López-Vega, CPA, PSC
Certified Public Accountants / Management Advisors

Member of:
- American Institute of Certified Public Accountants
- Puerto Rico Society of Certified Public Accountants

February 15, 2024

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

In connection with our audit of the basic financial statements of the **Autonomous Municipality of Ponce** 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 test over the **Autonomous Municipality of Ponce's** 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 February 15, 2024 contains our report on significant deficiencies in the Municipality's internal control structure, and separate report dated February 15, 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 February 15, 2024 on the financial statements as of and for the year ended June 30, 2023.

We will 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 four (4) disbursement vouchers of General Fund, eight (8) Health and Human Services Grants Fund, nine (9) Housing and Urban Development Grants Fund, two (2) American Rescue Plan Grants Fund, thirty-eight (38) disbursement vouchers of Special Revenue Fund (other) for a total of sixty-one (61) vouchers. The following will summarize the internal control deviations noted:

Deviation	Cases
The disbursement voucher was not available for our inspection.	1

Recommendation:

We recommend that the Municipality improve internal controls to ensure that all documentation is available when needed.

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February 15, 2024

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

In connection with our audit of compliance of the **Autonomous Municipality of Ponce's** 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 **Autonomous Municipality of Ponce's** 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*) Uniform Guidance.

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 February 15, 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 February 15, 2024 on the financial statements as of and for the year ended June 30, 2023.

We will 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. Eligibility and Other Requirements Test

We performed an Eligibility and Other Requirements test requirement for the Section 8 Housing Choice Voucher Program (14.871). The following will summarize the internal control deviation noted:

Deviation	Cases
Participant file was not available for our inspection.	1

Recommendation:

We recommend that the Municipality improve internal controls to ensure that all files and documentation are available when needed.

B. Grant Disbursement Test

We performed a Grant Disbursement Test requirement for the Coronavirus State and Local Fiscal Recovery Funds (21.027). The following will summarize the internal control deviation noted:

Deviation	Cases
The disbursement voucher was not available for our inspection.	1

Recommendation:

We recommend that the Municipality implement internal controls to ensure that all documentation is available when needed.

C. Grant Disbursement Test

We performed a Grant Disbursement Test requirement for the Disaster Grants – Public Assistance (97.036). The following will summarize the internal control deviation noted:

Deviation	Cases
The invoice does not have the accompanying receiving report and the certification of the municipal employee who certifies the receipt of the goods or services.	1

Recommendation:

We recommend that the Municipality improve internal controls to ensure that all documentation is available when needed.