MUNICIPALITY OF MOCA

MANAGEMENT LETTER
FOR THE YEAR ENDED
JUNE 30, 2021

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April 4, 2022

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, 2021, 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 deficiencies in internal control that we consider to be significant deficiencies.

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 2020-2021. Those are:

Account Name	Account Number	Account ID
Bono mejoras	085-2913-58	BPPR17
Actividades municipales	085-495255	BPPR19

Recommendation

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

b. We observed that the bank account reconciliation for "Cuenta Corriente" (85-831018), as of June 30, 2021, include checks outstanding made for more than six months. Based on the Municipal Administration Regulation, Chapter IV, Section 13, the outstanding checks for more than six months after made should be cancelled and the amount included in the cash balance

Recommendation

The Municipality should evaluate the outstanding checks list on a monthly basis and investigate the checks that have not been cleared with the bank for an unreasonable period of time (i.e., three to six months), contact the payee and determine the underlying reasons as to why these have not been presented to the bank for payment.

II. MUNICIPAL TAXES

a. The following municipal taxes were not provided for observation:

1. A & M Group Inc. receipts 211041
2. T-Mobile Puerto Rico Inc. receipts 210944
3. Empresas Berrios receipt-215481

b. We did not observe the audited financial statements for the following taxpayers:

1. HCV Dist Inc. receipts 214999
2. HCV Dist Inc. receipts 210562
3. Empresas Berrios Inc. receipts 210938

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Recommendation

We recommended the Municipality to make the proper adjustments for the filling of the Municipal tax's returns. Also, the "Código Municipal de Puerto Rico" establish if the business passes the $3,000,000 in sales it had to summit audited financial statements.

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., LLC

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