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

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

January 31, 2020

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

In connection with our audit of the basic financial statements of the **Autonomous Municipality of Cayey** 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 **Autonomous Municipality of Cayey's** 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 January 31,2020contains our report on significant deficiencies in the Municipality's internal control structure, and separate report dated January 31,2020contain 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 January 31, 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.

Very truly yours,

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

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I. Financial Matters

A. Payroll and Related Liabilities – Payroll Preparation and Timekeeping

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

Deviation	Cases
Salary is higher than indicated by the "Plan de retribución y clasificación".	2
Employee's file has no educational evidence.	1
The balance included in the compensatory time license detail prepared by client does not agree with the balance of the cumulative cards.	Overall

Recommendation:

We recommend that the Municipality should review the "Plan de Retribución y clasificación" and perform periodically follow-up procedures in order to update salaries. Also, we recommend the Municipality to improve its procedures to assure completeness of the documentation and maintains updated employees' files.

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