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 21, 2024

To the Honorable Mayor
And the Municipal Legislature
Municipality of Coamo
Coamo, Puerto Rico

In connection with our audit of the basic financial statements of the **Municipality of Coamo** as of and for the year ended June 30, 2023, 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 Coamo** 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 21, 2024, contains our report on significant deficiencies in the Municipality's internal control structure, and separate report dated March 21, 2024, 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 21, 2024, on the financial statements as of and for the year ended June 30, 2023.

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

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 thirty (30) payments of 21st Century Community Learning Center, two (2) payments of Community Disaster Loan (CDL, ten (10) payments of Community Development Block Grant, twelve (20) payments of Coronavirus State and Local Fiscal Recovery Funds for a total of sixty-two (62) payments. The following will summarize the internal control deviations noted:

Deviation	Cases
The disbursement voucher is not marked as paid.	1
The disbursement voucher did not contain all authorize signatures.	4
The requisition did not contain all authorize signatures.	9
The purchase order was prepared after receiving the invoice from the supplier.	3

Recommendation:

We recommend that the Municipality should improve its internal control, assuring that all disbursement vouchers are complete during the disbursement approval process, should be established a checklist system that details the approval process the concept of the payment, authorized signatures, effective dates, the key documents and amounts. We also recommend having all the documents that support the documentation to validate a purchase by quote or bid, this should promote a better internal control structure.

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

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

Deviation	Cases
Employee's salary did not agree to the Program's Proposal.	2

Recommendation:

We recommend that the Municipality should review the personnel's files to assure completeness of the required documentation and for verification of employee information and documents that need revision. Also, we recommend that the Human Resources Department review that salaries are in accordance with the Retribution Plan or Program Proposal to guarantee better compliance with it is established.

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March 21, 2024

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

In connection with our audit of compliance of the **Municipality of Coamo** 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, 2023, as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **Municipality of Coamo** 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, 2023, 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 21, 2024, 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 21, 2024, on the financial statements as of and for the year ended June 30, 2023.

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. Reporting

We performed a reporting test related to the Coronavirus State and Local Fiscal Recovery Funds (21.027), and revealed the following:

Assistance Listing No.	Deviation	Cases
21.027	The report did not include the status of the completion date of the projects.	2

Recommendation:

We recommend that the Municipality maintain an update on the status of the project as established in the agreements. This guarantees compliance with the requirements for the preparation of reports.

B. Cash Management

We performed a cash management related to the Community Development Block Grant (14.228) and revealed the following:

Assistance Listing No.	Deviation	Cases
14.228	The Municipality did not deposit the funds in an account that generates interest.	Overall

Recommendation:

We recommend that the Municipality begin depositing program funds in an interest-bearing account as established in the agreement with the agency. This will ensure compliance with the agreement and program.