



FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

To the Board of Directors and Senior Management
Valley Collaborative
Billerica, Massachusetts

In planning and performing our audit of the financial statements of Valley Collaborative (“the Collaborative”) 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 the Collaborative’s internal 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 Collaborative’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Collaborative’s internal control.

During the audit we did not become aware of additional matters that would be an opportunity for strengthening internal controls and operating efficiency. However, below are prior year recommendations and their current status. This letter does not affect our report dated November 17, 2016 on the financial statements of the Collaborative.

STATUS OF PRIOR YEAR RECOMMENDATIONS

Service billings:

The Collaborative implemented a new financial software package during the current fiscal year, which includes billing and receivable modules. Prior to implementation of the software, billings and payment recordings were performed using an internally developed system that required significant reconciliation due to the manual processes involved in the system. During last year’s audit, we noted a few instances of certain adjustments not recorded in the Collaborative’s general ledger in a timely fashion, due to subsequent revisions of billings. We understand that all billing changes are now being reported to finance staff as they occur to ensure that amounts are properly reflected in the general ledger. During this year’s audit, we noted minor reconciling items that management is aware of between the general ledger and system reports. These differences should be resolved when the new software has been implemented for a longer period of time.

Status: The Collaborative has implemented new software that reduces the potential for incorrect billings or misstatements in the financial statements. The Collaborative does regularly review outstanding invoices and follows up with districts as necessary. The finance staff also performs periodic reviews and reconciliations of billings and related deposits to the general ledger.

Bank Balances in Excess of FDIC

The Collaborative maintains its uncollateralized cash balances in three financial institutions. The balances in two of the institutions are insured by the Federal Deposit Insurance Company up to \$250,000 per account. The account held with the third institution is not insured in any manner. In addition, the Collaborative maintains its postemployment benefit trust funds with a third party trustee that invests the funds in mutual funds. We recommended that the Collaborative implement a risk mitigation plan and attempt to minimize its risk by moving funds to institutions that fully insure deposited funds.

Status: The Collaborative's treasurer provides regular reporting to the board of directors regarding balances held in each of the Collaborative's financial accounts. The risks of market changes in the investments of the postemployment benefit trust fund is discussed accordingly. In addition, the Collaborative has placed funds in an insured money market account with a financial institution that is insured in full and attempts to minimize risk of the remaining uninsured by investing in low risk cash portfolios. There are still significant balances in excess of insurance coverage and the Collaborative does constantly evaluate risk factors.

We wish to thank Dr. Chris Scott and her staff for their support and assistance during the audit. This report is intended for the information and use of the Board of Directors, management of the Collaborative, and certain regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Fritz DeSuglielmo ccc

November 17, 2016