



AUDIT REPORT

OC-26-12

March 26, 2026

**Department of the Family,
Administration for Socioeconomic
Development of the Family (ADSEF)**

(Unit 2252 - Audit 15694)

Audited period: January 1, 2017 to August 31, 2024

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We urge ADSEF officials and employees to ensure compliance with applicable laws and regulations, and to promote the effective, economical, efficient, and ethical use of Government resources for the benefit of our People. We appreciate your cooperation during our audit.



Approved by:

Puerto Rico Office of the Comptroller

We conducted a compliance audit of the Administration for Socioeconomic Development of the Family (ADSEF) of the Department of the Family based on the established audit objectives; and the power conferred upon us in Article 111, Section 22 of the Constitution of the Commonwealth of Puerto Rico, and in *Act 9 from July 24, 1952*, as amended; and in compliance with our *Annual Audit Plan*.

This *Report* contains two (2) findings from the audit objectives examination we conducted. It is available on our website: www.ocpr.gov.pr.

Opinion

Adverse

The tests performed and the evidence in our possession revealed that the operations carried out by ADSEF, concerning the payment of Nutrition Assistance Program (NAP) benefits to participants with deceased persons' social security numbers and the compliance of temporary residence institutions with *Regulation 8857 of 2016*, were not, in all material respects, compliant with applicable law and regulation, as discussed in **findings 1 and 2**.

Objectives

Specifics

General

Determine whether ADSEF's tax operations were carried out in accordance with applicable law and regulations.

<p>1- Were operations related to the process of eliminating NAP from deceased participants done according to the <i>Deceased Matching System</i> (7 CFR 272.14) and the <i>Regulation 8684 of 2015</i>?</p>		<p>Finding 1</p>
<p>2 - Is the validation process for deceased persons in the <i>ADSEF-EMISM320-PAN</i> Report effective, considering the filing of agreements with the Demographic Registry, access to the <i>Death Registry</i> and the writing of said reports?</p>	<p>No</p>	<p>Finding 1</p>

<p>3 - Were the operations related to the suspension of the authorization certification to the temporary residence institutions carried out in accordance with regulations 8684 of 2015 and 8857 of 2016?</p>	<p>No</p>	<p>Finding 2</p>
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Findings

1 - Payments made to NAP beneficiaries using deceased persons' social security numbers

- a. NAP offers financial assistance to families with no income or limited income so that they can supplement their food needs. This aid is granted based on the number of people in the family unit. As for the distribution of funds and the determination of the benefits granted by NAP, ADSEF is governed by the provisions of *Regulation 8684 of 2015*.

The person in charge of the family unit, their spouse or authorized representative must notify ADSEF of any change in the composition of the family unit, income, resources or address within 30 days of the change occurring, either by mail, at a local office or at the Integrated Services Center. ADSEF has 30 days from the notice date to act. If it detects that a relevant change, such as the death or disappearance of a core member, has not been reported, it must summon the person in charge and request evidence. However, if valid documentation confirms that all members are deceased or their whereabouts are unknown, ADSEF is not required to notify the family.

The *CFR* requires ADSEF to do as follows:

1. Compare the identifiable information of each household member with information retrieved from databases of deceased persons. Such data must also be verified when requested and at least once a year.
2. Report cases in which a deceased person is identified.
3. Independently verify the results where the deceased person is identified to determine data accuracy.
4. Notify the family unit of the results.
5. Provide the family unit with an opportunity to respond before taking adverse action to deny, reduce, or terminate benefits.
6. Establish and collect claims as appropriate.

Criteria
Articles 52.C, 53.A and 53.E of
Regulation 8684 of 2015
[Sections a. and b.]

Criteria
Title-7 Subtitle-B Chapter-II Subchapter-C
Part 272.14 of the CFR
[Sections a. and b.]

This process must be carried out by ADSEF through the State and Territorial Exchange of Vital Events (STEVE) system¹.

The people responsible for this process at ADSEF are:

- The data processing operator at the Computer Center² must complete the daily files with the deaths' information obtained from STEVE and compare them with the monthly NAP and TANF payrolls. This is done to identify matches based on the full name, social security number, and date of birth. The Report of Located Cases in Death File (ADSEF-EMISM320-PAN and ADSEF-EMISM320-TANF) is then produced. The supervisor of data processing operators at ADSEF is responsible for this.
- A supervisor from the Control and Other Programs Area must obtain the Report monthly and forward it to the associate directors in the regional offices. The chief IT officer is in charge of her.
- Associate directors in regional offices must submit the Report to the regional social and family assistance supervisors and to the local office supervisors. The latter must validate the data of the cases that the system did not cancel, to determine whether they are to be cancelled or deactivated³.

As part of these operations, ADSEF entered into three (3) collaborative agreements with the General Demographic Registry of Puerto Rico (Demographic Registry) of the Department of Health, as indicated:

Agreement	From	Until
Agreement 1	June 14, 2019	June 30, 2020
Agreement 2	April 30, 2021	June 30, 2023
Agreement 3	June 28, 2024	June 30, 2026

The agreements periods made it easier for ADSEF to obtain daily information from STEVE on deaths registered by the Demographic Registry. This information was used to make eligibility decisions and to keep the information in the files up-to-date.

¹ Data exchange system managed by the Demographic Registry of Puerto Rico (Demographic Registry) that allows states and territories to obtain information from vital records (births and deaths).

² Assigned to the Technology and Information Technology Office of ADSEF.

³ The code CERRAD06 – Death of Sole Beneficiary is used

Between January 1, 2017 and August 30, 2024, ADSEF made payments totaling \$19,542,169,784 to 2,090,793 NAP beneficiaries, according to the databases of the Case System, provided by the then assistant administrator of Finance and Budget.

We compared the distribution of NAP benefits, included in the Case System database, with information from the Death Registry of the Demographic Registry⁴. This is done to identify payments made to NAP beneficiaries after they have been deceased for 60 days. This comparison was performed using the social security number, which had to match in both files.

The review revealed that, between January 3, 2017 and August 28, 2024, ADSEF made 988,617 payments totaling \$150,663,786 in NAP benefits to 38,618 participants⁵ whose social security numbers were identified in the Death Registry as belonging to deceased persons.

- b. We evaluated the information of 385 of the 38,618 participants⁶, to whom 10,700 payments totaling \$1,623,280 were made between January 4, 2017 and August 22, 2024. This was done to determine the statuses of the cases.

Our assessment revealed that 351 (256 + 95) cases were closed and 34 remained active, as indicated:

- 1) From January 4, 2017 to February 6, 2024, ADSEF made 4,035 benefit payments totaling \$435,579 to 256 sole beneficiaries (88%) who had passed away before their cases were closed. According to the Demographic Registry file, the beneficiaries died between February 6, 1991 and November 12, 2022, while the cases were closed from February 22, 2017 to January 31, 2024⁷.
- 2) As of September 30, 2024, 34 cases of sole beneficiaries remained active, despite the fact that they had died between February 15, 1990 and August 21, 2022. From January 4, 2017 to August 22, 2024, 3,332 benefit payments were issued totaling \$437,035.

Consequences

It rendered the established internal controls ineffective, resulting in payments being made to individuals who were ineligible to receive NAP benefits, or to individuals who were paid amounts greater than they were entitled to. Furthermore, benefits to people who actually need them are limited.

It also undermines the credibility of ADSEF with federal agencies and the public by distributing NAP benefits to participants identified as deceased.

[Sections a. and b.]

⁴ Such information was provided on November 21, 2023 by a special assistant to the Office of the executive director of the Demographic Registry and included death information from January 3, 1990 to January 31, 2023.

⁵ Eleven participants belonged to three institutions mentioned in **Finding 2-a.1).**

⁶ 290 cases were sole beneficiaries and 95 cases were family unit members.

⁷ A total of 194 cases were closed due to the death of the sole beneficiary. One case was closed due to the beneficiary's unknown whereabouts. The Central Office closed 53 cases administratively. Five cases did not cooperate in determining eligibility. One case was voluntarily withdrawn and one case was voluntarily withdrawn due to emigration. One case had no closure code.

- 3) From January 4, 2017 to August 20, 2024, ADSEF made 3,333 payments totaling \$750,665 to 95 family units in which a member had died, before proceeding with adjustments or closing the cases. By September 30, 2024, ADSEF had implemented actions to reduce benefits for deceased individuals.

Causes: The people in charge of the service unit, the authorized representative, or the members of the participant's family unit did not report the deaths of the members of their family unit. This is also due to the fact that collaborative agreements were not filed with the Demographic Registry for the Registration of Deaths. This applies to the periods from January 1, 2017 to June 13, 2019, from July 1, 2020 to April 29, 2021 and from July 1, 2023 to June 27, 2024.

[Sections a. and b.]

Comments from Management

[...] In Puerto Rico, several atmospheric and health events affected the management of all the administrative and program matters. At that historical moment, the citizens demanded that their needs be met with diligence, efficiency, sensitivity and empathy. The events that occurred took place simultaneously from 2017 to 2020, including Hurricanes Irma and Maria, earthquakes in the south-west of the island, and the arrival of the COVID-19 pandemic. These events impacted government, private, community, religious as well as other organizations. We noticed limitations in human resources, resignations, a collapsed energy system, housing in a state of disrepair, a lack of water, citizens leaving the country and a health system working to save the lives of people with severe cases of COVID-19. In short, we were dealing with a crisis that Puerto Ricans had not experienced for decades. This data was reported by all media outlets in the country and abroad.

In responding to this crisis, the Agencies were impacted, even taking action through Executive and Administrative Orders to ensure that citizens continued to receive essential services, such as social protection, health, food, housing, education, transportation, electricity, power, water, security, among others. It is public knowledge that in response to these events, a state of emergency was declared in Puerto Rico. Even now, these weather and health events are still very much at the forefront of citizens' minds.

It is important to note that during the aforementioned periods, ADSEF prepared Work Plans for assessment and authorization by the Federal Government in order to obtain NAP and TANF aid, and mitigate the food issues in families, particularly female heads of households, older adults, and adults with disabilities. In these authorized Plans, some of the requirements were made more flexible so that aid could be granted quickly and effectively. These Plans must be available at ADSEF. Another significant fact was the granting of work-from-home arrangements to public employees who were essential to providing NAP and TANF services. This also limited receiving, granting and evaluating the aid offered.

The foregoing does not exempt employees and officials from their responsibilities after these events. This includes ensuring compliance with federal and state laws, regulations and procedures governing the allocation and oversight of NAP benefits granted to citizens and institutions that have misused these economic resources. *[sic]* [...]

—*Former secretary of the Department of the Family, García Fuentes*⁸

[...] As a public servant, I acknowledge the critical importance of the Office of the Comptroller's findings regarding the administration of Nutritional Assistance Program (NAP) benefits and the compliance of Temporary Residence Institutions. Although many of the issues reflect structural and fiscal challenges beyond the agency's control, it is undeniable that these have impacted its operational and supervisory capacity.

However, the agency has proved its willingness to address the identified issues responsibly and proactively. The corrective actions that have already been initiated — such as filing collaborative agreements, strengthening internal processes, implementing automated verification and closure protocols, and redesigning regulations— establish a solid foundation on which to continue raising levels of efficiency, transparency and compliance.

⁸ These comments apply to **findings 1 and 2**.

I am convinced that ADSEF is renewing its commitment to the responsible management of public resources, compliance with applicable federal and state legislation, and protecting the integrity of programs serving the most vulnerable populations in the country. We must also acknowledge the daily efforts of the technical and administrative staff, who, despite budgetary and operational limitations, have continued to offer services with professionalism and commitment.

We recommend that the current administration continue and even strengthen the measures already initiated, ensuring the effective implementation of the Corrective Action Plan, the timely review of relevant regulations, and the execution of external audits as a tool for oversight and continuous improvement. [...]

— *Former secretary of the Department of the Family,*
Rodríguez Troche

[...] Similarly, the automatic suspension of benefits without confirmed validation, even when data and demographic records match, can have adverse consequences. In documented cases, errors in vital information provided by the Demographic Registry, or discrepancies in data such as the date of birth have resulted in individuals being incorrectly listed as deceased. Implementing an immediate cancellation without cross-checking risks unfairly interrupting nutritional assistance for vulnerable participants who are, in fact, still alive. [...]

— *Former secretary of the Department of the Family,*
González Magaz

ADSEF has a system to identify, qualify and collect contact information for both the participant and their family unit. It is the responsibility of the participant or an authorized person to notify any changes related to income, resources, address, family composition or death, among others, within ten (10) days from the time the change occurs. This notification can be made by mail, at a local office, or at an Integrated Services Center from the Department.

Once the notification is received, ADSEF has a maximum of thirty (30) days to act on the reported change. As part of its efforts to prevent the misuse of

benefits and detect potential fraud in the programs it manages, ADSEF has filed collaborative agreements with the Demographic Registry of Puerto Rico to address this issue. Through the State and Territorial Exchange of Vital Events (STEVE) platform, a plain text file containing data is received daily and reviewed, extracted, and distributed monthly to local offices. [...]

Although the aforementioned process has an accuracy of almost 90%, areas for improvement had been detected. Therefore, as part of the Corrective Action Plan (CAP) in response to the findings identified and reported to the auditors in November 2024 prior to the termination of my duties as Administrator, ADSEF was in the process of implementing a procedure including:

- Instructions for verifying and comparing the information of the participants and their families with STEVE's list.
- Guidelines on the reporting responsibility of participants.
- Protocols for staff at local offices and Temporary Residence Institutions to handle and share any changes, both locally and centrally.

A two-year collaborative agreement was signed with the Demographic Registry to ensure continuity and avoid interruptions to the flow of information, enabling ADSEF to guarantee updated death lists every month. Once the agreement with the Registry had been reinstated, information was received retroactively, enabling a review of deaths that had occurred during the uninsured period. If misuse of funds is identified, the complaint is routed through the Division of Program Integrity (DIP). [...]

It should be noted that, following Hurricanes Irma and Maria in September 2017, the staff focused on recovery efforts, which may have temporarily affected the death verification processes. However, suspending benefits when the information has not been fully validated can harm vulnerable people, as they could be listed as deceased due to errors or discrepancies in the Demographic Registry data.

The same thing happened during the earthquakes in the southern area. In addition, the operations of

Government Agencies, including ADSEF, were limited for a period of time due to the effects of the COVID-19 pandemic. This led us to request multiple waivers from the Federal Government to ensure that families in vulnerable situations would not be affected. These waivers were extended until the end of 2022. [...] [sic]

— *Former administrator, Fradera Vázquez*

[...] As part of the Corrective Action Plan (CAP) to address the reported findings, ADSEF will do the following:

1. Establish a Formal Procedure including instructions for both classifying and matching the information of ADSEF participants with the STEVE list;
2. Ensure that the agreement with the Demographic Registry continues without interruptions to prevent any gaps in the handling of information;
3. Furthermore, the existing collaborative agreement will be amended to facilitate the exchange of information between the two agencies, and to notify the Demographic Registry of errors identified by ADSEF in the reports. This will allow these cases to be removed or prevented from appearing in subsequent lists. [...]

It should be highlighted that the agency initiated recovery actions and other affirmative actions required by state or federal law or regulation for the benefits granted that were identified as ineligible in accordance with the Manual of Standards and Procedures for Handling and Determining Claims for the NAP, TANF, and PODES Programs. [...]

The Administration for Socioeconomic Development of the Family (ADSEF) evaluated the 38,618 cases of deceased individuals reported by the Office of the Comptroller. [...] The primary purpose of the analysis was to identify benefits that were used after the date of death of the reported participants. [...]

- A total of 16,970 deceased participants out of 38,618 persons did not use the money after their date of death. It was not possible to certify 5,330 of the aforementioned as deceased because, although the social security number and date of birth matched, the name did not do so exactly. This totaled 22,300 participants representing \$111,655,221.

➤ A total of 16,318 cases involved the use of benefits after the date of death, totaling \$38,066,794. Only \$27,706,917 out of the aforementioned amount was used after death. Disbursements for 3,139 participants were made during periods when the agency had an agreement in force with the Demographic Registry. Disbursements for the remaining 13,179 participants were made during periods when no agreement was in place. [...] [sic]

—Administrator

Recommendations 1 to 5.a. and f.

2 - Deficiencies related to institutions that have residents who are NAP beneficiaries

Temporary residence institutions (institutions)⁹ that are housing residents benefiting from NAP can request authorization from the ADSEF’s Office of Inspection and Certification (OIC) to make use of these aids. This Office is responsible for evaluating applications and authorizing institutions to transfer NAP funds to their bank accounts for a period of two years.¹⁰

The institutions will be responsible for providing receipts to beneficiaries and maintaining evidence of transactions and cash register receipts that break down the items purchased. The funds must be used exclusively for the purchase of eligible food.

On the other hand, the authorized representative of the institution is responsible for submitting quarterly reports to OIC. These reports must contain a summary of the NAP benefits deposited on the residents’ cards, the total amount spent on food and, if applicable, the remaining funds. Copies of the purchase receipts must also be included. In addition, the *List of Residents of the Institution* must be included in these reports¹¹. It is the responsibility of the OIC administrative officers to verify that the institutions submit quarterly reports during the certification period. They must also register these reports in the Trade Eligibility Determination System (SDEC), which is administered by the OIC. They should then be referred to the ADSEF’s Program Integrity Division (Integrity Division)

Criteria

Article 52.E (a) 2. of *Regulation 8684 of 2015* [sections b.2)a) and c)]

Criteria

Article 63.E of *Regulation 8684 of 2015* [Section a.]

⁹ These can be public or private establishments, non-profit organizations, or bodies authorized to provide services and shelter to vulnerable groups, such as minors, the elderly, people with disabilities, those addicted to controlled substances or alcohol, people with AIDS, and survivors of domestic violence, among others. Article 5-17.b. of *Regulation 8857 of 2016* regards certified temporary residence institutions as commercial establishments.

¹⁰ An institution may renew its authorization if it meets the requirements provided in Article 14 of *Regulation 8857 of 2016*.

¹¹ Drawn up report in which the institutions inform ADSEF of the NAP beneficiary residents and the participants who are no longer residents in the institution.

in order to evaluate compliance with regulations 8684 of 2015 and 8857 of 2016, among other regulatory provisions¹² Administrative officers report to OIC’s executive officer.

Criteria
 Article, 15.3.x and 18.12 a. and b. of
Regulation 8857 of 2016
[Section b.]

OIC may suspend authorization or deny renewal applications from institutions for the following reasons:

- they have not submitted reports for two consecutive quarters;
- they have not reported the location of the institution or the participants who are no longer residents of the institution;
- they have not submitted the NAP card to the participants who left the institution or to the local ADSEF office.

Criteria
Puerto Rico Nutrition Assistance Program
*NAP State Plan of Operations*¹³
[Section b.]

The Integrity Division is responsible for investigating, analyzing and prosecuting irregular transactions by institutions, in coordination with local and regional offices. This applies to the use of, and charges made to, the funds deposited on the cards of its participants. In addition, the Division is responsible for evaluating and validating the data and documentation presented in the quarterly reports.

Criteria
 Article VIII-D of *Regulation 23 of 1988*
[Sections a., b.2)c) and d)]

Tax documents must be stored, organized and filed in such a way that they can be retrieved, identified and made available promptly and in the appropriate conditions to the Comptroller of Puerto Rico, the Secretary of the Treasury or any other authorized official. Quarterly reports and related documents are stored in the Integrity Division’s filing area.

Criteria
Title-7 Subtitle -B Chapter-II Subchapter-C
Part 275.1 of the CFR
[Sections a. and b.]

ADSEF is also responsible for establishing systems to monitor and improve the administration of the Program for the purpose of supervising the use of NAP cards by participants residing in institutions.

The executive officer of OIC reports to the director of the Strategic Planning Division, who in turn reports to the assistant administrator of Operational Services. Similarly, the executive officer of the Integrity Division reports to the director of Legal Affairs.

As of October 30, 2023, ADSEF had certified 25 institutions.

To determine whether ADSEF had ensured compliance with *Regulations 8684 of 2015* and *8857 of 2016*, we examined the quarterly reports submitted by six of these institutions. According to ADSEF records, the six institutions submitted 109 reports corresponding to the quarters from January 1, 2017 to March 31, 2024.

¹² Among these is the *2023 Standards and Procedures Manual (Manual de Normas y Procedimientos del 2023)*.

¹³ Approved in accordance with the *Code of Federal Regulations - Title 7 Subtitle B Chapter II Subchapter C. Part. 285.3*, which establishes that, in order to receive NAP grant funds for each fiscal year, the Commonwealth of Puerto Rico must have an operations plan for the purpose of designing and carrying out a nutritional assistance program for people in need for each fiscal year in compliance with federal and state regulations.

Our assessment revealed the following:

- a. ADSEF did not locate or provide 36 quarterly reports for assessment corresponding to five institutions.

Causes: *Regulation 8857 of 2016* does not contain provisions establishing specific instructions related to the content and processing of quarterly reports. This *Regulation* has not been revised since November 23, 2016. **[Section a.]**

Consequence

It prevented our auditors and ADSEF officials from accessing the full information relating to purchases made by institutions with NAP funds, and from verifying that these purchases were made in accordance with applicable regulations. **[Sections a. and b.2)c) and d)]**

- b. From the 73 quarterly reports submitted by institutions, which detailed the use of \$1,165,879 in NAP benefits received by residents (\$1,083,030 in expenses and a surplus of \$82,849), we determined the following:

- 1) The OIC did not suspend the authorization of five institutions that failed to submit 61 quarterly reports for the period from 1 January 2017 to 31 March 2024. Of these, four institutions consecutively failed to submit 56 quarterly reports. On May 8, 2024, one of these institutions submitted 17 reports corresponding to the quarters from January 1, 2020 to March 31, 2024.

Causes: The Integrity Division does not have the appropriate number of staff to evaluate and validate the delivery of quarterly reports or their content. These duties have not been performed since May 2017 due to a lack of staff. The OIC executive officer failed in her responsibility to supervise the administrative officers effectively so that she ensured that the regulatory provisions were observed. **[Section b.1)]**

Consequences

This contributed to an improper and unauthorized use of NAP benefits by institutions. Furthermore, it could have affected the continuity of services to beneficiaries and expose ADSEF to accusations or sanctions from federal agencies. **[Section b.]**

- 2) Neither OIC nor the Integrity Division adequately verified the quarterly reports and their supporting documents to monitor the use of benefits and investigate, analyze, and prosecute potential irregular transactions, as indicated:

- Five institutions submitted 32 quarterly reports, with receipts for unauthorized purchases of items such as liquor, wine, makeup, clothing, footwear, pet food and medicine, fumigation services, televisions, personal hygiene items, gasoline, services¹⁴, vehicle maintenance, hardware items, perfumes, electronic accessories, Autoexpreso charges and bank charges from the account where NAP funds are deposited, among others.

Consequences

This could have prevented participants from receiving NAP benefits to cover their food needs. Furthermore, it may lead to federal entities imposing measures for the misuse of allocated funds, such as suspension or loss of funds, reimbursement of funds, the imposition of penalties, and restrictions to receive future funds. **[Section b.2)]**

¹⁴ Water, electricity and mobile telephony.

- An institution submitted five quarterly reports presenting receipts for purchases made at businesses located in the United States and Santo Domingo.
- Three institutions submitted 42 quarterly reports containing illegible receipts.
- Two institutions submitted 21 quarterly reports without copies of the receipts.

Causes: ADSEF does not have an official form determining the information and documentation that must be included in quarterly reports, which could be used to validate institutions' receipt and use of NAP funds. This was certified to us on September 27, 2024, by the executive officer of OIC. ADSEF did not create a system to monitor the administration of the NAP regarding the use of NAP cards by participants residing in institutions.

[Section b.2)]

Comments from Management

[...] We acknowledge that many of the situations noted in the report are caused by factors beyond the agency's immediate control, particularly related to budget constraints, limitations in staff onboarding, and natural weather phenomena that significantly impacted the island and, consequently, the way agencies operate. However, I acknowledge the commitment of most ADSEF employees, particularly the technicians, who handle an average caseload of 1,300 persons —compared to the national average of around 700. I understand that if the suggested measures are implemented, findings such as those contained in this report will be significantly reduced.

Having stated the above, the multiple monitoring processes carried out by FNS on the agency over the past few years have highlighted the agency's progress regarding compliance with federal statutes. [...]

— *Former secretary of the Department of the Family,
Rodríguez Troche*

The Government of Puerto Rico has endured a fiscal situation characterized by budget restrictions, fiscal control measures and the implementation of structural adjustment plans. These factors, along with changing social conditions, have led to substantial transformations in the operation of central Government agencies,

including the Administration for Socioeconomic Development of the Family (ADSEF), which is part of the Department of the Family.

As a direct consequence, a sustained reduction in the human resources available for the implementation and oversight of federal and state programs has been observed. This reduction in human resources has directly impacted the operational capacity for the effective oversight of the Nutritional Assistance Program (NAP), as stipulated. The Audit Report highlights that ADSEF's Programmatic Integrity Division (DIP) is currently understaffed to effectively conduct the assessment and validation of the quarterly reports submitted by the certified temporary residence institutions under Regulation No. 8857 of 2016. This operational limitation has affected the management, analysis, and detection of inconsistencies in these reports. Factors hindering recruitment include the impression that salaries on offer are not competitive and the requirements set out in current occupational profiles.

— *Former secretary of the Department of the Family,
González Magaz*

[...] During the last fifteen (15) years, the Government of Puerto Rico has faced a complex fiscal situation that, along with various social factors, has significantly transformed the operation of government agencies. This reality has led to a considerable reduction in the operational budgets of the central government and its entities, which has resulted, among other consequences, in a substantial decrease in staff.

To illustrate this impact, in fiscal year 1999–2000, ADSEF had three thousand nine hundred and seventy-five (3,975) positions filled. However, for the current fiscal year, that number had decreased to one thousand five hundred and fifty-four (1,554), representing a 61% decrease over the past twenty-four (24) years.

As mentioned in the report, the Division of Program Integrity (DIP) does not have the appropriate number of staff in order to evaluate and validate the delivery and content of the quarterly reports. This limitation affected both the management and the effective review of documents. The difficulty in recruiting staff is

partly due to the preconceived idea that the offered salaries are not competitive, as well as the requirements demanded for the positions. [...]

I acknowledge that many of the situations noted in the report are due to factors beyond the agency's immediate control, particularly budget constraints, limitations in staff onboarding, and natural phenomena that significantly impacted the island and, consequently, the way agencies operate. Despite these challenges, I must mention that the multiple monitoring carried out by FNS on the agency, as well as the on-site inspections of executives to Puerto Rico in recent years, have highlighted ADSEF's progress in complying with federal statutes.

However, as a public servant, along with a group of public servants committed to sound administration, I have demonstrated a willingness to address the identified situations responsibly and proactively. The corrective actions already implemented, such as the filing of collaborative agreements and the strengthening of internal processes, represent progress toward ensuring high levels of efficiency, transparency, and compliance. [sic] [...]

— *Former administrator, Fradera Vázquez*

After evaluating the certified institutions, a total of 26 active institutions were identified, and itemized as follows: [sic]

- (15) institutions with valid certification until 2025, of which two were cancelled for failure to submit the quarterly report.
- (10) institutions with valid certification until 2026, of which four were cancelled for failure to submit the quarterly report.
- (1) institution with valid certification until 2027.

Consequently, only 20 institutions remain active, set to be cancelled on July 1, 2025. This determination is based on the fact that certification is not required by federal regulations, and is intended to prevent the misuse of federal funds allocated to NAP beneficiaries living in temporary residence institutions, and to avoid accusations of such misuse. [sic]

To prevent the situations mentioned in the report, ADSEF is reviewing a draft of a new Regulation to eliminate the certification of temporary residence institutions as OIC-certified businesses. [sic]

—Administrator

Recommendations 5.b. to f.

Recommendations

To the Federal Prosecutor for the District of Puerto Rico

1. Consider the situations discussed in **Finding 1** and carry out the processes you deem appropriate.

To the Secretary of Justice

2. Consider the situations discussed in **Finding 1** and carry out the processes you deem appropriate.

To the Director of the Caribbean Area Office of the Food and Nutrition Services

3. Consider the situations discussed in **Finding 1** and carry out the processes you deem appropriate.

To the Secretary of the Family

4. Take the necessary steps to ensure that the ADSEF administrator complies with **Recommendation 5** and prevent situations like this from happening again.
5. Ensure that the ADSEF administrator complies with the following:
 - a. Continue the collaborative agreement with the Department of Health, through which the Demographic Registry provides information on death records in Puerto Rico, and ensure that the assistant administrators of Assistant Services validate this information with that of NAP participants to identify those ineligible to receive benefits due to death. **[Finding 1]**
 - b. Appoint the relevant Integrity Division staff to review and evaluate the quarterly reports submitted by the institutions. **[Finding 2]**
 - c. Maintain an appropriate document filing and preservation system that allows for the classification, retrieval, and availability of documents. **[Finding 2-a.]**
 - d. Review *Regulation 8857* to include specific and detailed provisions on the process and content of the quarterly reports submitted by institutions. In addition, draw up an official form that establishes the information and documentation required from institutions regarding quarterly reports. Also, establish a system to monitor NAP management regarding participants residing in institutions. **[Finding 2-b.]**
 - e. Instruct the assistant administrator of Operations Services to oversee the director of the Strategic Planning Division effectively, and ensure that the OIC executive officer requires the senior administrative officer and the administrative officer to withdraw authorizations granted to certified institutions that fail to submit quarterly reports for two consecutive quarters, or that fail to report individuals who no longer reside at the institution. **[Finding 2-b.1]**

- f. Instruct the executive director in charge of the Integrity Division to evaluate and conduct appropriate investigations into cases of participants with social security numbers of deceased persons to whom ADSEF made NAP benefit payments, and the institutions that used NAP funds to make purchases unrelated to food, as mentioned in **Findings 1 and 2**. In addition, receive the necessary legal advice in order to proceed with any debt collection procedures.

Information about the Audited Unit

ADSEF was established through *Reorganization Plan 1*, which was approved on July 28, 1995, and it is one of the Department's program and operational components. Its mission is to facilitate development opportunities for people in social and economic disadvantage, so that families in Puerto Rico can become self-sufficient and integrate productively into society, while fostering positive family and community relationships.

It is run by an administrator, who is appointed by the Secretary of the Family, in consultation with the governor. The administrator is responsible for implementing the policy to determine the conditions, responsibilities, and requirements for assistance and financial aid beneficiaries.

ADSEF is structured at three levels: central, regional and local. The central level comprises the offices of the administrator and deputy administrator, as well as the Information Technology and Legal Affairs departments. It also includes the Assistant Administration of Administrative Services, Operational Services, Finance and Budget, and Human Resources departments.

ADSEF provides services through the Department's 88 local offices, which are organized into 10 regional offices located in Aguadilla, Arecibo, Bayamón, Caguas, Carolina, Guayama, Humacao, Mayagüez, Ponce and San Juan.

ADSEF runs the following aid programs: the Nutritional Assistance Program (NAP), the Temporary Assistance for Needy Families (TANF) Program, the Economic and Social Development Opportunities Program (PODES), the Emergency Food and Shelter Program (TEFAP), and the Child Care Food Program.

ADSEF's operating expenses are covered by joint resolutions from the general budget, special allocations and federal contributions. According to information provided by the ADSEF Budget Division, the following funds were received during the period from fiscal years 2016–17 to 2024–25: state funds totaling \$765,316,937; special allocations totaling \$34,068,769; and federal funds totaling \$23,872,622,600, for a total of \$24,672,008,306. In addition, it had expenses of \$23,175,125,211¹⁵, for a balance of \$1,496,883,095.

Annex 1 contains a list of the main ADSEF officials who served during the audited period.

ADSEF has a website, which can be accessed through the following address: <https://serviciosenlinea.adsef.pr.gov>. This page provides information about the services provided by this entity.

Communication with Management

In a letter dated October 16, 2024, we notified Mr. Alberto E. Fradera Vázquez, the administrator at the time, of the issues identified during the audit. The letter included attachments with details about the issues discussed above.

The then administrator submitted his comments by letter dated November 20, 2024, which were considered in drafting this *Report*.

In an email dated April 8, 2025, we submitted the following for comment:

¹⁵ By August 31, 2024.

- The draft of this *Report* is to the attention of the Honorable Suzanne Roig Fuertes, secretary of the Department of the Family; and to Ramón Burgos Bermúdez, J. D., administrator.
- The draft of the **findings** to Ms. Ciení Rodríguez Troche, Dr. Carmen A. González Magaz, Mr. Orlando López Belmonte and Dr. Eddie García Fuentes, former secretaries of the Department of the Family; and to Mr. Alberto E. Fradera Vázquez and Eric A. Alfaro Calero, J. D., former administrators.

Former Secretary García Fuentes responded via email on April 22, 2025; former Secretary Rodríguez Troche, via email on April 24, 2025; former Administrator Fradera Vázquez, via email on April 25, 2025; the administrator, via email on May 2, 2025; and former Secretary González Magaz, via email on May 20, 2025. Their comments were considered in the drafting of this *Report* and some are included in the **findings**.

On April 24, 2025, we received comments from former Secretary López Belmonte, who stated the following:

At the moment, I cannot give an opinion on the matter, as these documents remain with the Agency and we do not have access to them at this time. Therefore, it would be unwise of me to issue a statement reacting to it. I regret not being able to give a statement at this time. *[sic]*

On May 2, 2025, we received comments from the Secretary of the Family, who stated the following:

[...] On 1 May 2025, a letter was received from ADSEF providing their comments on both findings. We have reviewed the document and request that the comments from ADSEF be accepted as comments from the Department of the Family.

Former Administrator Alfaro Calero did not provide his comments.

Internal Control

ADSEF management is responsible for establishing and maintaining an effective internal control structure to provide reasonable assurance regarding the achievement of the following:

- the efficiency and effectiveness of operations;
- the reliability of financial information;
- compliance with applicable laws and regulations.

Our work involved understanding and evaluating the controls that were important for achieving the objectives of this audit. We used this assessment to establish appropriate audit procedures for the circumstances. However, it was not used to express an opinion on the effectiveness of ADSEF's internal control structure.

Findings 1 and 2 discuss the significant internal control deficiencies, within the context of our audit objectives, identified based on the work performed.

The deficiencies discussed do not necessarily include all aspects of internal control that could be situations subject to finding. This is because these deficiencies were identified as a result of the evaluation of the operations, processes, activities and systems related to the audit objectives.

Scope and Methodology

The audit covered the period from January 1, 2017 to August 31, 2024. The assessment was conducted in accordance with the generally accepted auditing standards for performance audits, as set out in the Government Auditing Standards issued by the United States Government Accountability Office (GAO). These standards require us to plan and audit in order to obtain sufficient and appropriate evidence on which to base our opinions and findings relating to the audit objectives. Consequently, we performed the tests we deemed necessary, based on samples and in accordance with the circumstances, according to our audit objectives.

We conducted tests such as interviews with officials and employees; physical inspections; assessments and analyses of reports and documents generated by the audited unit or external sources; testing and analyses of financial information and internal control procedures and other relevant processes and information.

We believe that the evidence obtained provides a reasonable basis for our opinion and findings.

In addition, we evaluated the reliability of the data obtained from the Case System, which contains information related to participants in the NAP and TANF programs, among others. We also evaluated the reliability of the data obtained from the System for Determining the Eligibility of Businesses (SDEC), regarding active institutions as of August 3, 2023. As part of these assessments, we interviewed officials with system and data knowledge; we conducted electronic tests to detect obvious errors in accuracy and integrity; and we reviewed existing documentation and information about the data and the system that produced it.

We determined that the data were sufficiently reliable for the purpose of this *Report*.

In addition, with regard to the deaths mentioned in **Finding 1**, we used the reliability assessment of the data obtained from the Death Registry provided by the Demographic Registry, disclosed in audit reports *OC-25-15* of August 27, 2024 and *OC-25-36* of October 28, 2024, where it was determined that these were sufficiently reliable for the purposes of said reports.

Previous Report

On May 28, 2024, we published the *Audit Report OC-24-56* on the results of the assessment of operations related to the distribution of benefits to NAP participants during the COVID-19 pandemic. The report is available on our website.

Annex 1 - Main Entity Officials Involved in the Audited Period

NAME	POSITION	PERIOD	
		FROM	UNTIL
Ms. Ciení Rodríguez Troche	Secretary of the Family ¹⁶	Jan. 4,	Aug. 31,
Dr. Carmen Ana González Magaz	”	Jan. 2, 2021	Dec. 31, 2022
Mr. Orlando López Belmonte	Secretary of the Family	Jun. 3, 2020	Dec. 31, 2020
Dr. Eddie García Fuentes	”	Jan. 21, 2020	Jun. 2, 2020
Atty. Glorimar De L. Andújar Matos	Secretary	Jan. 2, 2017	Jan. 20, 2020
Mr. Alberto E. Fradera Vázquez	Administrator ¹⁷	Jun. 8, 2020	Aug. 31, 2024
Atty. Surima Quiñonez Suárez	Administrator	Jan. 25, 2019	Apr. 2, 2020
Eric A. Alfaro Calero J. D.	Administrator	Feb. 1, 2017	Mar. 27, 2018
Mr. Alfredo E. Fradera Vázquez	Interim Deputy Administrator	Apr. 1, 2020	Jun. 7, 2020
Mr. José A. Galarza Vargas	Deputy Administrator ¹⁸	Sep. 18, 2019	Mar. 31, 2020
Ms. Mildred Villegas Rivera	Deputy Administrator	Feb. 16, 2017	Aug. 1, 2018
Ms. Gerhil Medina Báez	Assistant Administrator, Operational Services ¹⁹	Jun. 16, 2020	Aug. 14, 2024
Ms. María Zayas Gierbolini	”	Sep. 19, 2019	May 30, 2020
Ms. Ana María Sánchez González	”	May 13, 2019	Jul. 26, 2019
Ms. Aura I. Rosa Vázquez	Interim Assistant Administrator of Operational Services	Aug. 22, 2018	Feb. 7, 2019
Atty. Alice M. Morales Roldán	Assistant Administrator, Operational Services ²⁰	Feb. 16, 2017	Mar. 5, 2018

¹⁶ From January 4 to November 12, 2023, she held the position on an interim basis.

¹⁷ The position was vacant from January 1 to 31, 2017, from March 28, 2018 to January 24, 2019, and from April 3 to June 7, 2020.

¹⁸ The position was vacant from January 1 to February 15, 2017, from August 2, 2018 to September 17, 2019, and from June 8 to August 31, 2024.

¹⁹ The position was vacant from January 1 to February 15, 2017, from March 6 to August 21, 2018, from February 8 to May 12, 2019, from July 27 to September 18, 2019, from May 31 to June 15, 2020, and from August 15 to 31, 2024.

²⁰ The position was vacant from January 1, 2017 to February 15, 2017 and from August 15, 2024 to August 31, 2024.

Legal Sources

Federal Statutes

Code of Federal Regulations, Title-7 Subtitle-B Chapter II Subchapter-C Part-272.14. *Deceased Matching System* (7 CFR 272.14). 2017.

Code of Federal Regulations, Title-7 Subtitle-B Chapter II Subchapter-C Part 275.1. *General Scope and Purpose* (7 CFR 275.1). 2017.

Code of Federal Regulations, Title-7 Subtitle-B Chapter II Subchapter-C Part-285.3. *State Plan of Operation* (7 CFR 285.3). 2017.

Puerto Rico Nutrition Assistance Program NAP State Plan of Operations FYs 2020 to 2024

Laws

Act 77-2019. *3-1-1 Citizen Service System Act*. July 27, 2019.

Regulations

Memorandum dated January 3, 2020. [ADSEF - Office of Operational Services]. *Report of Cases Located in Death Archive (ADSEF-EMISM320-PAN and ADSEF-EMISM320-TANF)*. January 3, 2020.

Memorandum dated February 28, 2022. [ADSEF - Office of Operational Services]. *Report of Cases Located in Death Archive (ADSEF-EMISM320-PAN and ADSEF-EMISM320-TANF)*. February 28, 2022.

Regulation 8684 of 2015 [Department of the Family]. *Regulations to Establish the Eligibility Standards of the Nutrition Assistance Program (NAP)*. December 23, 2015.

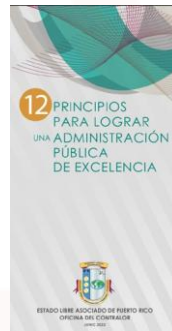
Regulation 8857 of 2016 [Department of the Family]. *Regulations for the Granting and Use of the Authorization to Debit Funds from the Nutrition Assistance Program (NAP) of the Family Card*. November 23, 2016.

Regulation 23 of 1988 [Department of Revenues]. *Regarding safekeeping of auditing documents or necessary files for the examination and verification of fiscal accounts and operations*. August 15, 1988.



OUR MISSION

Our aim is to oversee transactions involving property and public funds independently and objectively, in order to determine whether they have been carried out in accordance with the law. We are also responsible for attending to other matters that have been entrusted to us and to promote the effective, economical, efficient and ethical use of Government resources for the benefit of our People.



PRINCIPLES FOR OUTSTANDING PUBLIC ADMINISTRATION

These principles are included in *Circular Letter OC-18-19* of April 27, 2018 and this booklet.



COMPLAINTS

Support us in auditing property and public funds.

1-877-771-3133 (787) 754-3030, ext. 2803 or 2805
querellas@ocpr.gov.pr

Complaints about the misuse of public property and funds can be submitted confidentially, in person, by mail, by phone, or by email. You can find more information on the Office's website, under the Complaint (*Queréllese*) section.