MUNICIPALITY OF FLORIDA

MANAGEMENT LETTER
FOR THE YEAR ENDED
JUNE 30, 2021

ORTIZ, RIVERA, RIVERA & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES
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Puerto Rico Board of Certified Public Accountants

September 26, 2022

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

Dear Sir and Madam:

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 Florida 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 Florida'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 Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Municipality of Florida'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
Centro de Recursos Referidos Child Care	075-146770
Amas de Llaves CSBG	075-243431
Centro de Envejecientes	075-251183
Mantenimiento de Carreteras Terciarias	075-129450
Departamento del Trabajo	070-014957

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. Based on the Municipal Administration Regulation, Chapter IV, Section 13, 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	075-831015
Cuenta Nómina	075-831147
Child Care Sendec	070-014493
Food Program	070-015996
Aportaciones Estatales	075-868008
Aportación Padres CC	075-867982
Seccion 8 Vouchers	075-831325
Seguros Municipio Huracán María	075-266253
Préstamo CDL	075-269538
Rastreo Investigativo	070-383847
Cares Act Covid-19	075-282941

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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.

B. DISBURSEMENT TEST

1. During the disbursement test, some disbursements do not include the original invoice. Those are:

Date	Payee	Check Number	Program or Fund	Amount
December 15, 2020	Professional Office	2	CRF	$ 18,060
October 27, 2020	Professional Office	15	CRF	11,291
March 24, 2021	Caribbean Rubber	41048	General	4,600
February 1, 2021	Walmart Super Center	48	CRF	4,224
February 2, 2021	Puerto Rico Wire	40909	General	3,679
September 16, 2020	CRC Caribbean Rubber	40549	General	3,424
February 24, 2021	Computer Planet	61	CRF	2,404
July 9, 2020	A. García & Co., Inc.	40353	General	2,015
February 4, 2021	Walmart Super Center	40920	General	1,186
April 21, 2021	A. García & Co., Inc.	41133	General	784
June 25, 2021	Deportes Salvador Colón	41282	General	756
				$ 52,423

Recommendation

Based on the Regulation for the Municipal Code of Puerto Rico, Chapter II Article 2.007©, the Finance Director is responsible to supervise the work of pre-intervention and the processing the disbursement.

2. During the disbursements test, we did not observe the three quotes required in the voucher with check number 40702 of the general account named to Soto Xtra Hardware Inc., made on October 29, 2020, for the amount of $ 945.

Recommendation

Based on the Municipal Code of Puerto Rico, Chapter VII Article 7.012, all purchase of one hundred thousand dollars or more require a request for quotation from at least three bidders or supplier.

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3. During the disbursement test, we observed some disbursement vouchers include purchase order made after the invoice. Those are:

Date	Payee	Check Number	Fund	Amount
August 19, 2020	Marcelo Colón, Assoc.	851	Capital	$ 21,934
October 9, 2020	Olympus Quality Solutions	40621	General	18,101
October 7, 2020	The Phoenix Company	40601	General	12,215
June 30, 2021	Torres Fleet Management	41322	General	6,399
June 4, 2021	Marcelo Colón, Assoc.	41231	General	3,326
February 24, 2021	Josean Motor Sport	40976	General	1,601
June 25, 2021	Armeria Bam Bam	41284	General	1,514
September 20, 2020	Soto Xtra Hardware, Inc.	40514	General	1,290
October 29, 2020	Soto Xtra Hardware, Inc.	40702	General	945
				$ 67,325

Recommendation

Based on the Regulation for the Municipal Code of Puerto Rico, Chapter II, Article 2.007, the Finance Director is responsible to supervise the work of pre-intervention and the processing the disbursement.

4. During the disbursement test, the following disbursements vouchers were not available for examination:

Date	Payee	Check or WT Number	Program or Fund	Amount
January 20, 2021	Director de Finanzas	37	Fema	$ 226,906
August 12, 2021	Aromas Perfumería y Reloj	138	CRF	6,275
November 20, 2020	Panadería Pagán	1256	General	3,500
November 20, 2020	Figueroa Rental	1257	General	816
				$ 237,497

Recommendation

Based on the Regulation for the Municipal Code of Puerto Rico, Chapter II, Article 2.007, the Finance Director is responsible to supervise the work of pre-intervention and the processing the disbursement.

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C. INTERFUND BALANCES

The Finance Department obtained loans and/or paid expenses from other programs and then receives the reimbursements. Some of these transactions were not recorded on accounting books and debt balances cannot be clearly determined.

Recommendation

Interfund balances should be carefully monitored by the accounting personnel. In addition, differences identified should be reconciled promptly to prevent misstatements in the financial records.

This communication is intended solely for the information and use of management, Mayor and Municipal Legislature, and others within Municipality of Florida, 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 Florida 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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