

From: [Ron Smith](#)
To: [Bristol Town Administrator](#)
Subject: RHR Smith & Company Updates and Improvements
Date: Tuesday, April 9, 2024 8:43:13 PM
Attachments: [image001.png](#)
[2024 Client pricing increase letter.pdf](#)

Greetings Valerie! As we prepare for your upcoming financial audit year end June 30th I wanted to reach out and thank you for your support and patience as we all have been navigating the tremendous changes to the audit industry and our municipal and school environments post-COVID.

Attached you will find a letter that acknowledges the delays some of you may have experienced during the past couple of years while we have gone through a tremendous transition here at RHR. We have grown from 30 employees to nearly 70 and from 250 to nearly 400 clients in the past few years. This growth, coupled with the challenges referenced above, has made for very interesting times for us all. Our letter outlines our plans for addressing this growth and the challenges we all face. Beyond that, I want you all to know that we are also taking steps to help manage our growth as a company beyond the impact to the audit world.

Nick Nadeau joined RHR in August 2023 and will lead our outreach efforts to improve our practice, our local governments, and schools, and to cultivate solutions. Working with our state, local partners, and our clients, Nick will help address the challenges we are all encountering through the shortage of auditors, municipal and school officials, and the ever-changing regulations and compliance issues. Nick has been busy bridging connections and conversation along with trainings so that we can support each other and the overall profession. Please reach out to him if you have any questions or ideas you wish to discuss.

Cindy Koenemann-Warren has transitioned into a new role as our Human Resources Director. She will work with me to build a stronger professional development program and monitor the growth of our nearly 70 employees to better ensure that your audit team has all the necessary skills, knowledge, and experience to complete your annual audits efficiently and congruently. Her addition means that our employees are more organized and proficient; we encourage you to reach out to her if you have any questions regarding our personnel, policies, etc.

We hear you. We hear your concerns. We hear your anxiety. We hear your frustrations. Our restructuring and additional resources will help us all move forward in a positive way so we can work through these challenges together. Again, the attached letter provides more information for your review. Please do not hesitate to reach out to any of us with your questions or concerns.

Thanks again for being our partner; we look forward to working with you going forward.

Sincerely,
Ron



Ron H.R. Smith, CPA, CFE | Managing Partner

rsmith@rhrsmith.com | 207.671.0742

RHR Smith & Company, CPA's

Office: 207.929.4606 | Fax: 207.929.4609

3 Old Orchard Road

Buxton, Maine 04093

www.rhrsmith.com



Proven Expertise & Integrity

April 9, 2024

RHR Smith & Company Updates and Improvements

We sincerely appreciate the opportunity to serve as your trusted partner in governmental accounting and auditing services. We understand the importance of timely and efficient auditing processes, and we are committed to providing you with the utmost professionalism and dedication. This letter serves as an assurance that we have carefully listened to your concerns, and we are continuing to take steps to effectively address them. To improve our services and enhance the overall audit experience, we are implementing modifications in our auditing procedures, starting with the FY24 audit year. These changes are aimed at expediting the audit timeline and ensuring a smoother collaboration between our teams.

To start with, we opted to expand our capacity, both in staffing and expertise, to ensure your needs are met. In response to that need, RHR Smith & Company has hired over thirty different professionals over the past three years, giving us not only the added capacity to provide you with these services but also the ability to make changes in the way we deliver those services to you. We are confident that with the addition of these high character and capable team members, we will all see noticeable improvements going forward.

With the auditor shortage that the profession is experiencing throughout New England, we were faced with a difficult decision - to expand our practice or downsize. Many firms chose to downsize or leave the auditing profession entirely. We are choosing to expand our practice to meet the needs of clients and those left without services in both Maine and Vermont.

Some of the adjustments we have already made or are currently implementing to improve our services to you include:

- Expanding our Federal Compliance team from 4 to 10. We have gone from (pre-COVID) providing 125 single audits annually to now approximately 250 single audits annually. This is such a specialized industry and has added over 20 hours to each engagement in planning alone.
- Scheduling the Federal Compliance audit at the same time the financial statement audit is performed.
- Starting with the FY24 audits, and all audits going forward, we are organizing our employees into teams based on location and by client type, to better service our clients' needs. The FY24 groups have been coordinated to offer you consistency in your audit team going forward.
- Each team will contain an audit manager(s), audit tester(s), planner(s)/inspector(s), and a Federal Compliance auditor(s). This will be done to facilitate a smoother process for auditing from start to finish and will bring back the much-needed personal element and interaction lost since COVID.

3 Old Orchard Road, Buxton, Maine 04093

T. 800.300.7708 | 207.929.4606 | F. 207.929.4609

www.rhrsmith.com

- Creating a government outreach team, ready to connect our Federal and State partners and clients to better assist in moving the profession forward.

Shortly, we will be sending out your FY24 engagement letters and planning for your upcoming audit. Many of you have been contacted and have already started the FY24 audit process. Planning is paramount to the success of your audit and that has added considerable time due to the nature of the auditing profession changes with programs, checklists, and risk assessments for financial statements and single audits.

At RHR Smith & Company, we have maintained a fair and consistent level of pricing that was adjusted for inflation, but had not completely covered the rising costs associated with the permanent changes in labor, travel, and technology expenses, as well as an industry-wide change in how we need to manage our practice. If you are not currently under an established agreement, you will see an increase in our prices for your next engagement, which will be reflected in your next engagement letter.

We are confident that with this price increase, we will be able to maintain the level of staffing and service we want to provide going forward. This will put us in a better position to adapt to the constant professional changes we continue to face. We greatly appreciate our working relationship with you, but we understand if you need to consider other options to accommodate your budget.

As always, we are grateful for your continued business and look forward to working with you. If you have any questions, please contact Ron Smith at rsmith@rhsmith.com.

Very Best,



Ron H.R. Smith, CPA, CFE
Managing Partner