



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

FRANKLIN REGIONAL RETIREMENT SYSTEM

MANAGEMENT LETTER

DECEMBER 31, 2023

To the Honorable Franklin Regional Retirement Board
Franklin Regional Retirement System
Greenfield, Massachusetts

In planning and performing our audit of the financial statements of the Franklin Regional Retirement System (System), as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Franklin Regional Retirement System's 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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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.

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.

However, during our audit we became aware of matters that represent opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

The System's written responses to the comments identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various System personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of the Franklin Regional Retirement System and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan LLC

August 28, 2024

FRANKLIN REGIONAL RETIREMENT SYSTEM

MANAGEMENT LETTER

DECEMBER 31, 2023

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***Prior Year Comments and
Recommendations***

Complete Member Unit Payroll Reports

Comment

The System receives full detailed payroll deduction reports from all except for six of the member units. These six member units do not provide full salary detail to include non-members. This limits the System's ability to fully audit membership compliance, since they do not have a listing of employees who are considered non-members. The System is therefore unable to confirm that all eligible employees of those member units are enrolled and properly contributing to the System.

The System uses covered payroll, from the member unit full payroll detail reports, to allocate the annual appropriation to member units. Errors with employee enrollment, and therefore contributions, could impact the future allocation by member unit.

Current Status - Unresolved

No significant changes were noted for the year ended December 31, 2023. Management has not developed a process that would require all member units to provide full detail payroll reports each time they remit member deductions.

Continuing Recommendation

We continue to recommend that the System require all member units to provide complete, detailed payroll reports each time member deductions are remitted to the System. The System will then be able to ensure all eligible members of the System are enrolled and contributing.

Management's Response

The System intends on working with those member units that do not provide payroll details for non-member employees within the next year.

Monitoring the Correction of Errors in Payroll Withholdings

Comment

The System audits the payroll deduction reports received from member units each pay period using an Access database program created by the System. During the payroll deduction audit process, the System may discover that a member unit has made errors in the amounts withheld from employees for pension deductions. The identified errors can be seen in the Access database and are discussed with the appropriate member unit to ensure the error is corrected in future payrolls.

The Access database lists several old errors which have not been marked as resolved. Many of these errors have been corrected and the database has not been updated. As a result, an accurate listing of unresolved withholding issues is not currently maintained. This provides opportunity for unresolved issues to continue into future pay periods.

Current Status - Unresolved

Management has not made significant progress in updating the resolved errors in the Access database.

Continuing Recommendation

We continue to recommend the System implement a process which will track all outstanding withholding issues, and properly document, within the Access database, when they are resolved. Doing so will ensure the System is monitoring withholding errors that have not yet been corrected and can follow-up with the member units as necessary.

Management's Response

Management agrees. The errors are corrected in the System's accounting system as they come up and are corrected in PTG as well. The System does not currently have controls in place to go back and address the Access database with the resolutions.