

BERKSHIRE HEALTH GROUP

**SUGGESTIONS FOR IMPROVEMENT IN ACCOUNTING
PROCEDURES AND INTERNAL CONTROL
JUNE 30, 2013**



Lynch, Malloy, Marini, LLP

Certified Public Accountants & Advisors

www.lmmepas.com

To the Board of Directors
Berkshire Health Group

In planning and performing our audit of the financial statements of the Berkshire Health Group (the Group) as of and for the year ended June 30, 2013, 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 April 29, 2014.

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 control. The Group should weigh the advantages and disadvantages of the suggested changes over the present practices and procedures.

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We would like to acknowledge the courtesy and assistance extended to us by management during our audit.

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

Lynch, Malloy, Marini, LLP

Natick, Massachusetts

April 29, 2014

STATUS OF PRIOR YEAR COMMENTS

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

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 no longer consider this issue to be a significant deficiency.

During the year, the Board has taken our comments under advisement and developed a procedure whereby the Deputy Chair or other board members of that subcommittee reviews and signs off on all work papers and financial statements prior to each Board meeting, thus enhancing internal controls.
