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Certified Public Accountants / Management Advisors

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

February 10, 2016

To the Executive Director of
Puerto Rico Traffic Safety Commission
Administration
San Juan, Puerto Rico

In connection with our audit of the basic financial statements of the **Puerto Rico Traffic Safety Commission (the Comission)** as of and for the year ended June 30, 2015, 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 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 Internal Control Related Matters Identified in an Audit". A separate report dated February 10, 2016 contains our report on significant deficiencies in the administration's internal control structure, and compliance with laws, regulations, contracts, and grants based on an audit of the financial statements. This letter does not affect our report dated February 10, 2016, on the financial statements as of and for the year ended June 30, 2015.

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

Cordially,

Ángel Alfredo López Vega, CPA
President

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A. Fixed Assets

The Commission adopted the "Regulation No. 11" as a policy and procedures for maintaining property and equipment. To test compliance with state procedures, we selected two purchases of vehicles acquired during the fiscal year 2015, amounting to $55,679. We traced the purchases to accounting records and physically inspected the property. The Commission complied in all material respects with the provision of Equipment and Real Property Management, however, we noted during our physical observation, that the vehicles were not labeled as required by policies and procedures.

Recommendation

An appropriate control system should be used to safeguard and maintain the property acquired. The Commission should identify and label all the property acquired with either state or federal funds.

B. Payroll

We performed a test over a sample of 15 employee files. As a result of our test, we noted that certain documents were not included and/or actualized on the files. The following is a summary of the documents:

Resume	1
Certification of Previous Employment	1

Recommendation

The Commission's Human Resources Department should review and update all employee files. A checklist should be maintained with a list of all required and necessary information to be included in the files. Any missing documents should be requested from the employee. Internal controls should be implemented by the Human Resources employees and proper monitoring and supervision should be followed by the Department's Director.

C. Other matters

Adoption of GASB Statement No. 68

The new GASB Statement No. 68, Accounting and Financial Reporting for Pension, an amendment to GASB Statement No. 27, was effective for the fiscal year ended June 30, 2015. This Statement requires participants of cost sharing benefits plans that are administered through trusts that comply with certain criteria to recognize in their financial statements their proportionate share of collective pension liability, net pension expense and deferred outflows/inflows of resources related to pensions. The Commission's pension plan is administered by the Employment Retirement System Administration (ERS).

C. Other matters (Continued)

The ERS has not issued its audited financial statements for the fiscal year ended June 30, 2014 (the plan's measurement date) and, as result, the Commission could not comply with the accounting and financial reporting requirements set forth in GASB Statement No. 68. Consequently, the Commission's financial statements do not report or disclose the required information for its pension plan for the fiscal year 2014-15.

Recommendation

The Commission's management shall periodically follow up the availability of this information with the ERS in order to promptly comply with the GASBS No. 68 requirements.

The information included on this letter is intended solely for the use of those charged with governance of the Commission and is not intended to be and should not be used by anyone other than these specified parties.

We sincerely appreciate the opportunity to provide services to the Commission and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss any of the items further, please let us know.