



## TOWN OF GRAY

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### OFFICE OF THE TOWN MANAGER

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May 1, 2023

TO: Gray Town Council

**RE: Financial Monitoring and Reporting Enhancements, Current and Pending**

When I started working as Town Manager for Gray in March, 2021, I discovered that the Town's former Finance Director was not submitting regular monthly bank reconciliation reports, which show whether the funds balances reflected in the Town's financial records match the balances in the Town's multiple bank accounts. I asked the Finance Director to immediately begin providing these reports for my review, and for review by the Town's Finance Committee. At that time, I was not aware of any additional financial reporting needs, as none were identified by staff, committees, our banking partners, or the Town's contracted municipal auditing firm, RHR Smith.

Upon my return from an extended and unplanned absence in July, 2022, I was advised by the Town's new Finance Director on August 8 that as part of the standard annual audit of the 2021-2022 fiscal year, ending June 30, 2022 (FY22), she and RHR had identified discrepancies in the Town's financial reports.

I was updated in November, 2022 that the FY22 audit report would not be delivered on the normal timeline as additional work was required, and in December I signed an additional contract with RHR beyond the base municipal audit to assist with bank reconciliations for FY23 to bring the Town reporting up to the current time.

Over the fall of 2022, I worked with the Town's Finance Director and Human Resources Director to prepare the attached Schedule of Financial Reporting, which has been implemented in part and will be fully implemented now that the FY22 audit and FY23 reconciliations have been completed. We have also implemented online transaction review capabilities and will implement a "Dual Control" review of transactions prior to payment release, now that we are fully staffed in the Administration office. I have recommended that Council add another position to the Town Clerk's office, which if funded in the FY24 budget will give the Town the capacity to add a partial-time Accounts Payable / Payroll Clerk to our staff.