

BERKSHIRE HEALTH GROUP
MANAGEMENT LETTER
JUNE 30, 2012



MLBCPA, LLP
Certified Public Accountants & Advisors

99 Longwater Circle, Suite 200, Norwell, MA 02061
Telephone (781) 871-5850 Fax (781) 871-5840

9 Baystate Court, Brewster, MA 02631
Telephone (508) 255-2240 Fax (508) 255-2351

41 West Central Street, Natick, MA 01760
Telephone (508) 650-0018

To the Primary Board
Berkshire Health Group

In planning and performing our audit of the financial statements of Berkshire Health Group (the Group) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Group's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, we do not express an opinion on the effectiveness of the Group's internal control.

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 misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified one deficiency in internal control that we consider to be a significant deficiency as defined above.

We are also submitting for your consideration comments and recommendations which are not considered to be significant deficiencies but are intended to improve operations and internal accounting control.

The comments and recommendations presented herein are intended to improve the system of internal accounting control or result in other operating efficiencies. The factual accuracy of our comments has been discussed with management to obtain their concurrence before the development of our recommendations for improvement. Matters commented on represent findings during the audit and have not been reviewed subsequent to January 28, 2013.

A management letter is critical by nature because its purpose is to identify areas where improvements can be made. Accordingly, we have not commented on positive attributes of the Group's financial management systems. It is also important to understand that it is generally not practical to achieve ideal internal control in the complex governmental accounting environment and we recognize that practical considerations are an important factor in changing administrative practices and internal controls. The Group should weigh the advantages and disadvantages of the suggested changes over the present practice and procedure.

This communication is intended solely for the information and use of management, the Board of Representatives, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

MLBOPALP

January 28, 2013

STATUS OF PRIOR YEAR COMMENTS AND SUGGESTIONS

In connection with our audit of the Group's financial statements for the year ended June 30, 2012, and prior years, we have commented on several issues. The Group has acted on or considered these comments and made changes as considered necessary and cost effective for the Group. The status of prior year comments is noted below.

1. Segregation of duties – a significant deficiency in internal control

In prior years, we have commented that the lack of segregation of duties over the processing, recording, reconciling and financial reporting of financial transactions represents a significant deficiency in internal control.

We understand the Group has considered this condition, as well as additional compensating controls that help to mitigate the Group's overall risk however current auditing standards require us to continue to communicate this condition to you.

We recommend the Board of Representatives continue to monitor its financial activities on an ongoing basis and implement changes where and when practical and cost effective for the Group.

Management's Response: The Board has taken our comments under advisement and has developed a procedure whereby the Deputy Chair or other board members of that subcommittee reviews and signs off on all workpapers and financial statements prior to each Board meeting, thus enhancing internal controls.
