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Member of:
- American Institute of Certified Public Accountants
- Puerto Rico Society of Certified Public Accountants

February 17, 2017

To the Commissioner Omar Negrón-Judice
Office of the Commissioner for Municipal Affairs
San Juan, Puerto Rico

In connection with our audit of compliance of the **Office of the Commissioner for Municipal Affairs** (**OCAM**) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB)* of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guide) Compliance Supplement* applicable to each major federal programs for the year ended June 30, 2016 as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **Office of the Commissioner for Municipal Affairs** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guide.

As a result of our evaluation, we noted certain immaterial matters involving the internal control over compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Uniform Guide Compliance Supplement* applicable to each major federal programs for the year ended June 30, 2016, as identified in the summary of auditors' results section of the schedule of findings and questioned costs, where procedures should be improved and administrative controls strengthened. This letter summarizes our comments and suggestions. These comments are not significant enough to be considered significant deficiencies as defined by SAS 117 "Compliance Audits". A separate report dated March 24, 2017 contains our report on compliance with the types of compliance requirements described in the *US. Office of Management and Budget (OMB) Uniform Guide Compliance Supplement,* and our report on internal control over such compliance requirements. This letter does not affect our report dated March 24, 2017 on the financial statements as of and for the year ended June 30, 2016.

We will hope to provide our services to you in the next fiscal year audit. Thank you for your trust in our Firm.

Very truly yours,

Angel Alfredo López Vega
President

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I. Compliance Matters

A. Reporting-Earmarking (G)

On our evaluation to determine OCAM compliance with the matching and earmarking requirement we found the following situation:

The administrative expenses reported in the Trial Balance's accounting records and reported in the Information System (IDIS) reports did not agree with the maximum administrative expenses allowed (20%). The OCAM did not make the accounting adjustments required by the re-schedules of grants from previous years.

Description	"Trial Balance" Accounting	Report IDIS PR-26	Difference	Percent Report PR-26
Grant 2015-2016 Administrative Expenses	$5,261,789.06	$5,162,070.04	$99,719.02	21.52%

Recommendation:

We recommend that management strengthen its controls and review it procedures to prepare and validated accounting at the time of the closing period to provide adequate financial information.