MUNICIPALITY OF BAYAMON

MANAGEMENT LETTER
FOR THE YEAR ENDED
JUNE 30, 2021

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Members:
American Institute of Certified Public Accountants (AICPA)
AICPA's Private Companies Practice Section (PCPS)
Puerto Rico Board of Certified Public Accountants

March 25, 2022

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

Sirs:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Municipality of Bayamón as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Municipality of Bayamón's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Municipality of Bayamón's internal control. Accordingly, we do not express an opinion on the effectiveness of Municipality of Bayamón's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

A. CASH

1) The Municipality has some bank accounts inactive during the fiscal year 2020-2021. Those are:

Account Name	Account Number
Fideicomiso Comunidades Especiales	052-973255
Federal Transit Admnistration - ARRA	052-882268
N.S.P. 3	052-984133
Recreación y Deportes	052-959767

Recommendation

The Finance Department should verify which bank accounts will be in use and then close the inactive bank accounts in order to avoid this situation.

2) We observed that some bank account reconciliations as of June 30, 2021, include checks outstanding made for more than six months. The outstanding checks for more than six months after made should be cancelled and the amount included in the cash balance. Those are:

Account Name	Account Number
Cuenta Corriente	052-867684
Housing Vouchers	052-868052
PACNA Ciudad Dorada	030-210852

Recommendation

The Municipality should evaluate the outstanding checks list on a monthly basis and investigate the checks that have not been cleared with the bank for an unreasonable period of time (i.e., three to six months), contact the payee and determine the underlying reasons as to why these have not been presented to the bank for payment.

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B. CONTRACT TEST

We observed some contracts of our sample were submitted to the Puerto Rico Comptroller's Office after the 15 days required after signed. Those are:

Contract Number	Date Signed	Date Submitted	Days in Excess
2021-000157	July 1, 2020	July 22, 2020	6
2021-000158	July 1, 2020	July 22, 2020	6
2021-000195	July 1, 2020	July 29, 2020	13
2021-000218	July 1, 2020	July 31, 2020	15
2021-000220	July 1, 2020	August 25, 2020	40
2021-000238	July 1, 2020	August 4, 2020	19
2021-000248	July 1, 2020	August 4, 2020	19
2021-000258	July 1, 2020	August 4, 2020	19
2021-000279	July 1, 2020	August 4, 2020	19
2021-000326	July 1, 2020	August 12, 2020	27
2021-000347	July 1, 2020	August 14, 2020	29
2021-000349	July 1, 2020	August 14, 2020	29
2021-000366	July 1, 2020	August 19, 2020	34
2021-000394	July 1, 2020	September 21, 2020	67
2021-000725	August 31, 2020	October 19, 2020	34
2021-000764	September 10, 2020	October 28, 2020	33
2021-001164	December 30, 2020	March 15, 2021	60

Recommendation

The Municipality should be aware of the requirements of submission on time of the signed contract.

This communication is intended solely for the information and use of management, Mayor and Municipal Legislature, and others within Municipality of Bayamón, and is not intended to be and should not be used by anyone other than these specified parties.

We believe that the implementation of these recommendations will provide the Municipality of Bayamón with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

Cordially,

Ortiz, Rivera, Rivera & Co., LLC

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