

“Puerto Rico Government Accounting Act”

Act No. 230 of July 23, 1974, as amended

(Contains amendments incorporated by:

Act No. 37 of June 16, 1975
Act No. 61 of May 27, 1976
Act No. 92 of June 22, 1977
Act No. 54 of June 18, 1978
Act No. 142 of July 20, 1979
Act No. 8 of May 31, 1991
Act No. 89 of August 18, 1994
Act No. 48 of May 23, 1995
Act No. 175 of August 31, 1996
Act No. 187 of September 4, 1996
Act No. 93 of August 20, 1997
Act No. 123 of August 17, 2001
Act No. 177 of December 21, 2001
Act No. 261 of November 16, 2002
Act No. 140 of June 11, 2004
Act No. 180 of August 1, 2004
Act No. 103 of August 26, 2005
Act No. 248 of November 14, 2006
Act No. 256 of November 30, 2006
Act No. 21 of March 8, 2007)

(Amendments non-incorporated:

Act No. 185 of December 7, 2010
Act No. 105 of July 1, 2011
Reorganization Plan No. 3 of November 21, 2011
Act No. 58 of March 19, 2012)

To establish the public policy with respect to the control and accounting of public funds and property; to authorize the secretary of the Treasury of Puerto Rico to design and audit the fiscal organization, accounting systems and payment and revenue proceedings of the dependencies and corporate entities of the Commonwealth of Puerto Rico; to provide the principles and general standards which should be followed in the accounting of the revenues, appropriations, disbursements and public property; to repeal certain laws in force and sections of the Administrative Political Code and to impose penalties.

Be it enacted by the Legislature of Puerto Rico:

Section 1. — Short Title. (3 L.P.R.A. § 283)

This Act shall be known as the "Puerto Rico Government Accounting Act".

Section 2. — Declaration of Policy. (3 L.P.R.A. § 283a)

The policy of the Commonwealth of Puerto Rico in relation to the control and accounting of the public funds and property is declared to be:

(a) That the function to design and revise the accounting systems and the payment and revenue proceedings and to produce financial reports of the operations of the dependencies and corporate entities of the government, as this term is defined in Section 3 of this Act, be vested in the executive branch in a central body so as to establish an integral system that will permit the grouping and presentation of all the information in connection with the result of the financial operations of the government;

(b) that the accounting of the Government of Puerto Rico clearly reflect the results of its financial operations, provide the financial information necessary for the administration of the governmental operations and for the preparation and execution of the budget, and constitute an effective control on the revenues, disbursements, funds, property and other assets of the government;

(c) that in establishing the accounting systems there should be taken into consideration specially the needs and responsibilities of the Judicial, Legislative and Executive Branches, so that they may provide the financial information necessary for the preparation, approval, and execution of the budget;

(d) that emphasis be given to improvements in an orderly manner resulting in accounting systems, financial statements and payment and revenue proceedings and simple and effective preaudits;

(e) that there be previous control of all government operations; that said control be developed within each dependency, corporate entity or legislative body, so that it may serve as an effective weapon for the head of the dependency, corporate entity or legislative body, in the development of the program or programs the direction of which has been entrusted to him/her. Such internal control shall operate independently from the general previous control established for all operations of every government branch;

(f) that regardless of the general previous control established for all operations of every government branch, the heads of dependencies, corporate entities or legislative bodies be in the first instance those responsible for the legality, correctness, exactitude, necessity and propriety of the fiscal operations needed to conduct their respective programs;

(g) that the expenditure of the government be made within a range of utility and austerity;

(h) that the appropriations of funds for the different government programs be restricted to the needs of a single fiscal year;

(i) that no special funds be established to carry out government programs; government programs must be financed by means of annual budgetary appropriations;

(j) that all the revenues of the government be covered into the General Fund of the Commonwealth Treasury in order to use such funds for the government programs to the limit and extent that the Legislative Assembly may deem necessary.

Section 3. — Definitions. (3 L.P.R.A. § 283b)

When used in this Act, the following terms shall mean:

- (a) Appropriation. — Amount of money authorized by the Legislative Assembly for the purpose of carrying out a specific activity or achieve certain objectives.
- (b) Fiscal year. — The period between July 1 of any calendar year and June 30 of the next calendar year, both inclusive.
- (c) Legislative Branch. — The House of Representatives and the Senate of Puerto Rico shall approve and adopt their own rules and regulations for the custody and control of their funds and public property. For the purposes of this definition, the Office of the Superintendent of the Capitol of the Commonwealth of Puerto Rico, the Office of Legislative Services and the entities attached to the Legislature of Puerto Rico are also included for being entities thereof, whose funds, rules and regulations to exercise their functions, shall be approved by the President of the Senate and the Speaker of the House of Representatives, according to law. The Secretary of the Treasury shall exercise, with respect to the funds and financial transactions of the legislative bodies and their entities, the functions expressly delegated in this Act. None of the provisions of this Act shall affect the administrative and fiscal autonomy enjoyed by the Office of the Comptroller of the Commonwealth of Puerto Rico.
- (d) Executive dependency. — Every department, bureau, administration, board, commission, office, agency or instrumentality belonging to the Executive Branch of the Government, the funds of which, by law, shall be in the custody and under the control of the Secretary of the Treasury of Puerto Rico.
- (e) Judicial dependency. — The Supreme Court, the Court of First Instance, the District Court, Justices of the Peace or their successors, the Courts Administration Office, and any other court or agency of the judicial branch of the government the funds of which shall be, by law, in the custody and under the control of the Secretary of the Treasury of Puerto Rico.
- (f) Legislative dependency. — The Office of the Comptroller, the Joint Committee on Special Reports of the Comptroller and the Office of the Citizen's Ombudsman, whose funds must be, by law, under the custody and control of the Secretary of the Treasury of Puerto Rico.
- (g) Dependency. — This refers to any unit which according to this Act is part of each of the aforementioned dependencies. The entities which are part of the legislative bodies are not included in this definition.
- (h) Corporate entities. — Public corporations, with or without an independent treasury, in the laws of which creating the same it is specified that the Secretary of the Treasury shall exercise same control over their funds and financial transactions. They also include the municipalities of the Commonwealth of Puerto Rico and their instrumentalities.
- (i) Fund. — An amount of money or other resource set aside for the purpose of carrying out a specific activity or to achieve certain objectives pursuant to the special laws, regulations, restrictions or limitations and which constitute an independent fiscal and accounting entity. It includes the accounts created to keep record of the proceeds of the issuance of bonds that may be authorized.
- (j) Public funds. — Moneys, securities and other assets of equal nature belonging to or held in trust by any dependency, corporate entity or legislative body.

(k) Obligation. — A given pledge which is represented by a purchase order, contract or similar document, pending payment, signed by competent authority to encumber the appropriations, and which in the future may be converted into a demandable account.

(l) Fiscal organization. — Integrated units of a dependency, corporate entity or legislative body which are related to or intervene with the transactions, control and accounting of public funds and property.

(m) Public property. — All personal and real property belonging to the dependencies, corporate entities and legislative bodies, acquired through donation, expropriation, purchase, transfer, assignment or other means.

(n) Net revenues. — Shall comprise the following sources of income:

(1) From Commonwealth tax sources.

(A) Income taxes.

(i) Individuals

(ii) Corporations.

(iii) Partnerships.

(iv) Withheld to non-residents.

(v) Tollgate taxes.

(vi) "Tollgate" taxes.

(vii) Interest subject to 17%.

(viii) Taxes on dividends at 20%.

(B) Taxes on estates and donations.

(C) Excise taxes.

(i) Alcoholic beverages. — Distilled spirits, beer and other alcoholic beverages.

(ii) General excise taxes. — Cigarettes, petroleum products, motor vehicles, accessories, admission fees to public shows (such as movie theaters and other shows), horse racing, insurance premiums, cement, crude oil and oil products, jewelry, hotel rooms, five percent (5%) general excise tax and other excise taxes.

(iii) Licenses. — Motor vehicles (sale of parts and inner tubes, vehicle sales, drivers licenses), alcoholic beverages (sale and processing), cigarette sales, gasoline sales, games of chance (gambling), coinoperated machines, firearms trafficking, jewelry items, vessel licenses, professional and occupational licenses, unclassified commercial, firearms, noncommercial and unclassified.

(2) From Commonwealth nontax sources.

(A) Traditional lottery.

(i) Income from prizes.

(ii) Expired lottery tickets.

(B) Electronic lottery.

(C) Miscellaneous revenues.

(i) Fines and penalties. — Court fees and fines, horse racing fees and fines, unclassified fines, seizures, expirations and penalties.

(ii) Fees, registries and certifications. — Registry of documents and certification of documents.

(iii) Others. — Unclassified permits, franchises, interest on banks balances, interest on loans to entities, unclassified interest, leasing of land, leasing of lots, leasing of buildings, leasing of equipment, unclassified leasing, royalties on

franchises, donations and contributions, fees of examining boards, drivers examination fees, vehicle certification fees, unclassified fees, other fees, publication sales, unclassified art sales, hospital services (the part corresponding [to] the General Fund, as established), departmental services, government employees subsidy, insurance premiums and unclassified commissions, housing and support, unclassified revenues and unclassified services.

(3) From other sources.

(A) Customs duties.

(B) Excise taxes on shipments.

(n) Secretary. — Refers to the Secretary of the Treasury of Puerto Rico or to the official on whom he delegates the powers and duties conferred herein.

Section 4. — Design and Approval of the Fiscal Organization, Accounting Systems and Procedures . (3 L.P.R.A. § 283c)

(a) The Secretary, in coordination with the dependencies and corporate entities shall be responsible for the design and approval of the fiscal organization, the accounting systems and payment and revenue procedures of all dependencies and corporate entities. The legislative bodies, with the advice of the Secretary, shall be responsible for the design and approval of the fiscal organization, the accounting systems and payment and revenue procedures to execute their financial transactions.

(b) The Secretary shall be responsible for designing the fiscal organization, accounting systems, payment and revenue procedures that may be necessary to carry out the central accounting and for preparing the reports of all government operations, which responsibility is assigned to him hereinafter under the provisions of this Act.

(c) In discharging the duties described in subsections (a) and (b), the Secretary shall consult with the Director of the Office of Management and Budget, the President of the Planning Board and the President of the Government Development Bank, in relation to the information that said officials need to fulfill their duties and shall further consider the needs of the dependencies, the corporate entities and the legislative bodies.

(d) The Secretary shall ensure that there is coordination between the accounting systems and procedures of each dependency, corporate entity or legislative body and the central accounting kept by him/her. The systems and procedures designed or approved by the Secretary shall allow the dependencies, the corporate entities and the legislative bodies to fulfill their duties, and at the same time they shall serve as the basis to maintain uniform and coordinated government accounting, provide a complete picture of the results of the financial operations of each dependency, corporate entity or legislative body and of the government as a single entity, and they shall furthermore furnish the financial information needed to help the Legislature and the Governor of Puerto Rico discharge of their respective duties.

(e) The accounting systems the Secretary may establish or authorize to be established, or for which he/she may provide legal advice, shall be designed so as to show or provide, in general terms, the following:

(1) Full information on the results of the operations of the dependencies, corporate entities or legislative bodies.

(2) Adequate financial information, necessary for the administration of the dependencies, corporate entities or legislative bodies.

(3) Effective control and accountability of all funds, property and assets belonging to the dependencies, corporate entities or legislative bodies.

(4) Trustworthy reports to serve as the basis for establishing and justifying the budgetary needs of the dependencies, corporate entities and legislative bodies so as to control the management of the budget, as well as any other financial information the Office of Management and Budget and the Planning Board may require from the dependencies, corporate entities and legislative bodies.

(5) Proper coordination between the accounting of each dependency, corporate entity or legislative body and the central accounting performed by the Secretary as stipulated in Section 6 of this Act.

(f) The fiscal organization which may be designed or approved by the Secretary for the dependencies and corporate entities shall provide for the proper separation of the duties and responsibilities in the fiscal process so as to prevent or make difficult the commission of irregularities, and at the same time provide for the orderly and speedy channeling of financial transactions. To this end, the Secretary shall advise the legislative bodies so they may design and approve a fiscal organization consonant with the prior objective. The fiscal organization of those dependencies and corporate entities of a complex nature that conduct a large volume of financial operations, as well as those of the legislative bodies, must provide for proper internal audits that meet the standards and guidelines established by the Secretary for such a purpose.

(g) The procedures established by the Secretary to incur expenses and pay for the same, to receive and deposit public funds and to control and keep a record of the public property, shall have the proper controls that would prevent or make difficult the commission of irregularities, and should these be committed, allow for responsibilities to be fixed while at the same time guaranteeing the clarity and purity of the fiscal procedures. To this end, the Secretary shall advise the legislative bodies so they may adopt procedures consonant with the prior objective.

(h) The dependencies and the corporate entities shall cooperate with the Secretary in the design of their fiscal organization and of their accounting systems and procedures. Once approved by the Secretary, the dependencies and the corporate entities shall be bound to install and give continuous use to the same. However, the Secretary shall provide the advice and the help deemed pertinent for the installation of said systems and procedures. The Secretary shall also provide advice as to the design and help for the installation of the fiscal organization and the accounting systems and procedure to be approved and adopted by the legislative bodies to exercise their functions.

(i) The Secretary may authorize the dependencies and the corporate entities to design their own systems, accounting procedures and fiscal organizations when, for any reason, he cannot design them; or when, in his opinion, the fiscal organization, the accounting system, the internal procedures and the administrative practices existing in the dependency or corporate entity, warrant it, and provided that they have the proper and necessary personnel for such work. The systems, procedures, and fiscal organizations which may be so designed, shall follow the norms and practices which may be established by the Secretary, and shall require his final approval for their establishment.

(j) The Secretary shall, from time to time, audit the fiscal organization and the accounting systems and procedures of the various dependencies, corporate entities and legislative bodies in order to verify whether they are being properly followed and whether they capably accomplish their purpose. In order to prevent the accounting systems and procedures from losing their effectiveness, the Secretary shall revise the same according to the changing needs of the government and the modern standards that govern this matter. The Secretary shall propose that the legislative bodies take action regarding the revision of their fiscal organization and the accounting systems and procedures.

(k) The Secretary may authorize the dependencies and the corporate entities to audit their own systems, accounting procedures and fiscal organizations when, for any reason, he cannot audit them, or when in his opinion, the effectiveness of the fiscal organization, the accounting system, the internal procedures and the administrative practices in the dependency or corporate entity so warrant, and provided they have the available adequate personnel necessary for such work. Such audits shall be made in accordance with the norms and practices that the Secretary may establish, and any changes which, as a result of such audits, must be made to such systems, accounting procedures and fiscal organizations in force, shall require the approval of the Secretary for their establishment. The result of said audits shall be notified to the Secretary through a report to that effect.

Section 5. — Financial Reports. (3 L.P.R.A. § 283d)

(a) The Secretary shall prepare, at the end of each fiscal year, general reports for the Legislative Assembly, for the Governor and for the public, which shall state clearly the result of the financial operations of the government. He shall also prepare all such financial reports which periodically or eventually may be required by the Legislative Assembly, the Governor, the Budget Bureau and the Planning Board. The Secretary shall prepare other reports which may be requested by any dependency provided its need warrants it, and its preparation does not become burdensome.

(b) Every dependency, corporate entity or legislative body shall furnish to the Secretary the audited financial reports related to their financial condition and operations that he/she may request and which may be necessary to conduct the functions entrusted to him/her by this Act.

Section 6. — Accounting and Preaudit of Public Funds of Dependencies . (3 L.P.R.A. § 283e)

(a) Unless otherwise provided by law, the Secretary shall be the officer in charge of the custody of all public funds of the dependencies, and of keeping the central accounting of such funds. His jurisdiction over the accounts, vouchers, records and other documents and fiscal transactions shall be exclusive.

(b) All financial transactions of the executive dependencies shall be preaudited by the Secretary in accordance with the principles, norms, procedures, rules and regulations adopted by him. In determining the preaudit procedures and the scope of the examination of vouchers and other documents, the Secretary shall consider the audit principles generally accepted in accounting practice, effectiveness of the fiscal organization, accounting system, payment and

revenue procedures, internal audits and the administrative practices related to the corresponding executive dependencies.

(c) The Secretary is hereby authorized to delegate to any of the corresponding executive dependencies the preauditing of all or of part of its financial transactions when, in his opinion, the fiscal organization, accounting system, internal proceedings and the administrative practices of the executive dependency in question, warrant this action. The Secretary may revoke the delegation when, in his opinion, it is advisable for the best interest of the government.

(d) The financial transactions of the legislative and judicial dependencies, although handled through the Secretary, shall not be subject to the preaudit of the Secretary insofar as the accuracy, propriety, correction, necessity and legality of the transactions are concerned. In these cases, it shall be the only responsibility of the Secretary to verify that the appropriation or fund against which the disbursement is ordered, shall have sufficient balance to cover the same, and that the voucher originating the disbursement is signed by an officer of the legislative or judicial dependency, duly authorized.

Section 7. — Deposit of Public Funds. (3 L.P.R.A. § 283f)

(a) The Secretary shall collect all public funds of the dependencies, no matter what their source. The Secretary shall appoint, at the request of the dependencies or whenever he deems it convenient, collectors whose duty shall be to collect public funds that may be received in the proper dependencies. These collectors shall be considered agents of the Secretary and shall be governed by the regulations prescribed by him.

(b) All public funds of the dependencies not allotted by law to a specific purpose, shall be covered into the General Fund of the Commonwealth Treasury and shall be deposited in full in the Secretary's current bank account or in any other bank account that he may deem convenient to establish, except those that do not represent net revenues to the General Fund, which shall be covered into the Budgetary Fund created by virtue of Act No. 147 of June 18, 1980, as amended [23 L.P.R.A. §§ 101 et seq.].

(c) Dependencies which administer contracts and/or federal subsidies shall withhold the reimbursements of indirect costs recovered from the federal government, attributed to their administrative efforts. The Department of the Treasury shall withhold from said reimbursements the part attributed to the centralized services rendered. Such collections shall not be covered into the General Fund of the Commonwealth Treasury and shall be entered in the books pursuant to the provisions of this Act and the regulations promulgated by the Secretary to such effect. Nevertheless, such funds must be considered in the annual budget of expenditures of the corresponding dependencies and shall be governed by the provisions of Act 213 of May 12, 1942, as amended, "Organic Act of the Bureau of the Budget" [*Note: Act No. 147 of June 18, 1980, as amended, "Management and Budget Office Organic Act"*].

(d) The provisions of this Section notwithstanding, and as an exception to the matters established in subsection (i) of Section 2 of this Act, the monies received by the executive dependencies whose operating expenses proceed from the General Fund, on account of claims to insurance companies for losses or damage to public property caused by calamities, such as, and not deemed as a limitation, war, hurricanes, earthquakes, droughts, floods, fire or plagues, shall be accounted for in the books of the Secretary apart from any other funds

received by said dependencies and without a specific fiscal year. The executive dependencies shall use these monies solely to repair and replace the damaged property or to acquire property of a similar nature to that damaged or lost. The Secretary, by means of regulations to that effect, shall promulgate the standards which will apply to the use of such funds, and their accounting.

The monies received by the legislative and judiciary dependencies on account of claims to insurance companies for loss or damage of public property caused by calamities, such as, and not deemed as a limitation, wars, hurricanes, earthquakes, droughts, floods, fire, plagues or accidents, shall be accounted for in the books of the Secretary, apart from any other funds received by said dependencies and regardless of a specific fiscal year. The legislative and judiciary branches, by means of regulations to such effect and according to the freedom of action conferred by this Act, shall promulgate the standards which will apply to the use of such funds. That use shall conform to the purpose for which the insurance policies were acquired.

Section 8. — Public Fund Appropriations. (3 L.P.R.A. § 283)

(a) All appropriations and funds authorized for the expenditures of a fiscal year shall be applied exclusively to the payment of expenses lawfully incurred during the respective year, or to the payment of obligations legally contracted and duly entered in the books of said year.

(b) No amount shall be spent or pledged in one fiscal year that may exceed the appropriations and funds authorized by law for said year, including the amounts transferred to be credited to said appropriations and the funds by provision of law, nor may the Government be pledged in any way by any contract or negotiation for the future payment of amounts in excess of said appropriations and funds, unless it is expressly authorized by law.

(c) Once the fiscal year to which they belong has finalized, the unencumbered balances of the appropriations and the funds authorized for a fiscal year, shall be cancelled and closed taking into consideration any legal provisions in this respect. The Legislative Branch, the Judicial Branch and the University of Puerto Rico are exempted from this provision. For the purposes of this subsection the Legislative Branch shall be understood to be comprised of, besides its Bodies proper and its joint activities, the Office of the Comptroller, the Office of the Ombudsman, the Civil Rights Commission and any other dependency attached or to be attached in the future to the Legislative Branch of Puerto Rico.

(d) The part from appropriations and the funds authorized to tend to matters during a fiscal year, which has been encumbered on or before June 30 of the year to which said appropriations or funds correspond, shall be kept on the books for one year after the fiscal year for which these were authorized has elapsed, and thereafter no withdrawal shall be made against said part under any circumstance.

Immediately after the oneyear period has transpired, the encumbered amounts shall be closed.

Beginning with the encumbered amounts that are due on June 30, 2004, the balance thereof shall be covered into the Budget Fund, in order to cover appropriations approved for any fiscal year in which the income available for said year are not enough to cover them, to honor the payment of the public debt, for the payment of lawsuits, for the matching of federal funds, and to deal with unforeseen situations in the public services, which affect the needs

and the public services to which citizens are entitled. The Legislative Branch, the Judicial Branch, and the University of Puerto Rico are hereby exempted from this provision.

(e) If for any reason the appropriations and the funds authorized for the expenditures of one fiscal year are not registered in the books of the Secretary of the Treasury at the beginning of the year so that the dependencies and the legislative bodies may incur and pay the necessary expenses to carry out their programs, the Secretary may transfer from any funds not designated for other purposes, as an advance, such amounts as he/she may deem necessary for the dependencies and legislative bodies to meet their commitments until such time as the appropriations and the funds provided for the current fiscal year are registered in the books of the Secretary. As soon as the appropriations and the funds provided for the current fiscal year are registered, the amounts that might have been advanced from said fund shall be reimbursed to the original fund as previously provided. The Secretary of the Treasury shall remit to the legislative bodies monthly in advance, the budgetary quotas corresponding to a twelfth of the annual appropriation in effect for each of these.

(f) The appropriations and funds without a specific fiscal year, that is, authorized for expenditures of unlimited fiscal year, shall be applied exclusively to the payment of expenses or of obligations lawfully contracted and duly entered in the books for articles and services necessary to achieve the purpose for which they were authorized. No amount shall be spent or pledged which may not be necessary for said purpose or which may exceed the amount authorized including the amounts transferred according to the law to be credited to said appropriations or funds nor shall the Government be bound by any contract or negotiation for the future payment of amounts exceeding said appropriations and funds, unless expressly authorized by law.

(g) Except as provided in subsection (h) of this section, the appropriations and funds without a specific fiscal year, except for appropriations specifically made for capital improvements, shall remain in the books until the purposes for which they were created are fully achieved, after which the unencumbered balances of said appropriations and funds shall be closed, taking into consideration any legal provision in that respect. Encumbered balances of said obligations and funds shall remain on the books for one year after unencumbered balances are closed, after which said encumbered balances shall be cancelled, taking into consideration the legal provisions that may exist.

(h) The appropriations and funds without a specific fiscal year, which have remained on the books without movement of disbursement or obligation for three years, shall be deemed for the effects of this Act as if they had achieved their purposes and provisions on the closing of encumbered and unencumbered balances of subsection (g) of this section, except for the appropriations and funds without a specific year, appropriated to carry out the capital improvements that have been accounted for and registered in the books. These funds shall have a term of three (3) years as of the legal effective date of the appropriation, to be disbursed and to meet the purposes for which they were appropriated. Upon expiration of the three (3) year term, the encumbered and unencumbered balances of the capital improvements funds shall be closed and covered into Fund 301.

In those cases in which the agency or body receiving the capital improvements funds deems that the term of the appropriation should be extended for a period greater than three (3) years, it may make a petition stating the need to maintain those resources in effect to the Office of Management and Budget, three (3) months prior to the expiration of said term.

During said period, the Office of Management and Budget shall study the petition and determine the need to keep the appropriation in effect, the term for which the appropriation shall be extended, and the amount. If the three (3) month period should expire without a decision having been made in the case, it shall be construed that the appropriation has indeed met its purposes, and the Secretary of the Treasury shall transfer or return the resources to Fund 301. Said resources shall be rescheduled by the legislature for priority projects and activities, with the prior recommendation of the Governor.

(i) Except in cases where it is otherwise specifically authorized by law, the appropriations authorized in regular sessions of the Legislative Assembly shall not be available nor entered in the books prior to the beginning of the fiscal year to which they correspond. The appropriations authorized in the special sessions shall be available upon the taking effect of the act or joint resolution authorizing the appropriations, unless otherwise provided by the law or joint resolution.

(j) Appropriations with a particular fiscal year as well as of unlimited fiscal year, whether they are specific or selfrenewable, shall be entered in the books and available for disbursement when the Governor of Puerto Rico or his designee so authorizes it.

(k) The Governor of Puerto Rico may provide for the permanent cancellation of an appropriation made by the Legislative Assembly when the aim it pursues has been achieved by the use of other resources or by other means.

The Governor shall notify the Legislative Assembly of his action cancelling permanently said appropriation within thirty (30) days following the date on which said cancellation was ordered. The Legislative Assembly may take action by reversing, modifying or concurring with the action of the Governor in this matter. If no action is taken by the Legislature in the next regular session after notice, it shall be understood that it approves the cancellation of the appropriation prescribed by the Governor.

(l) As a general rule, any appropriation remaining three years without being entered on the books shall be deemed to be automatically cancelled, and new legislative action shall be required to be able to use the moneys thus cancelled. In exceptional cases where justified reasons are shown for not entering an appropriation on the books for the stipulated period of three years, such as the delay in the determination of suits in the courts and the impossibility to carry out a public work because of technical or legal difficulties, an appropriation may be accountable, even after the lapse of the aforementioned period of three years.

The Secretary shall notify the Legislative Assembly of the action cancelling appropriations under the circumstances contemplated by this subsection, within thirty (30) days following the date on which said cancellation was prescribed.

(m) The Secretary shall transfer periodically to the surplus of the General Fund of the Commonwealth Treasury, in accordance with law, the balances of deposit accounts that have remained without any use or movement in the accounting books for three years or more and which, according to his opinion, are not necessary or do not meet the purposes for which they were created; Provided, That any claim that the Secretary may be bound to pay with respect to said balances, after they have been transferred as above provided, shall be paid from any available funds not otherwise appropriated.

Section 9. — Obligations and Disbursements. (3 L.P.R.A. § 283h)

(a) The dependencies shall order obligations and disbursements from their public funds only to pledge or pay for services, supplies, materials and equipment and claims or other items authorized by law. The Secretary shall record the obligations and make and record the disbursements according to the documents submitted by the dependencies which shall be previously approved as an obligation or for payment by the corresponding head of the dependency or by the official or employee the latter may designate as his/her authorized agent. The legislative bodies shall design and approve their own systems and procedures to govern their obligations and disbursements of funds.

(b) The Secretary may appoint, at the request of the head of the interested dependency, or whenever he deems it convenient for the welfare of the service, paymasters in the dependencies and corporate entities whose funds are under the custody of the Secretary, excluding the municipalities, to make such disbursements of moneys as may be authorized. These paymasters shall be considered as agents of the Secretary and they shall be governed by the regulations prescribed by said Secretary.

(c) The Secretary is also authorized to appoint as paymaster any official or employee of any dependency or any private person, even though the latter may not be a public employee or official, that may be designated to carry out any official mission outside of Puerto Rico by the Governor or the official he/she may designate in the case of executive dependencies; by the Chief Justice of the Supreme Court or the official he/she may designate in the case of judicial dependencies; by the Comptroller of Puerto Rico and the Director of the Office of the State Ombudsman, or the officials they may designate regarding the respective Offices. [Every person appointed as paymaster by the Secretary, pursuant to the provisions of this section, shall be subject to the rules established by the Secretary. Provided, That the special paymaster appointed by the Secretary pursuant to subsection (b) for the judicial dependencies, shall be responsible and be authorized to disburse the payments for all the expenses that the General Courts of Justice should bring about, in relation to any official mission abroad that the judges, officials and employees make. Traveling costs and per diems for persons appointed to carry out missions entrusted to them by the judicial dependencies and the legislative bodies shall be governed by the rules established by the Chief Justice of the Supreme Court, by the Comptroller of Puerto Rico and by the Office of the Ombudsman, regarding their offices.] The legislative bodies shall approve and adopt their own rules and procedures for appointing as paymaster any official, employee or private person designated to conduct any official mission outside of Puerto Rico. The regulations concerning travel expenses and per diems the President of the Senate or the Speaker of the House may approve and adopt to exercise control over this function shall apply to these officials, employees or private persons. In the case of officials or employees of joint legislative entities, it shall be necessary to obtain the approval of the President and Speaker for the corresponding travel vouchers. The rules concerning travel expenses and per diems agreed upon by the President and Speaker of both Bodies shall apply to these officials and employees.

No disbursements shall be made from the Budget appropriated to the Executive, Legislative and Judicial Branches for travel expenses and per diems for the spouses and/or close relatives who accompany the Heads of the Departments and the Officials on official missions in Puerto Rico and abroad. This prohibition extends to the public corporations and to any other

instrumentality attached to the Three Branches. This provision does not apply to the Governor of Puerto Rico nor to the Secretary of State. Neither shall it apply to the Chief Justice of the Supreme Court of Puerto Rico nor to the Speaker of the House or the President of the Senate, provided that prior to the official trip, it is evinced that the disbursement directly responds to a public purpose. These officials, to whom the provision does not apply, shall be allowed to designate another person in place of a spouse, in case they have none.

(d) Traveling expenses and per diems, including trips outside of Puerto Rico, of those persons appointed to conduct missions entrusted to them by the judicial, legislative and municipal dependencies and by the legislative bodies, shall be governed by the rules established by the Chief Justice of the Supreme Court, the President of the Senate and the Speaker of the House, regarding each Body, the Comptroller of Puerto Rico and the Director of the Office of the State Ombudsman, regarding their Offices and by the Municipal Legislature regarding the municipalities. In the case of officials or employees of joint legislative entities, it shall be necessary to obtain the approval of the President and Speaker for the corresponding travel vouchers. The rules concerning travel expenses and per diems agreed upon by the President and Speaker of both Bodies shall apply to these officials and employees.

(e) The disbursements made by the Secretary and the paymasters appointed by the Secretary shall be for services, supplies, materials and any other goods rendered or furnished. Nothing provided herein shall serve to prevent payment of other claims against the government, such as payment of prizes of the Puerto Rico Lottery, State Insurance Fund compensations and other similar payments. The Secretary may make or authorize the paymasters to make advance payments for those services or supplies that according to business use and practice are paid in advance when so required by the needs of the service. The legislative bodies shall approve and adopt their own rules and procedures to govern the objective of this function.

(f) All disbursements made by the Secretary and the paymasters appointed by him/her shall be made directly to persons or entities who or which have rendered services or furnished supplies or materials, or to bona fide assignees as provided in Section 201 of the Administrative Political Code, as amended [3 L.P.R.A. § 902]. The Secretary may reimburse, directly or through paymasters, the expenses incurred by public officers or employees who, for the good of the service, are authorized to make disbursements out of their particular funds for public purposes. The legislative bodies shall approve and adopt their own rules and procedures in harmony with the objectives sought by this subsection.

(g) The heads of the dependencies or their authorized representatives shall be responsible for the legality, exactitude, propriety, necessity and correctness of all the expenses submitted for payment to the Secretary or to a paymaster duly appointed by the Secretary. They shall also answer to the government with their personal funds or property, for any illegal, improper or incorrect payment that the Secretary or paymaster may make after said payment has been certified as legal and correct by the head of the dependency or his/her authorized representative. The legislative bodies shall approve and adopt their own rules and procedures to achieve the objectives sought by this subsection.

(h) The Secretary may exempt any officer or employee of an executive dependency from pecuniary liability for any illegal or incorrect payment, when from an investigation conducted by him/her, the Comptroller of Puerto Rico, or both jointly, it is determined that:

(1) The officer or employee did not act intentionally to the prejudice of government interest, and

(2) the Government received services or supplies which properly justified the payment.

The judicial and legislative dependencies shall be governed by the rules that the Chief Justice of the Supreme Court, the Comptroller of Puerto Rico and the Director of the Office of the State Ombudsman may establish respectively for such a purpose, according to the legislation in effect. The President of the Senate and the Speaker of the House of Representatives shall approve and adopt the rules that shall govern the objectives sought by this subsection.

The provisions of this subsection do not limit the power conferred by other laws to the heads of the dependencies to take disciplinary action against its officers and employees for illegal or incorrect actions in the discharge of their official duties.

(i) It shall be the duty of the heads of dependencies, corporate entities and legislative bodies and of the Secretary to prevent such expenditures of public funds that in their judgment are extravagant, excessive and unnecessary. Each of these terms shall mean the following:

(1) *Extravagant.* — Any expense out of order and uncommon, against reason, law or practice, not conforming to the actual standards of usage and austerity.

(2) *Excessive.* — Any expense for articles, supplies or services whose quoted prices are higher than those which are normally quoted in the market at the time of acquisition or purchase thereof, or when there exists a cheaper substitute product and just as durable which may serve the same purpose with the same result or effectiveness.

(3) *Unnecessary.* — Expense for materials or services which are not indispensable or necessary for the dependency or corporate entity to discharge the functions which by law have been entrusted to them.

(j) The Secretary, the paymasters appointed by the Secretary, the municipalities, the instrumentalities, the corporate entities and the legislative bodies may not make any payments to any natural or juridical person whatsoever having, on any account, overdue debts with the Commonwealth of Puerto Rico or any municipality. Whenever there are justified reasons, and the interests of the Commonwealth of Puerto Rico or the corresponding municipality are benefited, and the Secretary so approves, in those cases in which the debt is with the Commonwealth of Puerto Rico or with the mayor of the corresponding municipality, if the debt is with a municipality, the necessary payments may be made to those persons who are in debt with the Commonwealth of Puerto Rico or with any municipality and who continue rendering services or supplying materials or equipment to the government, the municipalities, the instrumentalities, the corporate entities or the legislative bodies. The amounts withheld in compliance with this subsection shall be applied to the debt of the natural or juridical person from whom they are withheld. Provided, That if the natural or juridical person from whom an amount is to be withheld should be in debt with the Commonwealth of Puerto Rico and simultaneously with one or more municipalities, the debt to the Commonwealth shall be collected in the first place, and the others successively and strictly on the basis of their maturity dates, always collecting the earliest one first.

The Secretary is hereby authorized, in cases where the indebtedness is with the Commonwealth, and the mayor, where the indebtedness is with a municipality, to grant an installment payment plan that may facilitate the liquidation of the debt, if the economic condition of the debtor so warrants it.

(k) No dependency of the Executive government, to wit, departments, bureaus, administrations, boards, commissions, offices, agencies of the Executive Branch or Legislative dependencies, including the House of Representatives, the Senate, the Office of the Comptroller or any other agency attached to the Legislative Branch to which Act No. 230 of July 23, 1974, as amended known as the "Puerto Rico Government Accounting Act" applies may use the mechanism of issuing credit cards to any public officer or employee for making disbursements on behalf of the dependency.

Due to the nature of their duties, excluded from this prohibition are, the Governor of Puerto Rico, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, the Secretary of State, the mayors, the President of the University of Puerto Rico, the Comptroller of Puerto Rico, the latter as of October 2, 2008, the nominating authorities and chief executives of the executive agencies, upon prior authorization of their respective presidents and officers or chief executives who are responsible for procurement in government entities.

With respect to procurement officers, the use of credit cards is hereby authorized for emergency procurement, travel tickets, trainings and, in situations in which providers require immediate payment, provided the procurement rules and procedures established by the government entity are complied with.

The use of credit cards for the purchase of alcoholic beverages, gifts, gambling and personal transactions is prohibited.

All public officers authorized to use credit cards shall provide to the Office of Government Ethics the same information required for personal credit cards in the annual report that they are required to submit pursuant to the provisions in the Ethics in Government Act [3 L.P.R.A. §§ 1801 et seq.].

Section 10. — Custody, Control and Accounting of Public Property . (3 L.P.R.A. § 283i)

(a) The custody, care and physical control of the public property shall be the responsibility of the head of the said dependency, legislative body or corporate entity or his/her authorized representative.

(b) The accounting and central control of the public property belonging to the executive dependencies shall be incumbent on the Secretary. The latter, if he deems it convenient, may delegate said functions on the executive dependencies. The criteria established in Section 6(c) of this Act for the delegation of the preaudit of the financial transactions in the executive dependencies shall be taken into account by the Secretary for the delegation of the accounting of the public property on the dependencies.

The accounting and control of the public property belonging to the legislative bodies shall be the responsibility of the President of the Senate and the Speaker of the House of Representative, respectively, who may delegate said responsibility upon their subordinate officers.

(c) The dependencies shall submit to the Secretary such reports on the public property as may be necessary for the Secretary to perform the functions imposed on him by this Act.

(d) Any officer or employee who uses or assumes the custody, care and the physical control of any public property, shall answer to the government for its value in case of its loss or

undue deterioration, according to the standards established by the Secretary. The legislative bodies shall approve and adopt their own standards to exercise control of this function.

(e) The central accounting of the public property of the judicial and legislative dependencies shall be carried out by the Secretary on the basis of the regulations established for such a purpose by the Chief Justice of the Supreme Court, the Comptroller of Puerto Rico and the Director of the Office of the State Ombudsman. The legislative bodies shall approve and adopt their own rules and regulations to carry out the accounting of their public property.

Section 11. — Bonds of Public Officers and Employees. (3 L.P.R.A. § 283j)

(a) All officers and employees of the dependencies whose accounts, records, vouchers and other documents are subject to the jurisdiction and examination the Secretary or the Comptroller of Puerto Rico; all those who certify any aspect of the vouchers and other income or payment documents and all those who in some way intervene in payment and income transactions and with the public property of the dependencies and any other officer whom the Secretary may deem convenient and necessary shall be covered by a bond. The legislative bodies shall approve and adopt their own rules and procedures to govern the objectives sought by this subsection.

(b) All bonds required by law from the officers and employees of the Government of the Commonwealth of Puerto Rico shall be covered by a blanket position bond or in such a way as to best serve the interests of the government, as determined by the Secretary. These bonds shall be posted and paid chargeable to the funds provided in the general expenses budget for their respective dependencies and legislative bodies, and insurance policy contracts may only be executed with companies duly authorized to conduct business in Puerto Rico under the laws in effect at the time. The Secretary shall be the custodian of the bonds and shall approve the same. Furthermore, the Secretary is authorized to establish, through regulations, the amount of the bond for any position or employment when said amount is not fixed by law.

(c) Said bonds shall answer to the Commonwealth for any loss of monies, securities, bonds, shares or any other title or certificate of indebtedness or obligation, or any public property belonging to the Commonwealth, caused by fraud, dishonesty, larceny, theft, robbery, burglary, breach of trust, forgery, false representation, misappropriation, embezzlement or any other misuse of funds or of public property, provided said acts are performed by the officer or employee responsible, or by any other person with the knowledge and consent or said officer or employee. The bonds shall also answer to the Commonwealth for any loss of funds and public property of the dependencies or legislative bodies which takes place due to the negligence of the officer or employee responsible which may be tantamount to a violation or fault in the faithful discharge of his/her duties, or in the fulfillment of the duties of his/her office. The bonds shall also answer for any irregularity incurred by the officers or employees while in office in those cases as the laws may so require.

(d) The Secretary is hereby directed to obtain from different solvent companies authorized to do business of securities and bonds in Puerto Rico bids to furnish bonds for the amount to be fixed by the Secretary to cover the liabilities of the officers or employees. Said bids shall be accompanied by bond forms, rates and other necessary documents, as well as satisfactory proof to the Secretary of the solvency of said companies. The bids shall be presented on the date fixed by the Secretary, on which date they shall be opened and afterwards the contract

shall be adjudged for the furnishing of said general bond to the best solvent bidder. The Secretary shall reserve the right to reject any or all the bids.

(e) The Secretary shall furnish bond for the amount of \$125,000 to secure the faithful fulfillment of his obligations. Said bond shall be approved by the Secretary of Justice as to its form, and shall remain filed in the Treasury Department. The procedure prescribed in subsection (d) of this section shall be followed, insofar as applicable, for the contracting of the bond.

(f) In the case of municipalities, the Secretary shall advance payment of the blanket bond premium, the amount of which shall be reimbursed to the general fund through retentions of the property tax in the proportion corresponding to each municipality. The bond must be approved as to its amount, by the Secretary and as to its legal form, by the Secretary of Justice, and filed in the Department of the Treasury. For contracting the blanket bond of municipal officials and employees, the Secretary shall follow, wherever applicable, the procedure established.

Section 12. — Other Miscellaneous Provisions . (3 L.P.R.A. § 283k)

(a) The Secretary may declare uncollectible, cancel and liquidate any existing debt of the Commonwealth, including surcharges, interest and penalties, pursuant to the provisions of the regulation he/she is authorized to adopt in this Act.

(b) In drafting said regulations the Secretary shall be guided, among others, by the following factors:

(1) Time of the matured debt, which shall not be less than five (5) years,

(2) insolvency or impossibility on the part of the debtor or his heirs, to pay said debt and the reasonable possibility of collecting it,

(3) efforts exercised by debtor in his effort to pay the debt.

(c) The Secretary of Justice may excuse any public officer or employee of the Commonwealth of Puerto Rico or any of its corporate entities from the payment or reimbursement of funds, money or public property which may be in his custody and which might be lost or disappear or where the property may sustain undue deterioration for any fortuitous cause or circumstance against his will, after it is shown that there was no fault, blame or negligence on the part of said officer or employee.

(d) In the discharge of the duties imposed by law on his Department, the Secretary may promulgate the internal rules necessary to dispose administratively of differences of less than ten dollars (\$10) appearing from the preauditing, examination, and accounting of revenues and disbursements of public funds.

(e) It shall be the obligation of the dependencies themselves, including the Department of the Treasury as such, to activate the collection of all the debts of natural and juridical persons registered in their books or records and to adopt the measures authorized by the law to collect said debts as soon as possible. The dependencies are authorized to settle and administratively dispose of claims for the payment of outstanding debts to the Commonwealth, provided the amount of the debt does not exceed the sum of five thousand dollars (\$5,000) and upon the prior approval of the Secretary of the Treasury who is hereby authorized to adopt rules and forms for the administrative processing of such claims. The cases requiring judicial action

shall be referred by the dependencies to the Secretary of the Justice of Puerto Rico for him/her to proceed as determined by the law.

(f) Whenever any collector or officer authorized by law to collect public funds for the dependencies or legislative bodies, or any paymaster or officer authorized by law to disburse public funds belonging to the dependencies, fails to render his/her accounts or to deliver in the manner and on the date prescribed by the regulations promulgated pursuant to this Act, any amount which may remain in his/her possession, it shall be the duty of the Secretary or the President of the Senate or the Speaker of the House of Representatives, after due notice, to submit the duly certified accounts of the remiss officer to the Secretary of Justice of Puerto Rico who shall immediately proceed against said officer in the manner determined by law.

(g) The Secretary may adjust the accounts appearing in his books to write off any errors that may have existed therein for more than twelve (12) years, or after three (3) audits by the Controller of Puerto Rico, whichever occurs first. Before proceeding to make said adjustments, the Secretary shall ascertain that these are errors in the Government accounting records and books, and that there has been neither fraud nor misappropriation of funds involved, nor any indication thereof, and that all reasonable efforts have been made to correct such errors without success. The Secretary shall file a report certifying the grounds on which his decision is based.

Section 13. — How to Construe this Act. (3 L.P.R.A. § 283l)

In the event any provision of this Act should not be sufficiently clear to make a decision, the accounting principles, practices and theories generally accepted at the time of making the decision shall be considered.

This Act shall be construed so as to comply with the purpose of providing the greatest degree of flexibility and fiscal autonomy possible to the legislative bodies so that they may be able to exercise control over their funds and public property and establish their own accounting and payment procedure systems. Any provisions of law incompatible with the purpose of guaranteeing the fiscal autonomy of the legislative bodies shall be repealed as of the date of effectiveness of this law.

Section 14. — Regulation. (3 L.P.R.A. § 283m)

(a) The Secretary shall prescribe and promulgate such rules and regulations as are necessary to implement this Act. All rules and regulations prescribed and promulgated by the Secretary by virtue of the powers conferred herein, shall have the force of law and shall not be subject to the provisions of Act 112 of June 30, 1957, known as the Rules and Regulations Act of 1958.

(b) The rules and regulations prescribed and promulgated by the Secretary shall not apply to the legislative and judicial dependencies in matters pertaining to the exactitude, propriety, correctness, necessity and legality of the transactions. Said dependencies shall establish the regulations needed for these purposes. They shall nevertheless be applicable to all matters not in conflict with the independence of action [that] this Act provide for the legislative and judicial dependencies. None of the provisions herein set forth shall apply to the legislative

bodies, as this term is defined in this Act, which shall be solely governed by the rules and regulations approved and adopted by these.

(c) The regulations, proceedings, systems, circular letters and memoranda issued pursuant to the laws and sections of the Political Code which are repealed by this act, provided they are not in conflict with any of the provisions of this Act, shall continue in force until the substitutes therefor are issued.

Section 15. — Power to Investigate; Appeal from Decision of Secretary; Compliance with Judicial Order . (3 L.P.R.A. § 283n)

(a) In the exercise of his duties the Secretary, officers and employees on whom he delegates, are hereby authorized to summon witnesses and administer oaths and take testimony and, in compliance with these provisions they may issue summons on warning of contempt and compel the attendance of witnesses; and they may compel the witnesses to produce books, letters, documents, papers, records and any other articles that may be considered essential in order to have full knowledge of the matter under investigation.

(b) No person shall be excused from appearing and testifying or from producing books, files, correspondence, documents or other evidence in compliance with a summons issued by the Secretary, or by the officer designated by him, on the ground that the testimony or evidence required from said person may give rise to his prosecution or to expose him to punishment or forfeiture, but no person shall be prosecuted or subject to any punishment or forfeiture by reason of any transaction, matter or thing in relation to which he may be bound, after having asserted his privilege not to testify against himself, or to testify or produce evidence, except that said person who so testifies shall not be exempt from prosecution or punishment for perjury upon so testifying.

(c) Any public employee or officer affected adversely by a final ruling of the Secretary under the provisions of this Act may, except when otherwise provided by law, within one year, after the Secretary's ruling, appeal to the Governor, requesting review of said ruling. The petitioner shall specify in writing the item and items dismissed or charged by the Secretary's ruling, the amount thereof and the reasons on which his petition is based to claim the annulment of the Secretary's decision. Upon receipt of the notice of appeal by the Governor, he shall send it to the Secretary for report, who shall return it within a term of not more than fifteen (15) days, stating the reasons he had to dismiss or charge the item or items or enter the decision, and quoting the law, regulation or authority on which he bases his decision. The Governor shall then decide the appeal and shall indicate at the foot of the notice his decision concerning each item or each decision affirming or setting aside the ruling of the Secretary, and he shall immediately inform the latter, who shall act in accordance with the Governor's decision, which shall be final for the Secretary. No appeal shall be considered if it is not filed and transferred to the Governor within the period established, and once it has expired without any appeal having been timely filed, the decision of the Secretary shall be final.

(d) In case of default or refusal to obey a summons issued by the Secretary or by his designee, any part of the Court of First Instance of Puerto Rico, within whose jurisdiction the person guilty of default or refusal is, resides or has his business or discharges his functions, shall, on request of the Secretary, issue against said person an order requesting him to appear before the Secretary, or his designee, to present evidence, if he is so directed, or to testify on

the matter under investigation. Said person shall be guilty of contempt if he disobeys the order of the court.

Section 16. — Books and Records Subject to Inspection. (3 L.P.R.A. § 283)

The books and files of the Secretary shall be subject to inspection by the Governor and the Legislative Assembly of Puerto Rico.

Section 17. — [Repealing Clause] (3 L.P.R.A. § 283 note)

The following laws and sections of the Political Code, as amended, are hereby re-pealed:

(1) Laws

An act providing for the publication of a monthly statement of the financial condition of the Insular Treasury of Puerto Rico, approved March 8, 1905.

An act providing for the examination and determination of claims against the Commonwealth of Puerto Rico, before payment thereof, and for other purposes, approved March 14, 1907, as amended by Act Nos. 87 of May 8, 1945, 125 of April 27, 1949, 12 of April 5, 1952, 81 of June 13, 1953, 60 of June 10, 1955 and 11 of June 4, 1957.

Act No. 10 of March 5, 1913.

Act No. 5 of April 11, 1917.

Joint Resolution No. 48 of May 15, 1933.

Act No. 97 of May 6, 1942.

Act No. 4 of March 31, 1943.

Act No. 10 of July 24, 1952.

Act No. 23 of April 28, 1954.

Act No. 7 of May 16, 1958.

Section 71 of Act No. 142 of July 21, 1960.

Act No. 53 of June 18, 1965 and Act No. 129 of June 28, 1969.

(2) Sections of the Administrative Political Code, as subsequently amended:

Nos. 79 to 84, 89 to 91, 93, 98 to 126, 128 to 132, 188, 189, 191 and 195 to 198.

Section 18. — [Repealing Clause] (3 L.P.R.A. § 283 note)

Any other law or part of law which is incompatible with the standards which are established herein and which has not been specifically enumerated in the preceding section, shall be without force after this Act takes effect.

Section 19. — Penalties. (3 L.P.R.A. § 283p)

Any person who, knowingly or willfully, violates Sections 1 through 19 of this Act or any rule, proceeding or system promulgated by the Secretary, the Speaker of the House or the President of the Senate, by virtue thereof, shall incur in misdemeanor and upon conviction shall be punished by an individual fine that shall not exceed five thousand (5,000) dollars or imprisonment for a term of not more than ninety (90) days. Provided, that in the event of a violation of subsection (f) of Section 12 of this Act, there shall be imposed a penalty of

restitution to the public official or employee convicted, which shall consist of the payment of an amount equivalent to twice the amount he/she would have obtained for his/her personal benefit.

Section 20. — Effectiveness. — The provisions of this Act shall take effect 180 days after its approval.

Note. This compilation was prepared by the Puerto Rico OMB staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text. Compiled by the Office of Management and Budget Library.