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Certified Public Accountants / Management Advisors

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

March 29, 2021

**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, 2020, 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 March 29, 2021 contains our report on significant deficiencies in the Administration's internal control structure, and separate report dated March 29, 2021 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 March 29, 2021 on the financial statements as of and for the year ended June 30, 2020.

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

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## 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. | 1 |
| The Purchase Order was issued after receiving the good or services. | 5 |

**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 or certification the employee do not receive other compensation. | 1 |
| Employee's file do not include Department of Treasury withholding authorization (Form R-4) | 2 |
| Employee's file do not include evidence of Direct Deposit authorization | 6 |

**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.