



April 2, 2025

MEMORANDUM FOR: Vice Admiral Nancy Hann
Deputy Under Secretary for Operations, performing the duties of
Under Secretary of Commerce for Oceans and Atmosphere
and NOAA Administrator
National Oceanic and Atmospheric Administration

FROM: Analee Striner-Brown
Acting Assistant Inspector General for Audit and Evaluation

SUBJECT: *The Puerto Rico Department of Agriculture Met Pandemic Funds
Requirements but Was Slow to Disburse Fishery Consolidated
Appropriations Act Funds*
Final Report No. OIG-25-016-A

This final report provides the results of our audit of the Puerto Rico Department of Agriculture's (PR DOA's) use of Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act)¹ and Consolidated Appropriations Act (CAA)² of 2021 funds. Our objective was to determine whether PR DOA's costs claimed through the CARES Act and CAA funds were allowable, allocable, and reasonable in accordance with federal cost principles.³ We conducted this audit as part of a response to a congressional request. This report provides answers to congressional questions related to CARES Act and CAA funds. To answer the audit objective and the congressional request, we ascertained the status of the award and funds expended and conducted limited testing of expenditures. See appendix A for a more detailed description of our scope and methodology.

Background

The National Oceanic and Atmospheric Administration (NOAA) Fisheries, also known as the National Marine Fisheries Services (NMFS), is responsible for the stewardship of the nation's living marine resources and their habitat. NOAA Fisheries provides science-based conservation and manages sustainable fisheries and aquaculture, marine mammals, and endangered species and their habitats. NOAA Fisheries has five regional offices (Alaska, New England/Mid-Atlantic, Pacific Islands, Southeast, and West Coast). The Southeast region includes the Commonwealth of Puerto Rico. PR DOA's mission is to strengthen the quality of life for its people by

¹ Pub. L. No. 116-136, 134 Stat. 281 (2020).

² Pub. L. No. 116-260, 134 Stat. 1182 (2020).

³ 2 C.F.R., Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

establishing agricultural policy to ensure greater food security for Puerto Rico. NOAA Fisheries allocated fishing assistance funding from the CARES Act and CAA to PR DOA.

In March 2020, Congress passed the CARES Act. Under section 12005, the CARES Act appropriated \$300 million in fisheries assistance to NOAA Fisheries to assist states, tribes, and territories with coastal and marine fishery participants who have been negatively affected by COVID-19. Of the \$300 million appropriated, Puerto Rico received \$1 million. In December 2020, Congress passed the CAA, which provided an additional \$255 million to NOAA Fisheries in fisheries assistance funding to support activities previously authorized under the CARES Act. Under the CAA, Puerto Rico received approximately \$3 million of the \$255 million. NOAA Fisheries awarded two separate cooperative agreements⁴ to PR DOA, totaling \$3,960,036 (one in July 2020 and one in August 2021).

According to PR DOA, the COVID-19 pandemic had a devastating impact on Puerto Rico's major economic sectors of agriculture, tourism, and marine industries. Fisheries participants are an essential part of coastal economies, providing jobs for fishermen and fish processors. During the COVID-19 pandemic, the lockdown and lack of tourists lessened the demand for retail seafood and created significant price pressure on the local fish supply. Many fishers are over 50 years old and limited their exposure to protect themselves from the virus, reducing fish availability and impacting the fishers' income during the pandemic. With the CARES Act stimulus package, Puerto Rico's DOA planned to support its critical aquaculture, fishing industry, and seafood professionals through direct payments to fishers.⁵

In August 2022, the U.S. Department of Commerce (the Department), Office of Inspector General (OIG), received a letter from congressional members that raised concerns about aid under the CARES Act and CAA. Specifically, the concerns related to the timeliness of processing applications for aid and the lack of clarity in how eligibility for fishery assistance was determined. The letter identified several aspects of the NOAA Fisheries award process that lacked transparency including (1) the status of the funds, (2) how funds were distributed, and (3) award program policies and procedures for the direct aid to fishers (for example, eligibility). The congressional members requested a review of the allocated funds to Puerto Rico's fishing industry.

This report addresses the concerns raised by the congressional members. See Appendix A for the congressional questions answered.

⁴A cooperative agreement is the legal instrument reflecting a relationship between [the Department] and a recipient whenever: (1) the principal purpose of the relationship is to transfer anything of value to accomplish a public purpose of support or stimulation authorized by Federal statute, and (2) substantial involvement (e.g., collaboration, participation, or intervention by [the Department] in the management of the project) is anticipated between [the Department] and the recipient during performance of the contemplated activity. U.S. Department of Commerce. April 20, 2021. *Department of Commerce Grants and Cooperative Agreements Manual*, 29.

⁵ PR DOA's project narrative states that eligible fishery participants included island commercial fishing businesses, charter/for-hire fishing businesses, qualified aquaculture operations, processors, and other fishery-related businesses, such as marine bait, marine gear, and vessel suppliers.

PR DOA Claimed Costs That Were Generally Allowable, Allocable, and Reasonable but Did Not Expend All CAA Funds

As of October 2024, PR DOA had expended approximately 63 percent of the total CARES Act and CAA funds. Although PR DOA had expended almost all of the CARES Act funds, it had expended only 51 percent of the CAA funds. Table I shows the status of each award.

Table I. Status of CARES Act and CAA Funds Awarded to PR DOA

Funding Type	Award Date	Total Obligated	Total Expended	Remaining Funds as October 2024
CARES ACT	07/14/2020	\$993,006	\$992,771.01	\$234.99
CAA	08/13/2021	\$2,967,030	\$1,515,583.11	\$1,451,446.29
Total	—	\$3,960,036	\$2,508,354.12	\$1,451,681.28

Source: OIG derived from NOAA Grants Management Division

We tested approximately \$297,111 in costs claimed from the expended \$2,508,354 CARES Act and CAA funds and found that PR DOA had documentation to support that costs claimed were allowable, allocable, and reasonable in accordance with federal cost principles.

For the 74 applications we reviewed, PR DOA maintained documentation that generally supported that applicants for aid were eligible to receive incentive payments of CARES Act and CAA funds. Specifically, we relied on the sworn statements provided and additional verification steps taken by PR DOA officials as support that applicants had incurred an economic loss greater than 35 percent.

Based on our review of the documentation available, we answered questions from the congressional request regarding PR DOA CARES Act and CAA funds.

A. CARES Act Funds

1. Status of CARES Act funds and amounts expended

PR DOA expended almost all the CARES Act funds. NOAA Fisheries awarded a cooperative agreement to PR DOA in July 2020 with a period of performance of July 1, 2020, through June 30, 2022, for \$993,006. In June 2022, the performance period was extended to December 2022.

The CARES Act cooperative agreement was awarded to aid coastal and marine fishery participants negatively affected by COVID-19. Under the CARES Act, PR DOA provided three rounds of direct payments to eligible fishery participants based on the number of fishing trips made within a year and the type of fishery

participant. Specifically, PR DOA made direct payments to fishers and incurred administrative expenses (see table 2).

Table 2. CARES Act Funding Payments Through Cooperative Agreement NA20NMF4540240

Expenditures	No. of Fishers	Incentive	Total
Round 1	683	Varied	\$630,699.40
Round 2	557	\$510.46	\$284,326.22
Round 3	683	\$97.15	\$66,353.45
_____	_____	_____	\$981,379.07
Administrative	_____	_____	\$11,391.94
_____	_____	_____	\$992,771.01

Source: OIG derived from PR DOA progress report as of June 2024

Although the period of performance ended December 31, 2022, and approximately \$235 of funds remain, this award was still open as of November 2024. PR DOA submitted a final report for this award in April 2023; however, NOAA has experienced technical issues with its new grants management system and has not been able to close out the award. In September 2023, NOAA started transitioning its award files from its Grants Online management system to a new Grants Enterprise Management System (GEMS).

2. *NOAA Fisheries did not approve another proposal to access the CARES Act funds*

NOAA Fisheries expended almost all of the CARES Act funds through the original cooperative agreement and did not need another proposal to access the funds. NOAA approved a request for a no-cost extension to extend the CARES Act period of performance from June 2022 to December 2022.

3. *PR DOA established eligibility criteria for CARES Act direct aid in its approved project narrative*

PR DOA established eligibility criteria in its project narratives for the CARES Act funds. PR DOA’s project narrative stated that eligible fishery participants included island commercial fishing businesses, charter/for-hire fishing businesses, qualified aquaculture operations, processors, and other fishery-related businesses, such as marine bait, marine gear, and vessel suppliers. PR DOA issued three rounds of CARES Act direct payments.

PR DOA required that direct payments:

- Cannot be made to minors
- Cannot be used to compensate state, local, or tribal governments
- Must be used to address fishery-related direct or indirect losses due to COVID-19

When applying for CARES Act direct payments, the fishery participants were eligible if they met the following three requirements:

- Had a fishing license in 2020
- Were in business for at least 1 year prior to 2020
- Provided a sworn statement that they had an economic loss greater than 35 percent from January to July 2020 as compared to the previous 5 years average

PR DOA used fishing statistics to verify income and eligibility for incentive payments. Fishery statistics, mandated by the Marine Fisheries Regulations – 2010 (Regulation No. 7949),⁶ were used to cross-reference the applicant’s name, license, or permit on the application.

4. *Of 1,776 eligible fishery participants, 775 applied for and 683 applicants received CARES Act direct aid*

Under the CARES Act cooperative agreement, 775 fishing participants applied out of 1,776 eligible participants, and from the 775 that applied, 683 received CARES Act direct aid.⁷ PR DOA rejected 92 applications because there was no proof of a greater than 35 percent economic loss or because other eligibility requirements were not met.

B. CAA Funds

1. *Status of CAA funds and amounts expended*

As of June 2024, PR DOA had expended only approximately 51 percent of the total CAA funds (\$1.5 million of the approximate \$2.9 million), with approximately \$1.5 million remaining. In August 2021, NOAA Fisheries awarded a cooperative agreement to PR DOA allocating \$2,967,030 in CAA funds with a period of performance of August 1, 2021, through July 31, 2022. NOAA approved several no-cost extensions to extend the period of performance to August 31, 2024.

⁶ Government of Puerto Rico Department of Natural and Environmental Resources. November 24, 2010. Puerto Rico Fishing Regulation – 2010 No. 7949.

⁷ Puerto Rico’s Department of Natural and Environmental Resources provided a list to PR DOA of eligible fishers based on an active license and/or reported fishing statistics (trips made and gross revenue).

Under the CAA funds, PR DOA provided two separate rounds of incentive payments based on the type of fishery participants. Individual fishers were then paid based on the number of trips made during the year. In round 1, PR DOA made incentive payments ranging from approximately \$2,532 to \$2,821 for fishers and fishing charters. PR DOA made a second round of payments to fishers who incurred an income loss greater than 35 percent; those fishers could receive between \$2,419.34 and \$15,000. As of October 2024, PR DOA still had approximately \$1.5 million available. See table 3 for CAA disbursements.

Table 3. CAA Funding Payments Through Cooperative Agreement NA21NMF4540432

Round	No. of Fishers	Incentive	Total
Round 1	492	Varied based on number of travels and type of fisher	\$1,255,054.88
Round 2	94	Based on income loss	\$260,528.23
Total	586	_____	\$1,515,583.11

Source: OIG derived from PR DOA progress report as of June 2024 and NOAA account settlement, October 2024

PR DOA made an inquiry and an additional award action request in October 2023 to re-budget some of the remaining CAA funds to purchase equipment that was lost during the COVID-19 pandemic. However, NOAA Fisheries did not approve the request because purchasing the equipment was not in the original project narrative.⁸ PR DOA then requested reimbursement for administrative expenses to process the CAA funds in May 2024.

In July 2024, NOAA approved a request from PR DOA for the reimbursement of \$386,165 in administrative expenses under the CAA funds. PR DOA received this funding from NOAA and submitted its final report to NOAA on December 31, 2024. PR DOA reported that there was approximately \$1 million of the \$2.9 million remaining. NOAA stated that it plans to return the unexpended funds to the United States Treasury. After the end of the performance period, NOAA will then have 120 days to return the unexpended funds.

2. NOAA Fisheries did not approve another proposal to access the CAA funds

NOAA Fisheries did not approve another proposal to access CAA funds other than the original cooperative agreement. As mentioned previously, NOAA approved a request from PR DOA to re-budget some of the funds to reimburse administrative expenses.

⁸ A project narrative or budget proposal details project goals, eligibility requirements, budget amounts, how funds will be spent, and the type of documents needed to apply for direct aid.

3. *PR DOA established eligibility criteria for CAA direct aid in its approved project narratives*

PR DOA established eligibility criteria in its CAA project narratives for the same types of fishery participants eligible for CARES Act funds. PR DOA issued CAA direct aid through two rounds of payments.

PR DOA required that direct payments:

- Cannot be made to minors
- Cannot be used to compensate state, local, or tribal governments
- Must be used to address fishery-related direct or indirect losses due to COVID-19

When applying for the CAA direct payments, fishery participants were eligible if they met the following requirements:

- Had a fishing license during 2020-2021
- Were in business for at least a year prior to 2020
- Provided a sworn statement that they had an economic loss greater than 35 percent for the period of June 2020 through 2021 as compared to the previous 5-year average
- Provided self-reported, verifiable data (such as tax returns) to calculate losses for round 2 payments

4. *Of 1,776 eligible fishery participants, 492 applicants received CAA direct aid*

Under the CAA cooperative agreement, out of 1,776 eligible fishery participants, 492 applied and received direct aid payments during the CAA's round 1. For round 2, PR DOA determined that some fishery participants may be eligible to receive an incentive between approximately \$2,419 to \$15,000. Fishery participants provided proof of income for the last 5 years, which was reviewed and verified by an Agronomist and the Department of Natural and Environmental Resource's Fisheries Regional Director. Ninety-four fishery participants applied and received direct aid during round 2.⁹

Reasons for Low Number of Fishery Applicants

According to PR DOA, the number of applicants applying for the incentive payments was lower than expected. PR DOA explained that the low number of applicants was because fishers did not have all the required documentation to apply, and they were hesitant to trust the application process. As mentioned previously, under the CAA direct payments, PR DOA based one round of payments on the amount of fishers'

⁹ Puerto Rico's Department of Natural and Environmental Resources provided a list to PR DOA of eligible fishers based on an active license and/or reported fishing statistics.

losses. Although the payment amounts could be higher, not all fishers could apply as they could not prove their losses because they did not have income tax returns.

PR DOA further stated that a PR DOA official visited the fishers' villages multiple times to encourage fishers to apply for aid, explain the process, and assist in completing applications for the aid. The official explained that part of the hesitancy of fishers applying is tied to the culture, as the fishers did not understand why they needed to apply; some were skeptical as to whether the incentives were real; and others expressed concerns as to why their tax returns were needed. One fisher explained that he did not want to take time away from fishing to apply for aid. Therefore, according to the PR DOA official, there were many more fishers that were eligible but did not apply.

NOAA Should Improve Documentation of Its Oversight

In our review of award documentation, we identified instances in which documentation supporting NOAA's oversight was not maintained in the official award files. As discussed in our report titled *Puerto Rico's Department of Natural and Environmental Resources Properly Disbursed Funds but Was Slow in Expending Fishery Disaster Assistance Funds*,¹⁰ NOAA's award files did not contain documentation of correspondence, biweekly meeting notes, or evaluations of progress reports.

The *Department of Commerce Grants and Cooperative Agreement Manual* states that as part of administration management, program and grant officials are responsible for providing guidance and support to recipients and maintaining the official award file, including all correspondence and written evaluations of performance reports.¹¹

NOAA program officials stated that, as part of their monitoring, they met with PR DOA on a biweekly basis, suggested alternative uses for remaining CAA funds, and conducted site visits. However, NOAA's award files did not contain documentation of correspondence with PR DOA such as biweekly meeting notes, suggested alternative uses for the funds, and progress report evaluations. In addition, PR DOA was not able to submit progress reports via the new GEMS system for the last year due to access issues. A NOAA program official explained that documentation of meetings and correspondence was maintained outside of the award files and not added to the files. NOAA program officials stated they had a good understanding of the award statuses, based on biweekly calls with PR DOA officials. Without documentation of biweekly meetings and evaluations of progress reports, there was no evidence of NOAA's continuous monitoring and direction to ensure all award funds were expended.

¹⁰ Commerce OIG. January 22, 2025. *Puerto Rico's Department of Natural and Environmental Resources Properly Disbursed Funds but Was Slow in Expending Fishery Disaster Assistance Funds*, [OIG-25-009-A](#).

¹¹ U.S. Department of Commerce. April 20, 2021. *Department of Commerce Grants and Cooperative Agreements Manual*, 25-26.

Conclusion

Based on the results of our review and the similar finding and recommendation in our report titled *Puerto Rico's Department of Natural and Environmental Resources Properly Disbursed Funds but Was Slow in Expending Fishery Disaster Assistance Funds*,¹² we did not make any recommendations in this report. We recommended in the prior report that NOAA document all project monitoring activities in the official award files in accordance with the *Department of Commerce Grants and Cooperative Agreements Manual*. NOAA concurred with the recommendation in that report. Well-maintained award files are important “for managing the award, resolving disputes, litigation, audits, reporting to Congress, answering FOIA requests, and for all other official purposes.”¹³ Further, complete award files also help ensure proper assignment of responsibilities among staff and continuity of operations as well as help ensure actions are taken to safeguard the federal government’s interest.

On February 5, 2025, OIG issued a draft of this report. On March 11, 2025, NOAA informed OIG via email that it did not have any comments on the report. The audit results were briefed to cognizant NOAA officials in advance of issuance.

We will post the final report on [our website](#) per the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404, 420).

We appreciate the cooperation and courtesies extended by your staff during the audit. If you have any questions or concerns about this report, please contact me at (202) 893-8759 or Kelley Boyle, Division Director, Acquisition, Procurement, and Grants, at (202) 253-0856.

¹² [OIG-25-009-A](#).

¹³ *Department of Commerce Grants and Cooperative Agreements Manual*, 56.

Appendix A: Objective, Scope, and Methodology

Our objective was to determine whether PR DOA’s costs claimed through the CARES Act and CAA funds were allowable, allocable, and reasonable in accordance with federal cost principles. To accomplish our objective, we performed the following actions.

We developed questions for each area of concern as shown in the box below and organized this report to answer those questions as supported by the results of our audit work.

Status of CARES Act and CAA Funds

1. What is the status of all the funds and how much of the award money has been expended?
2. Did NOAA approve another proposal to access these funds?

Direct Aid to Fishers

3. How did the PR DOA determine which applicants were eligible for direct aid?
4. How many eligible fishers applied for direct aid and how many received it?

We also reviewed relevant federal, departmental, and PR DOA laws, policies, guidance, and procedures including:

- Coronavirus Aid, Relief, and Economic Security Act of 2020, Pub. L. No. 116-136, 134 Stat. 281 (2020)
- Consolidated Appropriations Act 2021, Pub. L. No. 116-260, 134 Stat. 1182 (2020)
- 2 C.F.R., Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- Office of Management and Budget Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, revised October 7, 1994, as further amended August 29, 1997
- *Department of Commerce Grants and Cooperative Agreements Manual*, April 20, 2021
- *NMFS Financial Assistance Manual*, March 2023
- *Puerto Rico Department of Agriculture Program for the Management and Development of Fishing Industry and Lake Resource*
- Government of Puerto Rico Department of Natural and Environmental Resources, *Puerto Rico Fishing Regulation – 2010 No. 7949*, November 24, 2010
- *Administrative Standard Award Conditions for National Oceanic and Atmospheric Administration (NOAA) Financial Assistance Awards U.S. Department of Commerce*, February 18, 2021
- Specific Award Conditions, NA21NMF4540432 and NA20NMF4540240

We reviewed and analyzed award documentation in the *Grants Online* database and PR DOA award files including:

- Financial assistance award form CD-450
- Fishing licenses, sworn statement, tax returns, budget narratives
- Progress and Federal Financial Reports (SF-425s)

To determine the status of awards, eligibility requirements, and the availability of documentation, we:

- Conducted testing on a total of 74 fisher award files, including a judgmental sample of the 15 highest payments and statistically sampled 61 fishers' files, which included 2 of the same fishermen in both samples. Since part of our testing was based on a judgmental or non-statistical sample, results and overall conclusions are limited to the items tested and cannot be projected to the entire population or universe of costs.
- Evaluated NOAA and PR DOA communications and documentation to determine the effectiveness of the oversight NOAA provided for the CARES Act and CAA financial assistance programs.
- Conducted a site visit to San Juan, Puerto Rico, from February 5, 2024, through February 9, 2024, to review 74 fisher files.
- Conducted interviews with NOAA Grants Management, NOAA Program Office, and PR DOA personnel.

During our audit, we gained an understanding of PR DOA's internal control processes significant within the context of the audit objectives by interviewing PR DOA officials and reviewing documentation for evidence that PR DOA carried out internal control procedures. We reported the internal control weaknesses in the body of this report. Although we identified and reported on internal controls deficiencies, we did not detect any specific instances of fraud, illegal acts, or abuse during our audit.

We did not rely solely on computer-processed data to support our findings, conclusions, or recommendations. We obtained manually compiled data and assessed the reliability of that data using OIG Data Analytics data reliability assessments, which included comparing it to the PR DOA general ledger. During reasonableness testing, we found 41 payments between both datasets that did not reconcile with one another. The total dollar amount of payments that were in the original data that could not be reconciled totaled \$45,366.03, while the total dollar amount of payments in the ledger data that could not be reconciled totaled \$92,597.32. The discrepancy represents about 1.6 percent of the entire universe of 2,495 payments. We inquired with PR DOA about the discrepancy, but they did not provide OIG with a response. We determined that the data is reliable for our audit purposes with some caveats and that the irreconciliation of these 41 payments has a minimal to negligible effect on our overall audit conclusions.

We conducted our audit from October 2023 through February 2025 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401–424), and Department

Organization Order 10-13, as amended October 21, 2020. We performed our fieldwork remotely.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.