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

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

February 24, 2020

To the Management of
the Vocational Rehabilitation Administration
San Juan, Puerto Rico

In connection with our audit of the basic financial statements of the **Vocational Rehabilitation Administration** 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 test over the **Vocational Rehabilitation Administration** 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 February 24, 2020 contains our report on significant deficiencies in the Institute's internal control structure, and separate report dated February 24, 2020 contain 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 February 24, 2020 on the financial statements as of and for the year ended June 30, 2019.

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

Cordially,

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

Calle Paraná #1686, El Cerezal, San Juan, P.R. 00926-3144 – Tel. (787) 777-8044 / Fax (787) 764-9377

I. Financial Matters

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

During our examination of the Administration's procedures related to the purchasing and receiving process, we examined sixty (60) disbursement vouchers for the Vocational Rehabilitation Program. The following will summarize the internal control exceptions noted:

Deviation	Cases
The disbursement voucher does not contain evidence of approved purchase order.	3

Also, we examined seven (7) purchase orders from the Administration's General Fund to verify if files include the required documentation and found the following:

Deviation	Cases
File do not include availability of funds form.	1

In addition, we examined five (5) bids from the Administration's to verify if files include the required documentation and found the following:

Deviation	Cases
No evidence on file of bidder's sealed envelope.	1
File does not include acceptance letter and certification.	1

Recommendation:

We recommend that the Administration should improve its internal control and procedures in order to assure that disbursement vouchers are marked and signed by all functionaries in the acquisition process before making the payment and disbursement process is followed as established by laws and regulations.

B. Payroll and Related Liabilities – Payroll Preparation and Timekeeping

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

Deviation	Cases
Employee's file do not include evidence of medical exam.	1
Employee's file do not include signed copy of Drug-Free Employer's Policy	2
Employee's file do not include evidence of drug test.	1
Employee's file do not include Department of Treasury withholding authorization (Form R-4)	1
Employee's file do not include evidence of Direct Deposit authorization	1

Recommendation:

We recommend that the Municipality should review the personnel's files to assure completeness of the required documentation and perform periodically follow-up procedures in order to update such files.

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February 24, 2020

To the Management of
the Vocational Rehabilitation Administration
San Juan, Puerto Rico

In connection with our audit of compliance of the **Vocational Rehabilitation Administration** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement in Accordance with the Uniform Guidance* applicable to each major federal programs for the year ended June 30, 2019 as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **Vocational Rehabilitation Administration** 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 the *(OMB)* Super Circular.

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 *U.S. Office of Management and Budget (OMB) Compliance Supplement in Accordance with the Uniform Guidance* applicable to each major federal programs for the year ended June 30, 2019, 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 AU Section 801 "*Compliance Audit*". A separate report dated February 24, 2020 contains our report on compliance with the types of compliance requirements described in the *US. Office of Management and Budget (OMB) Compliance Supplement in Accordance with the Uniform Guidance*. This letter does not affect our report dated February 24, 2020 on the financial statements as of and for the year ended June 30, 2019.

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

Cordially,

Angel Alfredo López Vega, CPA
President
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II. Compliance Matters

A. Allowable costs

Our examination of twenty-five (25) payroll files to test for compliance with Registration of Staff Activities by Program (RAPP) revealed the following:

Deviation	Cases
RAPP was not found on employee's file.	1
RAPP was not available for the complete fiscal year.	3
RAPP was not signed by supervisor.	2

We recommend that the Administration should improve its monitoring and/or enforcement procedures regarding evaluation of applicant's files and completeness of information regarding RAPP per regulations.

B. Eligibility

During our examination of the Administration's procedures related to the eligibility requirement, we examined sixty (60) applicant's files. The following will summarize exceptions noted:

Deviation	Cases
Applicant's file do not include certificate of birth.	25
Application for services was not signed by applicant or authorized representative.	1
Applicant's file do not include certification of review of social security card.	2
Applicant's interview Form, Part B was not completed in all of its sections.	2
Applicant's file does not include evidence of calculation of monthly feeding expense.	1
Applicant's file do not include evidence to justify case closure.	1

Recommendation:

We recommend that the Administration should improve its monitoring and/or enforcement procedures regarding evaluation of applicant's files and completeness of information regarding eligibility determinations per regulations.

C. Special Test and Provisions – Completion of IPE's

During our examination of the Administration's procedures over special tests and provisions regarding the timeframe for completing the individualized plan for employment (IPE), we examined sixty (60) individual's files to whom an IPE must be performed for the fiscal year ended June 30, 2019, and an additional twenty five (25) participants in the RSA-911 test. The following will summarize the exceptions noted:

Deviation	Cases
IPE was not signed by participant.	4
IPE has expired, no evidence of issuance of another IPE on file.	3

Recommendation:

CRIS system should provide a remainder or a checkpoint to prevent both that non-dated or un-signed IPE could be issued. The internal controls should be reinforced to avoid that time sensitive documents remained either non-dated or unsigned; and that critical documentation is not properly filed.