MUNICIPALITY OF MOCA

MANAGEMENT LETTER
FOR THE YEAR ENDED
JUNE 30, 2016

ORTIZ, RIVERA, RIVERA & CO.
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March 20, 2017

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

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 Moca as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Municipality of Moca 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 the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 matters involving the internal control and other operational matters that are presented for your consideration.

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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I. CASH

a. The Municipality maintained inactive bank accounts during the fiscal year 2015-2016. Those are:

Account name	Account number
Empréstito 415M	300051-430-001-002-01
Empréstito 455M	300051-430-001-002-03
Empréstito 890M	300051-430-001-007-01
Empréstito 915M	300051-430-001-002-06
FONDOS DES OBRAS Y MEJORAS (AFI)	25487262
Fondos propuestas Departamento de Justicia	085-26-1351
Bonos y mejoras permanentes	085-29-1358
Programa ESG	085-37-2048

Recommendation

The Finance Department should close the inactive bank accounts in order to avoid this situation.

b. The Municipality did not prepared reconciliation for some banks accounts. Those are:

Account name	Account number
Empréstito 415M	300051-430-001-002-01
Empréstito 455M	300051-430-001-002-03
Empréstito 915M	300051-430-001-002-06
Empréstito 660M	300051-430-001-002-10
Empréstito 205M	300051-430-001-002-09
Empréstito 160,000M	300051-430-001-002-11
Empréstito 890M	300051-430-001-007-01
Empréstito 3360M	300051-430-001-007-03
Empréstito 2045M	300051-430-001-007-02
Empréstito 585M	300051-430-001-007-04
MFAREF97-99	300051-430-001-529-01
Empréstito 2,780M	300051-430-001-006-01
Empréstito 260M	30051-430-001-002-12

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Account name	Account number
Empréstito 3,175M	30051-430-001-002-14
Empréstito 245M	30051-430-001-002-15
Empréstito 705M	30051-430-001-002-13
Fondo Redencion IVU	25486461
Cuenta CAE	25015149
Fondo PINI	25488756
HMGP FEMA	40170744
Fondos especiales	085-322393

Recommendation

The Finance Department should prepare monthly bank reconciliations for each bank account, in order to comply with the Municipal Administration Regulation which establishes these procedures on Section 12 of Chapter IV.

II. ACCOUNTS PAYABLE

During our audit we found that the report of "Requerimiento de Efectivo" and "Balance de Cuentas por pagar" had a voucher that had been already paid. This situation originated because of the Municipality's failure in performing bank reconciliations for those accounts.

Recommendation

The Finance Department should prepare monthly bank reconciliations for each bank account, in order to comply with Municipal Administration Regulation which establishes these procedures on Section 12 of Chapter IV.

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

We sincerely appreciate the opportunity to provide services to Municipality of Moca 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.

Cordially,

Ortiz, Rivera, Rivera & Co.

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