MUNICIPALITY OF BAYAMÓN

MANAGEMENT LETTER
FOR THE YEAR ENDED
JUNE 30, 2023

ORTIZ, RIVERA, RIVERA & CO., LLC
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Puerto Rico Board of Certified Public Accountants

March 25, 2024

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, 2023, 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 one bank account inactive during the fiscal year 2022-2023. It is the account with number 052-882268 named as Federal Transit Administration- ARRA.

   Recommendation

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

2) We observed that some bank account reconciliations as of June 30, 2023, include checks outstanding made for more than six months. The outstanding checks for more than six months after being made should be cancelled and the amount included in the cash balance. Those are:

Account Name	Account Number
Cuenta Operacional	052-867684
Aportacion en Bloque	052-867749
Head Start	052-868133
Ley ARRA Cities	030-234247
Manejo de Emergencias	030-103754
Housing Choice Vouchers	052-868052

   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. The contracts on our sample submitted after the time required are:

Contract Number	Date Signed	Date Submitted	Days in Excess
2023-000076	7/1/2022	7/20/2022	2
2023-000135	7/1/2022	7/20/2022	2
2023-000141	7/1/2022	7/20/2022	2
2023-000142	7/1/2022	7/20/2022	2
2023-000153	7/1/2022	7/20/2022	2
2023-000156	7/1/2022	7/20/2022	2
2023-000208	7/1/2022	8/2/2022	15
2023-000215	7/1/2022	8/3/2022	16
2023-000238	7/1/2022	8/3/2022	16
2023-000268	7/1/2022	8/8/2022	21
2023-000348	7/1/2022	8/10/2022	23
2023-000371	7/1/2022	8/25/2022	38
2023-000479	7/1/2022	9/15/2022	59
2023-000642	7/11/2022	8/2/2022	5
2023-000691	7/18/2022	9/28/2022	55
2023-002523	5/26/2023	6/22/2023	10

Recommendation

The Municipality should make the submission of the signed contract into the time required as established by the Puerto Rico Comptroller's Office.

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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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