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, 2023

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 **Municipality of Cayey** as of and for the year ended June 30, 2022, 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 Cayey** 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, 2023, contains our report on significant deficiencies in the Municipality's internal control structure, and separate report dated March 29, 2023, 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, 2023, on the financial statements as of and for the year ended June 30, 2022.

We 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

Calle Paraná #1686, El Cerezal, San Juan, P.R. 00926-3144 – Tel. (787) 777-8044 / Fax (787) 764-9377

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 twenty-eight (28) disbursement vouchers from Community Development Block Grant Program, fourteen (14) from the Disaster Grants-Public Assistance (Presidentially Declared Disasters), twenty-five (25) from the Head Start Cluster and five (5) from General Fund for a total of seventy-two (72) disbursement vouchers. The following will summarize the internal control deviations noted:

Deviation	Cases
The requisition did not contain all authorized signatures.	1

Recommendation:

We recommend the Municipality to improve its internal control, assuring that all disbursement vouchers and accompanying documents are complete by implementing a check list system.

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

In this process, we examined fifteen (15) employee's files from the Coronavirus State and Local Fiscal Recovery Fund, four (4) from the Community Development Block Grant/Entitlement Grants and six (6) from the Heat Start Cluster, for a total of twenty-five (25) employee's files. The following will summarize the internal control deviations noted:

Deviation	Cases
Employee's compensated absences cards balances did not agree with the compensated absences report.	1
The reported compensatory time in the compensated absences report could not be validated in the compensated absences cards.	3

Recommendation:

We recommend that the Human Resources Department should review the License Record Detail to guarantee that the balance presented agrees with the compensated absences while also ensuring employee discounts are performed correctly each period.

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March 29, 2023

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

In connection with our audit of compliance of the **Municipality of Cayey** 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* applicable to each major federal programs for the year ended June 30, 2022 as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **Municipality of Cayey** 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.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, 2022, 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 AU Section 801 "Compliance Audit". A separate report dated March 29, 2023 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, 2023 on the financial statements as of and for the year ended June 30, 2022.

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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II. Compliance Matters

A. Special Tests and Provisions – Housing Rehabilitation Test

We performed a special test related to the Community Development Block Grants/Entitlement Grants (Assistance Listing No. 14.218) Housing Rehabilitation Program and we found the following:

Assistance Listing No.	Deviation	Cases
14.218	The file of the participant did not contain evidence of family income for all the members of the family.	2
	The file of the participant did not contain evidence of family composition.	2
	The rehabilitation work was completed after the 30 days period established in the contract.	2

Recommendation:

We recommend the Municipality improves its internal control methods and procedures in order to ensure that all supporting documents are included on the file.

B. Equipment Test

We performed an equipment test related to the Head Start Cluster (ALN 93.600) and we found the following:

Assistance Listing No.	Deviation	Cases
93.600	The equipment was registered incorrectly in the program's inventory.	2

Recommendation:

We recommend the Municipality improves its internal control methods and procedures in order to maintain a complete and accurate inventory.