

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO



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BY ELECTRONIC MAIL

September 4, 2018

The Honorable Carlos Méndez Núñez
Speaker
Puerto Rico House of Representatives
El Capitolio
P.O. Box 9022228
San Juan, Puerto Rico, 00902-2228

Dear Speaker Méndez Núñez,

Thank you for your letter, dated August 22, 2018, expressing the importance of transparency from “all entities of the Territory of Puerto Rico, paid with public funds”. The Oversight Board could not agree more, which is why it sent its letter, dated August 21, 2018, requiring certain reporting from all branches of the Government that are stewards of the public’s funds, and why the Oversight Board is pleased to describe the steps it already takes and will take to demonstrate its steadfast commitment to transparency.¹

Since our inception, the Oversight Board has been publishing the full text of all our vendor contracts and executive employment contracts, annual audited financial statements, annual budgets, and an annual report with actual expenses as related to our budget. All of these can be found on our website. Our audited financial statements for Fiscal Year 2018 will be available in the coming weeks.

In addition, for the past month we have been working with the Comptroller of Puerto Rico and the Puerto Rico Institute of Statistics to make our financial information more widely available within already existing Government platforms. Doing so supports the development and maintenance of a uniform reporting venue for all of the component units of the Government of Puerto Rico that will exist long after the Oversight Board is gone.

¹ As you are aware, Section 108(a)(1) of PROMESA prohibits the Legislature from exercising “any control, supervision, oversight, or review over the Oversight Board or its activities”; nonetheless, the Oversight Board appreciates the opportunity to detail all that it has done and has committed to do with respect to transparent financial and related reporting.

Along with the information already available on our website, actual FOMB expenditures for the last six months of FY 2018 are already public on the Puerto Rico Institute of Statistics website at www.transparenciainanciera.pr. In the next few weeks we will start updating this information monthly, including actual expenditures per concept of spend such as payroll, reimbursements, professional services, legal expenses, and administrative costs. By September 15, 2018, the FOMB will also be publishing monthly staff attendance and bank account reports. We will soon also be adding our contracts to the Comptroller's contract data base.

It is important to note that the Oversight Board's expenses, in addition to Title III-related costs, are only temporary. The Oversight Board would like nothing more than to fulfill its mandate as soon as possible. However, as the certified fiscal plan for the Commonwealth clearly states, that can only happen if Puerto Rico adopts the necessary fiscal and structural reforms to develop a more robust economy and efficient government. That requires that the Oversight Board exercise its power under Section 104(c)(2) of PROMESA to obtain a comprehensive view of all expenditures patterns across the entire Government of Puerto Rico.

The Government of Puerto Rico and most of its component units have already been publishing weekly TSA cash flow and liquidity reports since October 2017; monthly summaries of bank account balances since December 2017; attendance reports since June 2018; budget to actual Reports since July 2018; and several other related reports over the past year. The Oversight Board is not asking anything more from the Legislature or Judiciary.

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We will continue to work with all branches of the Government to improve the quality and reliability of its reporting to promote transparency, advance best practices, and generate efficiencies. We reiterate our disposition to meet with you or your designated point of contact to discuss the reporting requirements outlined in our letter, dated August 21, 2018, in anticipation of the deadline of September 15, 2018.

Sincerely,



Natalie A. Jaresko