López-Vega, CPA, PSC
Certified Public Accountants / Management Advisors

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

March 2, 2020

To the Honorable Mayor
and the Municipal
Legislature
Municipality of Patillas
Patillas, Puerto Rico

In connection with our audit of the basic financial statements of the **Municipality of Patillas** as of and for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

Also, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatements, we performed tests over the **Municipality of Patillas** compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion or overall compliance with such provisions.

As a result of our evaluation, we noted certain areas where financial matters should be considered, procedures improved, and administrative controls strengthened. This memorandum summarizes our comments and suggestions. These comments are not significant enough to be considered significant deficiencies as defined by AU Section 325 "Communicating Internal Control Related Matters Identified in an Audit". A separate report dated March 2, 2020 contains our report on significant deficiencies in the Municipality's internal control structure, and a separate report dated March 2, 2020 contains our report on compliance with laws, regulations, contracts, and grants based on an audit of the financial statements. This letter does not affect our report dated March 2, 2020 on the financial statements as of and for the year ended June 30, 2019.

We hope we can provide you our services for the next fiscal year's audit. Thank you for your trust in our Firm.

Very truly yours,

Angel Alfredo López Vega
President
López-Vega, CPA, PSC

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Municipality of Patillas
Single Audit 2018-2019
Management Letter

I. Financial Matters

A. Expenditures for Goods and Services and Accounts Payable – Purchasing and Receiving

During our examination of the Municipality's procedures related to the purchasing and receiving process, we examined Eight (8) disbursement vouchers of Head Start, Fourteen (14) disbursement vouchers of Other Special Revenue Fund and Thirty eight (38) disbursement vouchers of the General Fund for a total of sixty (60) vouchers. The following will summarize the internal control exceptions noted:

Deviation	Cases
The disbursement voucher does not include the requisition.	2
The disbursement voucher does not include the receiving report or certification of the functionary who received goods or services.	4
The Municipality's issued the purchase order after the services were rendered.	4
The disbursement voucher does not include required quotations.	4

Recommendation:

We recommend that the Municipality should improve its internal control and procedures in order to assure that disbursement vouchers contain all supporting documents before making the payment and disbursement process is followed as established by law.

B. Payroll Test

Our test of twenty five (25) files revealed the following:

Deviation	Cases
The employee file did not contain the form I-9.	6
The employee file did not contain the form W-4.	4

B. Payroll Test (Continued)

Recommendation:

We recommend that the Municipality should improve its internal control and procedures in order to assure that all the collections are deposited in the bank account assigned for that purpose.

C. Bid Test

Our test of five (5) bid files revealed the following:

Deviation	Cases
The purchase order was not available for our examination.	4
The file did not contain the quotations to verify if it was adjudicated to the lowest bidder.	2

Recommendation:

We recommend that the Municipality should improve its internal control and procedures in order to assure that all the collections are deposited in the bank account assigned for that purpose.