SCANTIC VALLEY REGIONAL HEALTH TRUST

Management Letter

Year Ended June 30, 2019

SCANTIC VALLEY REGIONAL HEALTH TRUST

Management Letter

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Scanlon & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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Management Letter

To the Honorable Board
Scantic Valley Regional Health Trust
Longmeadow, Massachusetts

We have audited the basic financial statements of the Scantic Valley Regional Health Trust (the Group) in Longmeadow, Massachusetts as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated February 15, 2020.

In planning and performing our audit of the financial statements of the Scantic Valley Regional Health Trust as of and for the year ended June 30, 2019; in accordance with auditing standards generally accepted in the United States of America, we considered Scantic Valley Regional Health Trust'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.

The management of the Scantic Valley Regional Health Trust is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by them are required to assess the expected benefits and related costs of control procedures. The objectives of such a system are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with required authorization, and then recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Our consideration of internal control was for the limited purpose described in the above paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the following deficiency to be a significant deficiency in internal control:

A significant deficiency was identified as Item 2019-1.

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.

This communication is intended solely for the information and use of the Scantic Valley Regional Health Trust board, others within the organization, and other regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

However, as a result of our study and evaluation, and in an effort to be of assistance to the Group, we are submitting for your consideration comments and recommendations intended to improve operations and internal accounting control, including any significant deficiencies noted. After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.

Scanlon & Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

February 15, 2020

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

Significant Deficiency

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

Significant Deficiency

2019-1 Segregation of Duties

The Treasurer has both custodial and recordkeeping responsibilities for the Group. The Treasurer is responsible for depositing cash receipts, preparing and signing checks, reconciling bank accounts and maintaining the general ledger. An internal weakness is created when one individual has both custodial and recordkeeping responsibilities for the same asset.

The Group should be aware of the risks involved when one person has both access to and reconciliation responsibility with regards to liquid assets. We understand that complete segregation of duties is impractical given the nature and size of the Group.

Auditing Standards require that we communicate this deficiency in writing. The Group should consider the cost benefit of implementing additional controls to mitigate this significant deficiency.

Management's Response

Management is aware of the risks implicit in the assignment of duties within the Treasurer's position. Management has considered the costs and benefits of hiring additional personnel to achieve greater segregation of duties. Management will continue to monitor the Treasurer's position and the relevant internal controls over financial reporting.