

**TOWN OF DUDLEY**  
MASSACHUSETTS  
Public Information Office



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**For Immediate Release**

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**The Town of Dudley's financials found free of red flags and adhere to U.S. Generally Accepted Accounting Principles (GAAP), according to a recently completed independent audit.**

Tom Scanlon of independent financial auditing firm Scanlon & Assoc. discussed results of the recently completed FY2023 town audit with the Board of Selectmen on November 13. Mr. Scanlon reported that he saw no red flags or variances.

"A public discussion with the independent auditor to demonstrate that the town is following the rules for public finance was long overdue," Town Administrator Jonathan Ruda said. "We were fortunate that a majority of voters trusted the facts enough to approve three of the five override questions in August and am pleased that an independent auditor was able to verify that their trust is well-founded, and the town is free from the 'red flags' that would lead the community to undergo a costly forensic audit."

Scanlon Assoc. practices U.S. Generally Accepted Auditing Standards (GAAS). Mr. Scanlon said he employs 12 auditing clerks and provides annual audits to 80 municipal clients across the state.

The firm recently completed a Fiscal Year 2023 audit of the Town of Dudley's financials. Five auditors from Scanlon & Assoc. spent one week pulling and reviewing records at Town Hall. The auditors, Scanlon said, conduct random sampling by pulling records in various departments themselves. Mr. Scanlon told selectmen that his firm found no red flags or variances in the audit.

"As a town, you are very responsive," Mr. Scanlon said.

During the discussion, selectmen noted that a couple of residents have referred to his firm's work as "pro forma" or "rubber stamp" audits.

"I take a lot of pride in our work," Scanlon responded. "I have 12 people who work for me who take pride in their work. My opinion is not a rubber stamp."

Scanlon said he had "no problem discussing my work with anybody" and went on to describe in detail the work behind the resulting 74-page audit report.

Scanlon said he rotates the auditors sent to the town to achieve a "fresh look."

Selectmen also noted that some residents have called for a forensic financial audit of the town; a common theme among voters protesting recently proposed Proposition 2 ½ Override elections.

Although no red flags were found in Dudley, Scanlon said when irregularities are found, his auditors dig deeper. Typically, he said, a red flag would first warrant a deeper dive into the issue. If variances or irregularities persist after further investigation, that red flag could prompt a forensic audit of that issue.

"We've never seen anything (in Dudley) that would trigger that next step, deeper dive or forensic audit," he said.

Further, he said, "You wouldn't do a forensic audit of the whole town. Forensic audit is very specific in very defined areas."

Scanlon said a full town forensic audit could cost as much as \$700,000.

Highlight excerpts from what is known as the management letter in the 74-page audit report include:

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“The financial statements...are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.”

“Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.”

“All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.”

“We have no knowledge of any fraud or suspected fraud that affects the Town and involves management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.”

“There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.”

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