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 29, 2021

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

In connection with our audit of the basic financial statements of the **Municipality of Juncos** 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 tests over the **Municipality of Juncos** 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 Municipality'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 hope to provide our services to 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 Municipality's procedures related to the purchasing and receiving process, we examined three (3) disbursement vouchers of Joint Resolutions, three (3) of Child Care and Development Block Grant, twenty-two (22) disbursement vouchers of Disaster Grants- Public Assistance, and fifty-one (51) disbursement vouchers of the General Fund for a total of seventy-nine (79) vouchers. The following will summarize the internal control exceptions noted:

Deviation	Cases
The purchase order was prepared after the invoice.	17
The disbursement voucher is not mathematically accurate.	1
The original invoice was not signed by the supplier.	1

Recommendation:

We recommend that the Municipality should improve its internal control and procedures in order to assure that disbursement vouchers contain all supporting documents and all signatures to approve the disbursement before making the payment. Also, we recommend that the Municipality implement internal controls to prepare the purchase order in the required frame of time and strength the voucher verification process.

B. Payroll and Related Liabilities – Personnel, Employment and Rate Authorizations

In this procedure, we examined twenty-five (25) employee's files. The following will summarize the internal control exceptions noted:

Deviation	Cases
Employee's file has not academic evidence.	1
The I-9 form was not signed by the functionary or his representative.	2
The Assistance Card does not agree with the Compensated Absences Card.	7
Employee was not included in the license detail report prepared by the Municipality.	2
The Municipality does not have "Plan de retribución y clasificación" for the employee.	1

I. Financial Matters

B. Payroll and Related Liabilities – Personnel, Employment and Rate Authorizations (Continued)

Recommendation:

We recommend that the Municipality should review the personnel's files to assure completeness of the required documentation. We recommend that the Compensated Absences Card balances were maintained in accordance with the monthly employee Assistance Cards. Also, we recommend that the Human Resources Department should review the License Record Detail for guarantee that the balance presented agrees with the compensated absences card.

C. Cash Receipts

Our test of twenty-five (25) cash receipts revealed the following:

Deviation	Cases
The collections were not deposited the same day or in the next labor day.	10
The cash receipt amount was not properly calculated.	1
The cash receipt did not have all the supporting documents to validate the amount collected.	1

Recommendation:

We recommend that the Municipality should improve its internal control procedures in order to assure that the cash receipt contain all supporting documents and amount were properly calculated. Also, the Municipality must ensure that daily receipts are deposited the same day or the next business day of the collection.

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March 29, 2021

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

In connection with our audit of compliance of the **Municipality of Juncos** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each major federal programs for the year ended June 30, 2020 as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **Municipality of Juncos** 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 (*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 the *U. 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, 2020, 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 Audit". A separate report dated March 29, 2021 contains our report on compliance 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,* and our report on internal control over such compliance requirements. 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 hope to provide our services to 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

II. Compliance Matters

A. Eligibility

We performed an Eligibility Test of the Child Care and Development Block Grant Program and it revealed the following:

CFDA No.	Deviation	Cases
93.575	There is no evidence of family composition in the participant file.	3

Recommendation:

We recommend that the Municipality designate an employee to validate the family composition and prepare an official document validating the process that was carried out.

B. Special Test and Provisions

We performed Special Test Provisions procedures related to the Child Care and Development Block Grant Program and found the following:

CFDA No.	Deviation	Cases
93.575	The Municipality did not provide a written plan or protocol to ensure health and safety requirements.	Overall

Recommendation:

We recommend that the Municipality create a written plan or protocol for each employee emphasizing the health and safety requirements of the Program.