s) being disposed. In coordination with the General Services Administration.
5. The property division will forward the form to the General Services Administration for approval.
6. The property division completes the disposition form and updates the information the General Fixed Assets.
7. If the disposal is due to theft/break-in/vandalism, the property division will notify to the Secretary of Administration and Management for insurance purposes. The property division also notifies this information to the Department of Treasure of Puerto Rico.
8. The property division files and retains the disposition record.

Section 3- Fixed Assets Property Transfer Process

a. Purpose:

The property division is responsible for the proper and timely transfer of any tagged items from one location to another.

b. Objective:

The objective is to properly transfer any asset(s) and maintain an update inventory location of those assets.

c. Process:

1. The requestor will identify the asset(s) to be transferred.
2. The requestor fills out Property Transfer form completely with all necessary approvals and signatures, makes a copy and then sends it to the property division.
3. When property division receives the signed copy of the Property Transfer form, they will verify the accuracy and completeness of the form.
4. The property division will obtain the Administration and Management Secretary signature for approval.
5. If not approved, then the transfer will be decline and property division will notify the requestor of decline.
6. The property division will transfer the asset to the new location.
7. The property division will update the information on the Property Transfer form into the General Fixed Assets also notifies notify to the Department of Treasure of Puerto Rico.

ARTICLE V- SEPARABILITY

If any part of this document is held invalid, illegal or null, this shall not affect the rest of it.

ARTICLE VI- TERM

This document will enter into effect upon approval and signature.

Approved in San Juan, Puerto Rico, today 17 of July, 2013.



José A. Aponte Carro
Acting Secretary
Department of Corrections and Rehabilitation