AN ACT

To declare the public policy on government integrity and efficiency; create the Office of the Inspector General of Puerto Rico; provide its purpose, organization, duties, and powers; authorize the transfer of the internal audit offices of the Executive Branch and public corporations to said Office; repeal Section 2 of Act No. 110-1995; appropriate funds for the initial organizational expenses of the Office; and for other purposes.

STATEMENT OF MOTIVES

It is the public policy of all democratic governments to promote and achieve that their institutions render quality and excellent services to the people. To attain such purposes, entities and programs have been created to promote sound public administration by effectively overseeing the use of government funds and property.

Faced with the need to continue searching for alternatives aimed at maximizing not only the use of public funds and property, but also the use of existing resources, the construct of the Inspector General came to be. This office was created in the United States through federal legislation for the purpose of consolidating the resources of the various existing auditing components of government entities in order to effectively combat fraud, abuse, waste, and mismanagement in the programs and operations of such government entities.

The creation of an Office of the Inspector General in every government entity was provided by federal law and it was established that each inspector would report to and be under the general supervision of the head of the government entity involved. This organizational structure is and has been effective in the Federal
Government because it approves proposals for the granting of fiscal resources to states, cities, counties, and municipalities in order to meet the requirements and criteria set forth in said federal statute. Therefore, it is advisable to have an Inspector General in every government body to detect, eradicate, and prevent fraud.

In Puerto Rico, this duty is carried out by the existing internal audit offices of government bodies and the Office of the Comptroller, among other entities. However, the personnel of these internal audit offices is appointed by and reports directly to the head of the government entity. This promotes a lack of independent judgment and action when conducting investigations and studies to assess the effectiveness, efficiency, and economy of the programs, activities, and projects developed by Government bodies. The situation further complicates when there are findings and misstatements that could affect the performance of the head of the body involved. This conflict of interest would be resolved with the creation of an entity that is invested with absolute independence of judgment when conducting studies and investigations on the operations of government entities, without the intervention of the heads of such entities.

It should be noted that the duties and responsibilities of the Inspector General are in no way in conflict with the duties and responsibilities of the Comptroller. Our Constitution invests the Comptroller with the power to oversee the accounts, funds, revenues, disbursements, and properties of the State and its agencies, departments, and municipalities for the purpose of determining whether these comply with the law. His intervention is required once disbursements have been made to assure the public of the correct use thereof.

The Inspector General intervenes with government entities in a preventive manner to promote sound government administration. His duties include: conducting audits, investigations, and evaluations as necessary to ascertain, improve, and increase the effectiveness, efficiency, and economy in the operations
of government entities. Furthermore, the Inspector General is empowered to provide agencies with direction regarding the development of administrative studies and the review of existing evaluations for designing management procedures for government entities to make recommendations that promote economy and efficiency in public administration. The Inspector General shall actively participate before and during the administrative process. Therefore, both the Inspector General and the Comptroller, among other entities, intervene with public entities to achieve effective administration, but at different stages of the administrative process.

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

Consolidating auditing duties under the Office of the Inspector General shall allow for a comprehensive outlook of government efforts in this area. It shall also reduce costs and maximize the resources available for this task.

The Office of the Inspector General was created by Act No. 42-2010, as amended. This Inspector indeed began to discharge the duties of his office by auditing the Executive Branch. The foregoing notwithstanding, Act No. 62-2013 repealed said Office, thus eliminating the Office that served the People of Puerto Rico as a safeguard against the misuse of public funds and property, and corruption. These actions and the lack of proper controls resulted in an evident increase in public corruption. The Plan for Puerto Rico included a promise to restore this Office in order to duly audit the agencies of the Executive Branch. It is our commitment and
public policy to tackle public corruption to achieve the highest levels of government transparency and efficiency.

The aforementioned situation, coupled with the precarious fiscal situation of the Government of Puerto Rico, and the lack of internal controls, warrant the adoption of strict measures to achieve economic recovery, effectively oversee the use of public funds and property, and enhance public administration. Puerto Rico compels us to reassert the core values, the trust, and the integrity, as well as the best habits of sound public administration. To do so, it is necessary to eradicate the bad practices and improper conduct of those who have been entrusted with the administration of public funds and property, but have failed the People. Likewise, it essential to adopt a new option that shall contribute to promoting and achieving the excellent and quality services that citizens expect and deserve.

This legislation is consistent with the duty of the Government of Puerto Rico to manage public funds responsibly in order to achieve savings and recover the lost credibility.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Title.
This Act shall be known as the “Inspector General of Puerto Rico Act.”

Section 2.- Declaration of Public Policy.
It is the public policy of the Government of Puerto Rico:

a) To achieve the highest levels of integrity, honesty, transparency, effectiveness, and efficiency in the public service;

b) To repudiate and reject any act, conduct, or sign of corruption by public officials or employees;

c) To report and prosecute criminally, administratively, and civilly those who commit acts of such nature;
d) To establish controls, as well as to take any appropriate actions and measures to detect, prevent, and act proactively, in order to prevent corruption activities in government entities; and

e) To discourage the misappropriation, misuse, fraud, and mismanagement of public funds and property.

Each Secretary, Executive Director, Head of Agency, or governing body of the Government shall be responsible for observing and ensuring compliance with this public policy in every government entity. Likewise, they shall establish adequate controls and mechanisms to guarantee compliance therewith. It shall also be the duty of each and every one of them, as well as of all other public officials and employees, to enforce the rules, practices, and standards promulgated by the Office of the Inspector General of Puerto Rico created herein, as well as the recommendations, measures, and corrective action plans that stem from the evaluations of the Office of the Inspector General of Puerto Rico.

Section 3.- Definitions.

For purposes of this Act, the following terms shall have the meaning stated hereinbelow:

a) Corruption - means the misuse of power by a public official or employee for wrongful private gain. It is the practice of abusing of the entrusted duties and means of public organizations to obtain a gain, whether financial or otherwise.

b) Effectiveness - means achieving the objectives or the results of a program or activity with the available resources and within a specific timeframe.

c) Efficiency - means the capacity to attain the expected objectives and goals with the least available resources in the least amount of time, thus achieving their optimization. It is about achieving maximum productivity from a determined volume of resources.
d) Public Employee - means those persons who hold office or are employed in the Government of Puerto Rico who do not partake in the sovereignty of the State, including regular and irregular public employees, whether in trust or career positions, those who provide services under contract equivalent to a regular position or office, those with temporary appointments, and employees in a probationary period.

e) Government Entities - means the agencies, departments, and offices of the Executive Branch, except for the municipalities, the Office of Management and Budget, the Office of Government Ethics, the Caño Martín Peña ENLACE Project Corporation, and the Cantera Peninsula Integral Development Company.

f) Fraud - means, as provided in the Penal Code of Puerto Rico, as amended, when a person fraudulently induces another to commit acts or omissions that affect the proprietary rights or interests on real property of the State; or commit acts or omissions that deprive another person or affect the proprietary rights or interests on the real property to the detriment of said person or a third party.

 g) Public Official - means those persons who hold office or are employed in the Government of Puerto Rico who partake in the sovereignty of the State and are therefore involved in the formulation and implementation of public policy. It also includes employees appointed to positions of trust.

h) Integrity - means honesty, transparency, and probity in the discharge of public duties.

i) Office of Government Ethics - means the government entity created by virtue of Act No. 1-2012, as amended.

j) Office of Management and Budget - means the government entity created by virtue of Act No. 147 of June 18, 1980, as amended,

k) Office of the Inspector General of Puerto Rico - means the entity created by virtue of this Act.
1) Government Auditing Standards - means the standards adopted by the American Institute of Certified Public Accountants (hereinafter, AICPA). These standards are the framework for conducting quality auditing procedures.

m) Transparency - means to publicly disclose information regarding the decisions, public policy practices, and results of the Government in order to facilitate its relationship with the people by keeping public administration open to the People’s opinions regarding public policy and services. Furthermore, transparency shall expand and make accountability a common practice as well as reduce the risk of corruption.

n) Unethical Actions - means those acts recognized by every individual and by society as contrary to morals, ethics, or the law. It includes fraud, corruption, abuse of power, misappropriation of funds, embezzlement, use of public funds and property for private gain, unjust enrichment, honest services fraud, and gross neglect of duty, among others.


The Office of the Inspector General of Puerto Rico, hereinafter, “OIG,” is hereby created for the purpose of strengthening the prevention, oversight, investigation, and auditing mechanisms in connection with public administration; conducting audits and provide government entities with direction on achieving optimum levels of economy, efficiency, and effectiveness in their administrative systems, risk management and control; obtaining reliable information as securely as possible; and promoting compliance with the applicable laws, regulations, and standards.

OIG shall have access to information and documents related to the budget of all government entities, as defined in this Act. OIG shall not have jurisdiction over the Legislative and the Judicial Branches. OIG shall not intervene with the municipalities, the Office of Management and Budget, the Office of Government
Ethics, the Caño Martín Peña ENLACE Project Corporation, and the Cantera Peninsula Integral Development Company.


The office of the Inspector General shall be held only by a person over the age of thirty (30), who is a United States citizen, and has been a resident of Puerto Rico for five (5) years prior to the date of his appointment. The appointed person must be a certified public accountant or an auditor with at least six (6) years of experience in auditing processes, of proven professional capacity, moral probity, and knowledgeable in the fields of public administration and government operations. The Inspector General shall be appointed by the Governor with the advice and consent of the Senate and the House of Representatives of Puerto Rico, for term of ten (10) years.

The Inspector General shall earn an annual salary equal to that of a Secretary of the Governor’s Cabinet, other than the Secretary of State, and may receive a differential to the extent the Governor is authorized by law to confer such to a Secretary of his Cabinet.

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

a) He may not be a hopeful or candidate for an elective office while working for OIG.

b) He may not have held an elective office within the three (3) years prior to his appointment or within three (3) years after completing his term of appointment at OIG.

c) He may not participate in any type of political campaigns during or outside an election year as prescribed in the constitution.
d) He may not be a member of any internal body, committee, or group, or campaign group of any political party, political action committee, or candidate whatsoever.

e) He may not hold any office in any internal body of a political party, political action committee, or candidate campaign whatsoever.

f) He may not participate in meetings, social gatherings, marches, rallies, assemblies, conventions, primaries, or other similar activities that are organized or funded by parties, hopefuls, candidates for elective office, or elected officials during his tenure, nor in the internal bodies of political parties or political action committees.

g) He may not publically support candidates for elective office, whether in a primary, general, or special election, or in a party’s internal election.

h) He may not publically support independent candidates for elective office.

i) He may not act as polling place official in a general, primary, or special election, or in a referendum or plebiscite.

j) He may not, whether directly or indirectly, make contributions to candidates, political parties, hopefuls, campaign committees, or to agents, authorized representatives, or committees of any of the above, or to political action committees that make donations or coordinate expenditures among themselves, or to separate committees or funds, nor may he participate in any fundraising activity sponsored by or for the benefit of any political party, political action committee, or candidate for elective office, or to elected officials during his tenure.

k) He may not organize any political activity whatsoever such as fundraisers, radio marathons, telethons, raffles, fairs, and other similar activities, even if he makes no direct or indirect contribution of any kind.
1) He may not make any public statements on issues of a political or partisan nature, or politically attack, or engage in controversies with hopefuls, candidates, or political leaders, without this being construed as to impair his right to defend himself from abusive attacks to his person or honor.

m) He may not use his office to further personal political agendas.

If the office becomes vacant prior to the expiration of the term of appointment, the person designated by the Governor and confirmed by the Senate and the House of Representatives of Puerto Rico shall hold office for the remainder of the term of his predecessor.

Section 6.- Rendering of Services in Government Entities Audited by OIG; Prohibition.

No OIG official or employee, whether regular, transitory, or contract shall, within twelve (12) consecutive months of the date on which he ceased to render services therein, by himself or through any juridical person, partnership, association, or entity of which he is an employee, partner, or shareholder, render services to any government entity, as defined in this Act, where such official has conducted any audit-related task, be it by directly participating in, or having supervised said audit-related task, unless a dispensation has been issued by the Office of Government Ethics.

The prohibition established above shall apply when:

(a) The person has directly audited an agency or has supervised said audit in representation of OIG; or

(b) The audit has been conducted during the year prior to the date on which the person has ceased to hold office or the expiration date of any service contract with OIG.
Any person who violates the provisions of this Act shall be guilty of a felony, and upon conviction, shall be punished by imprisonment for a term of one (1) year or by a fine of two thousand dollars ($2,000), or both penalties at the discretion of the Court. If there are aggravating circumstances, the Court may increase the aforementioned penalty up to a maximum of two (2) years of imprisonment or a fine of up to three thousand dollars ($3,000). If there are mitigating circumstances, the penalty may be reduced to a minimum of six (6) months and one (1) day of imprisonment or a fine of up to one thousand dollars ($1,000). Likewise, the Court may impose the obligation to pay the Government of Puerto Rico a sum equal to three (3) times the value of any financial benefit received or obtained as a result of the violation of the provisions of this Section. Furthermore, any person convicted of a violation of this Section shall be prevented from holding any public office or performing any government job, subject to the provisions of Act No. 8-2017, known as the “Government of Puerto Rico Human Resources Administration and Transformation Act,” as amended.

Section 7.- Duties and Powers of OIG.

OIG shall have, without it being construed as a limitation, the following duties, powers, and authorities:

a. To conduct pre-audits in non-excluded government agencies, including, but not limited to, the processes for the procurement and acquisition of goods and services of the covered agencies.

b. To develop a comprehensive operational audit program in government entities, including the use of appropriated federal and state funds, directed at improving the economy, efficiency, and effectiveness of the programs, activities, or projects carried out by the government entity, including the government information
systems. This shall be in compliance with the Government Auditing Standards, the Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditor’s Code of Ethics.

c. To conduct operational audits in government entities on its own motion, as well as at the request of the Governor or the Legislative Assembly, to determine the level of success of government programs, projects, or activities in attaining the objectives set forth; achieve those objectives at the lowest possible cost; and prevent or eliminate any waste, extravagance, or unnecessary duplication in the programs.

d. To require from government entities all information of a programmatic, fiscal, and managerial nature, financial and operating statements, and any other information necessary.

e. To have access to all files, reports, audits, documents, contracts, accounts, recommendations, and any other materials available in the government entities pertaining to the programs, activities, projects, and operations thereof.

f. To hold hearings or meetings as necessary with the heads of the government entities involved, including any official or employee thereof.

g. To conduct those studies, examinations, and evaluations deemed necessary to assess, improve, and increase the effectiveness, efficiency, and economy of government entities, as well as to recommend the elimination of unnecessary regulatory provisions or regulations, improve the services rendered to the People, and recommend the elimination of inefficient and ineffective procedures.

h. To identify misstatements, draft reports with findings, and make recommendations to the heads of government entities, the Governor, and the Legislative Assembly based on the evaluations, studies, and examinations conducted, including the need for and the progress of the corrective actions to be taken.
i. To follow up on the corrective action plans and the reorganizations implemented by government entities in order to evaluate the results and achievements thereof as well as report the findings and make the pertinent recommendations to the head of the government entity, the Governor, and the Legislative Assembly.

j. To promote and assist in the coordination of efforts to address issues and situations that require the participation or involvement of several government entities, such as the Office of Government Ethics, the Department of Justice, and the Office of the Comptroller.

k. To provide government entities with assistance and advice on the development of administrative studies and evaluations, the design of managerial systems and procedures, and the implementation of jointly adopted corrective measures.

l. To evaluate and make recommendations on legislation, and existing and proposed regulations pertaining to the operations of the programs of government entities.

m. To administer oaths, by himself or through any other official from his Office to whom he delegates, and to petition the Court of First Instance to issue summons, upon a person’s refusal, requiring the appearance and testimony of witnesses, and the presentation of documents and all evidence pertaining to any issue under its jurisdiction that is being evaluated, investigated, or studied.

n. To issue any orders deemed necessary and convenient to discharge his functions, responsibilities, and duties under this Act.

o. To promulgate regulations as are necessary and convenient to achieve the purposes of this Act, including rules of procedure for the hearings and the investigations to be conducted.
p. To evaluate the reports of the Comptroller of Puerto Rico and of the Standing Committee on the Comptroller’s Special Reports to conduct investigations as necessary and take any actions as deemed pertinent.

q. To coordinate and broaden government efforts to promote integrity and efficiency, detect and prevent fraud, embezzlement, and misappropriation of state or federal public funds and property.

r. To oversee compliance with the public policy, laws, regulations, as well as with any other rule established to ensure a sound public administration by government entities.

s. To keep information on the costs of the investigations of nongovernmental organizations that engage in improper conduct and to cooperate with administrative and judicial agencies to recover such costs.

t. To conduct investigations on claims or complaints about irregularities in the operations of entities involved, in which cases the identity of the person(s) who filed the complaint or information shall not be disclosed without consent. If the Inspector General determines that the identity of the person(s) is essential to conduct the investigation, he shall notify the person(s) at least seven (7) days prior to the disclosure thereof.

u. To advise the Governor and the Legislative Assembly on matters pertaining to the duties and powers granted to OIG under this Act.

v. To develop standards, policies, rules, and procedures to guide the agencies in establishing controls and in observing sound administration practices. It shall also assist them in finding ways to operate more efficiently and identifying methods to generate income, reduce costs, increase financial aids, and optimize resources.
w. To develop and maintain a website and other information technology and data available to government entities and the public in general about different matters pertaining to OIG, including the publication of the reports issued by OIG.

Section 8.- Additional Powers and Duties of the Inspector General.

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

a. To organize, plan, supervise, and direct the operations of OIG.

b. To appoint or hire personnel as necessary to carry out the functions and duties established in this Act, in accordance with the criteria that ensure the rendering of high-quality services. Said personnel shall be subject to the prohibitions listed in subsections (c) through (m) of Section 5 of this Act.

c. To hire expert professional services as deemed convenient, to collaborate in the most complex investigations and evaluations.

d. To devise the annual strategic plan for the audits, evaluations, and investigations to be conducted by OIG.

e. To delegate to any OIG official under his supervision any power or duty, except for the rulemaking and the appointing authorities.

f. To appoint an official who shall represent him in each government entity.

g. To establish a professional training system aimed at increasing the effectiveness of OIG personnel through the adoption of policies, standards, and strategies that enables it to have a well-trained and skilled staff. Said system shall allow personnel to achieve planned progress at work or in their field in order to reach their professional goals.

h. To establish the bylaws for the operation of OIG.
Section 9.- Records.

In the course of an audit of an entity under the OIG’s jurisdiction, no document may be inspected or reviewed by persons not involved in the audit. The results of the audits, studies, and evaluations shall be made public, unless the information included therein is either confidential or exempt from public disclosure by provision of law. OIG shall prescribe by regulations the form and manner in which these reports shall be published.

The Inspector General shall maintain the confidentiality of public records that, due to their nature, must be kept as such and shall be subject to the same penalties as the custodian of said documents should he violate the confidentiality statutes.

Section 10.- Reports.

The Inspector General shall submit annual reports of his efforts, studies, and investigations to the Governor, the Comptroller of Puerto Rico, the Executive Director of the Office of Government Ethics, and the Legislative Assembly within the three (3) months following the close of each fiscal year. He shall also file special reports as deemed convenient or required by the Governor or the Legislative Assembly. Likewise, he shall be required to immediately submit any OIG report to the Department of Justice, the Office of the Comptroller of Puerto Rico, and the Office of Government Ethics, when the Inspector General reasonably believes that any law pertaining to the use of public property or funds has been violated.

Section 11.- Transfers.

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

a) The personnel, equipment, records, documents, assets, liabilities, contracts, property, materials, and files, as well as any balance of funds allocated to the units, divisions, or other components that are duly related to the internal audit of government entities not excluded in Section 4 of this Act.
b) The Inspector General and the secretaries, directors, or heads of the covered government entities are hereby directed to adopt all measures and take any actions as deemed necessary to ensure the effective and appropriate transfer of the personnel, equipment, records, documents, assets, liabilities, contracts, property, materials, and files thus transferred through this Act.

Section 12.- Retention of Status and Rights of Personnel.

The personnel attached to the different units, divisions, or other components of each government entity to be transferred to OIG shall retain, provided they hold the same position they held at the time of the transfer, the same status they had under Act No. 8-2017, known as the “Government of Puerto Rico Human Resources Administration and Transformation Act,” as amended. Said personnel shall also retain all rights, privileges, obligations, and status with respect to any existing pension, retirement, or savings and loans system or systems to which they were affiliated as of the approval of this Act.

Section 13.- Responsibility of Government Entities.

Every secretary, director, or head of a government entity involved is hereby required to provide OIG personnel with access to any books, documents, and physical and electronic files, as well as to any accounting system, whether electronic or in any other format, as necessary for OIG personnel to discharge its duties. Likewise, they shall instruct the officials and employees of their respective agencies to facilitate the work of OIG personnel and to cooperate as necessary for such purposes.

Section 14.- Exclusions.

In order to promote the administrative independence which is essential to perform the critical duty entrusted thereto, OIG shall be excluded from Plan No. 3-2011, as amended, the “Reorganization Plan of the General Services Administration of Puerto Rico of 2011,” and from the Registry of Bidders attached to such
Administration. However, OIG shall adopt bylaws to establish the entity’s accounting and procurement system.

Section 15.- Section 2 of Act No. 110-1995 is hereby repealed.

Section 16.- Budget.

The Office of Management and Budget shall set aside and appropriate to OIG from the budget in effect for Fiscal Year 2016-2017, the funds needed to cover the initial organizational expenses, including those related to the transfer of internal auditors to said Office. In subsequent fiscal years, the resources needed to cover the operating expenses of OIG shall be earmarked in the General Expenses Budget of the Government of Puerto Rico. The Inspector General shall annually submit to the Office of Management and Budget the budget request for the operating expenses of OIG.

The resources deriving from savings generated or from funds recovered through evaluations conducted by OIG in covered government agencies, departments, or entities shall revert to the General Fund or to their original account or fund at the end of each fiscal year in which said resources have been saved or recovered.

Section 17.- Severability.

If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act thus held to be null or unconstitutional. If the application to a person or a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of
this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect or invalidate the application of the remainder of this Act to such persons or circumstances where it may be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and application thereof to the greatest extent possible, even if it renders ineffective, nullifies, invalidates, impairs, or holds to be unconstitutional any part thereof, or even if it renders ineffective, invalidates, or holds to be unconstitutional the application thereof to any person or circumstance. This Legislative Assembly would have approved this Act regardless of any determination of severability that the Court may make.

Section 18.- Effectiveness.

This Act shall take effect immediately after its approval.
CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 15-2017 (S. B. 8) of the 1\textsuperscript{st} Regular Session of the 18\textsuperscript{th} Legislative Assembly of Puerto Rico:

AN ACT to declare the public policy on government integrity and efficiency; create the Office of the Inspector General of Puerto Rico; provide its purpose, organization, duties, and powers; authorize the transfer of the internal audit offices of the Executive Branch and public corporations to said Office; repeal Section 2 of Act No. 110-1995; appropriate funds for the initial organizational expenses of the Office; and for other purposes.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 29\textsuperscript{th} day of July, 2019.

Orlando Pagán-Ramírez
Director