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 12, 2024

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

In connection with our audit of the basic financial statements of the **Municipality of Juncos** 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 Juncos** 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 12, 2024, contains our report on significant deficiencies in the Municipality's internal control structure, and separate report dated March 12, 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 12, 2024, on the financial statements as of and for the year ended June 30, 2023.

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 (20) disbursement of Coronavirus State and Local Fiscal Recovery Fund, eighteen (18) disbursement of Disaster Grants – Public Assistance, fifteen (15) disbursement of Child Care and Development Block Grant and eight (8) disbursement of Section 8 Housing Choice Voucher for a total of sixty-one (61) payments. The following will summarize the internal control deviations noted:

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

Recommendation:

We recommend that the Municipality should improve its internal control to ensure documents are complete before the disbursement approval and a checklist system should be established that details all the documents necessary to issue the payment.

B. Cash Receipt

Our test of twenty-five (25) cash receipts files revealed the following:

Deviation	Cases
The bank deposit was made after more than one business day.	6

Recommendation:

We recommend that all checks or cash received be deposited on the same day or the next business day. This will guarantee control of the money received and that it is not lost at any time.

C. 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
The I-9 form was not available in the file.	4
The Municipality does not have "Plan de Retribución y Clasificación" for the employee.	4

Recommendation:

We recommend that the Municipality should review the personnel's files to ensure completeness of the required documentation and for verification of employee information and documents that need revision. In addition, a Remuneration and Classification Plan must be established for those jobs that do not have a guide by which to abide, in this way guaranteeing employee selection and fair compensation.

D. Bids

Our test of ten (10) bids files revealed the following:

Deviation	Cases
There is no evidence that the letter of award or non-award was sent to the bidders.	2

Recommendation:

We recommend that the Bid Board maintain evidence that it sent the final decision to the bidders.

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

In connection with our audit of compliance of the **Municipality of Juncos** 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 Juncos** 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 12, 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 12, 2024, on the financial statements as of and for the year ended June 30, 2023.

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
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II. Compliance Matters

A. Eligibility

We performed an eligibility test related to the Section 8 Housing Choice Voucher (14.871) and revealed the following:

Assistance Listing No.	Deviation	Cases
14.871	The participant doesn't have the application form or pre-application on file.	1
14.871	There is not evidence about participant income in the file for the revision to the period.	1
14.871	There is not evidence of corrections of the deficiencies found in the inspection.	1

Recommendation:

We recommend that the Municipality maintain required documents up to date, such as: initial application, participant's income, eligibility, initial inspections, re-inspections, participant's income, corrections of deficiencies found, and calculations to determine the amount allocated for aid. It is important to keep track of documents at each participant review, because information can change, as can eligibility. In this way, the compliance requirements established under the program will be met.