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 26, 2015

To the Executive Director
State Historic Preservation Office
San Juan, Puerto Rico

In connection with our audit of the basic financial statements of the State Historic Preservation Office (SHPO) as of and for the year ended June 30, 2014, 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 SHPO'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 *SAS 112* "*Communicating of Internal Control Structure Related Matters Identified in an Audit*". A separate report dated March 26, 2015 contains our report on significant deficiencies in the SHPO's internal control structure and 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 26, 2015 on the financial statements as of and for the year ended June 30, 2014.

We will hope to provide our services you in the next fiscal year audit. Thank you for your trust in our Firm.

Very truly yours,

Angel Alfredo López Vega
President

López-Vega, CPA, PSC

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State Historic Preservation Office
Single Audit 2013-2014
Management Letter

I. Financial Matters

A. Expenditures for Goods and Services and Accounts Payable – Purchasing and Receiving

During our examination of the procedures related to the purchasing and receiving process, we examined twenty-four (24) disbursement vouchers which belonged to Federal Fund. The following will summarize the internal control exceptions:

Deviation	Cases
The requisition was no pre-numbered.	1
The voucher was not marked as paid.	2
We did not find purchase order in the files.	2

Recommendation:

We recommend that the State Historic Preservation Office (SHPO) should improve its internal control and procedures in order to assure that disbursement vouchers are documented as established by regulation and disbursement process is followed as established by law.

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

During our test, we examined nine (9) employee files, the assistance time cards, and the accrued vacation cards. After our procedures, we noted the following:

Deviation	Cases
The I-9 form evaluated by us, were not sign by employer.	8

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

Recommendation:

We recommended the Human Resources Division the following:

- To assure that the employee in charge of custody of employee files verify, periodically, that all employee files include all required documentation.

C. Cash Receipts

Our test of fifteen (15) cash receipts files revealed the following:

Deviation	Cases
The invoice date was not the same as reported in the SC 1218 Model.	2

Recommendation:

We recommend that the Agency should improve its internal control and procedures in order to assure that the cash receipts and revenue register procedures are documented as established by regulation law.

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March 26, 2015

To the Executive Director
State Historic Preservation Office
San Juan, Puerto Rico

In connection with our audit of compliance of the **State Historic Preservation Office (SHPO)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each major federal programs for the year ended June 30, 2014 as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **State Historic Preservation Office (SHPO)** 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 Circular A-133.

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) Circular A-133 Compliance Supplement* applicable to each major federal programs for the year ended June 30, 2014, 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 SAS 112 "Communicating Internal Control Related Matters Identified in an Audit". A separate report dated March 26, 2015 contains our report on compliance with the types of compliance requirements described in the *US. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and our report on internal control over such compliance requirements. This letter does not affect our report dated March 26, 2015 on the financial statements as of and for the year ended June 30, 2014.

We will hope to provide our services you in the next fiscal year audit. Thank you for your trust in our Firm.

Very truly yours,

Ángel Alfredo López Vega
President

López-Vega, CPA, PSC

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II. Compliance Matters

A. Cash Management

In our audit of fund requisitions and cash management requirement of the State Historic Preservation, we found the following deviations:

CFDA No.	Deviation
15.901	We found a difference of $ 469.16 that was not used and was not returned.

Recommendation:

The Program should take the necessary actions to disburse funds within the time constraints imposed by the federal requirements and avoid holding excessive cash balance in bank account.