



Report on FY24 Audit Delays

Bradley Gotshall, County Administrator

November 5, 2025

Presented to the Board: November 12, 2025

Pursuant § 15.2-2511 of the Code of Virginia, “Localities shall have all their accounts and records, including all accounts and records of their constitutional officers, audited annually...” and “The certified public accountant shall present a detailed written report to the local governing body at a public session by the following December 31 (2024).” As of the release of this report (November 12, 2025), the County is 316 days late in compliance with this statute for the Fiscal Year 2024. The Finance/Audit Committee, upon the expression of Supervisor Jamieson, has directed reporting on the failures leading to such delay and lessons learned in pursuit of ensuring mitigation of future delays.

The hiring of the new County Administrator, Bradley Gotshall, presented an opportunity for an “outsider’s perspective” on the audit process and current financial oversight systems. This report captures internal analysis as presented by the existing Finance Director, Alisa Scott, as well as an assessment by Mr. Gotshall over the course of his first two months in office (having started his role on September 11, 2025). This report is a compilation of those perspectives and recommendations for future actions.

As of this report, the goal is to have completed the FY24 final audit by March 31, 2026.

Summary Technical Review, *Alisa Scott, Warren County Director of Finance*

The following is a general technical review to the FY24 audit process, including timelines and issues, as presented by Mrs. Scott.

CURRENT ISSUES

- **Timing Discrepancies:** Revenues and expenditures are not consistently recorded in the correct accounting period. For example, revenue received in February is currently recorded in the financial system in August.
- **Unrecorded Expenditures:** Transfer expenditures from the general fund to the school and Department of Social Services funds are not currently being recorded in the financial system.

REQUIRED ACTION

- Ensure all transactions (revenues and expenditures) are recorded in the general ledger in the same period they occur to facilitate accurate reconciliation and meet the audit deadline.

PATTERN

Since 2020, each audit identified one or more material weaknesses in financial reporting. Each audit since 2021 was submitted to the Auditor of Public Accounts after the December 15 deadline. Throughout these three years, there were six finance directors, John Montoro was the county’s CPA for pre-audit services, and the county’s

independent auditor was Robinson, Farmer, Cox, and Associates (RFCA). The following is an enumeration of patterns discovered over the course of this timeframe.

- 2020-001 - Material Audit Adjustments Proposed by External Auditor
- 2020-002 - Inadequate Year-End Controls Over Capital Assets/Projects and Long-Term Obligations
- 2021-001 - Material Audit Adjustments Proposed by External Auditor issued April 22, 2022
- 2022-001 - Material Audit Adjustments Proposed by External Auditor issued March 15, 2023
- 2023-001 - Material Audit Adjustments Proposed by External Auditor, and
- 2023-002 - Inadequate Accounting, Financial Reporting, and Budgetary Review Throughout the Fiscal Year issued July 20, 2024

SITUATION

The county implemented two new Software as a Service (SaaS) systems; UKG/Kronos for HR/Payroll in 2022 and VISION for the Commission of the Revenue in 2024, that lacked an application programming interface (API) for direct communication with BAI (Bright), the county's legacy financial system. This oversight forced the finance director and commissioner's office staff to manually exchange and enter data, a process that strained resources and compounded existing issues such as persistent material weaknesses, audit delays, and high finance director turnover.

Ms. Shanks assumed the role of Treasurer in January 2024. Due to her lack of direct familiarity and experience with the position, the finance director requested that Jamie Spiker, previous Treasurer, remain employed in the Treasurer's office. This was to ensure that standard operating procedures could be developed, and staff could be trained in key responsibilities, such as bank statement reconciliation. Unfortunately, Ms. Spiker was only able to stay for a few additional weeks.

At the request of administration, finance, and the Treasurer, John Montoro agreed to assist the county in performing bank reconciliations in October of 2024.

The Treasurer's "Turnover Audit" (as required per §58.1-3136 of the Virginia Code of statutes), which is independently contracted through the Auditor of Public Accounts, and coincidentally by RFCA, was delayed and issued August 28, 2025. This delay was due in part to the HR/Payroll SaaS resource requirement for manual expenditure journal entries, a large amount of unclaimed property in treasurer's checks, and an RFCA delay after all information and signatures were provided by May 21, 2025. For John Montoro to begin reconciling the bank statements, he required the Treasurer's Turnover Audit and the ending balances of December 2023 for the beginning balances of January 2024.

DISCOVERY

Issuance of the final audit is schedule-dependent upon a balanced trial balance that ties to cash and the auditor's schedule. Issuance of a balanced trial balance that ties to cash is dependent upon reconciled bank statements. To meet the goal, the January – June 2024 bank statements need to be reconciled to the general ledger.

In accordance to Virginia Code §15.2-2511 - "If the audit is not completed as required by this section, the locality shall promptly post a statement on its website, if such website exists, declaring that the required audit is pending, the reasons for the delay, and the estimated date of completion" - the December 15, 2024, March 21, 2025, and June 12, 2025 emails and published audit delay notifications on the county website were issued by Finance Director Scott at the authorization of then County Administrator Edwin Daley, stating: *"The reason for the delay is due to a combination of factors, including the following; resource capacity restraints on the part of both Treasurer's Office and Finance and Purchasing internal staff when implementing software conversion."*

BANK RECONCILIATION HISTORY

Jan. 2024	Treasurer Jamie Spiker completes December 2023;
Mar. 25, 2024	Supervisor Vicky Cook requests update from Treasurer for January – February 2024;
Jun. 2024	FY24 RFCA preliminary fieldwork;
Oct. 21, 2024	Status call with RFCA, John Montoro, and Treasurer;
Nov. 21, 2024	Status call follow-up and email: Treasurer determines task won't be completed until January 31, 2025;
Dec. 13, 2024	Finance Director agrees to assist Treasurer with reconciliation of January- June 2024 bank statements of cash account #'s 8443 and 2941. Treasurer retains revenue/collections reconciliations for same;
Jan. 27, 2025	FY24 RFCA final audit fieldwork;
Oct. 17, 2025	Status call: John Montoro will complete 8443 by October 31 st , 2025. ClearPoint has made little progress on account 2841;
Oct. 17, 2025	Finance Director confirms Berry Dunn's interest in settling outstanding FY24 cash reconciliations for 2941 account.

Summary Contextual Review, *Bradley Gotshall, Warren County Administrator*

The following is a general contextual review of the FY24 audit process and the failures of such system that have led to the delay, as interpreted and presented by Mr. Gotshall.

INDEPENDENT INTERVIEWS

Upon learning of the pressing issue of the delayed FY24 audit shortly after September 11, 2025, a series of interviews were held with each of the contracted audit firms – ClearPoint; Robinson, Farmer, Cox Associates (“RFC”); and VML/VACO Finance. The nature of these interviews were independent of Finance Director Scott, in pursuit of further unfiltered, independent analysis. Each of the interviews were held virtually. These interviews contained a series of direct questions and requests for unfettered opinions on the County's systems and reasons for delay. It is important to note that feedback provided during these sessions was beyond the specific scope of any contracted auditing services, and should be treated as opinion, not part of the official audited financial statements. The following is a summary of the interviews, unidentified by speaker, so as to keep confidential the specific analysis of any one single firm and maintain good working relationships between the parties.

- Warren County used to perform its own pre-audit work, which is now (during this FY24 project) being performed by contracted providers; there was general “surprise” when the County reached out for this work to be performed by an outside firm.
- The County was late in seeking outside assistance – didn't initially reach out to the firm until April, and then again for final contracting in late June/early July.
- There is a general lack of core accounting/auditing understanding within the County's organization (Finance Department and Treasurer's Office), with no experienced staff in this function. The Finance Department is understaffed and inexperienced at a critical time (EDA scandal, audit delays, generalized levels of public distrust within the County, and major changes to financial software in the works).
- One of the contracted firm's “didn't realize the County was as far behind in bank reconciliations as it was” when the agreed to the contracted services, leading to a lack of that firm's ability to adequately and

timely perform such services.

- “Cash is king”; “once bank reconciliations are one month behind, each month thereafter the delay is doubled.”
- The Treasurer’s Office is still not performing a comprehensive role of bank reconciliations; though it seems to now have daily reconciliations under way, it is not routinely performing comprehensive monthly activities.
- Until bank reconciliations are completed, RFC cannot complete their portion, auditing of the County’s financial statements and issuance of the final Annual Comprehensive Financial Report.
- There is a general confidence in the reporting and recording of expenditures, but a lack thereof on the revenue side.
 - We’ve “lost connection to what’s really in the bank.”
- Mrs. Scott’s predecessors (six finance directors within three years) were “budget guys, not credits and debits guys”, underscoring the lack of recently historical (current) internal capacity.

PROJECT MANAGEMENT

During one independent interview with the auditors – as presented above – it was noted that throwing more bodies at the problem simply won’t help; there needs to be more coordinated project management. To that end, we quickly convened a meeting of all audit partners, including ClearPoint, RFC, VML/VACO, Berry Dunn, the Finance Department, and the Treasurer’s Office.

During this meeting, we gained a far better comprehensive understanding of what partners were engaged in what portion of the process, and the status thereof. Each partner was able to hear from the other as to the status and current roadblocks. Most importantly during this call, Berry Dunn was able to learn that additional help was needed on current cash bank reconciliation efforts, which in turn led to a follow up discussion with Finance Director Scott and subsequent proposal (to be considered by the BOS during their 11/12/25 public meeting).

Summary of Costs

The following is a breakdown of total costs for providing the end of year audit annually dating back to FY2020. Each year provides the cost proposal from RFC, the County’s contracted external auditor, for providing the final Annual Comprehensive Financial Reports (listed as “RFC Proposal”) as well as the actual total cost for those services and any pre-audit work performed by other contracted individuals or firms (listed as “Actual cost”).

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| • FY20 Timely Audit | RFC Proposal \$50,000; Actual cost \$50,000 |
| • FY21 Audit delayed 128 days: | RFC Proposal 51,500; Actual cost \$68,395 |
| • FY22 Audit delayed 90 days: | RFC Proposal 53,045; Actual cost \$61,988 |
| • FY23 Audit delayed 218 days: | RFC Proposal 71,350; Actual cost \$107,703 |
| • FY24 Audit currently delayed 316 days: | RFC Proposal 73,490; Current cost \$90,912* |
| • FY25 TBD | RFC Proposal 77,970; Current cost \$42,000 |

**FY24 Current cost does not include the not-to-exceed \$100,000 Berry Dunn cash reconciliation project proposal to be presented to and considered by the BOS the evening of 11/12/2025, nor the final invoices from any work completed by ClearPoint or RFC.*

CRITICAL DEADLINES

- November 25, 2025 Cash reconciled
- October 24, 2026 Berry Dunn receives all 2941
- January 12, 2026 FY24 RFCA final fieldwork
- March 31, 2026 Final Audit Issued

RECOMMENDED

Warren County's audits from FY2021 through FY2023 show a **persistent internal control weakness in financial reporting**. While the root causes — primarily staffing and procedural deficiencies — were acknowledged and partially addressed, the recurrence of similar findings across three years demonstrates a **systemic need for stronger internal control design and consistent monitoring**.

Key improvement areas include:

1. **Formalized year-end close procedures** with checklists and responsibility assignments.
2. **Ongoing reconciliations** throughout the fiscal year rather than catch-up at year-end.
3. **Enhanced budgetary oversight** with regular management review of variances.
4. **Cross-training and segregation of duties** in the Finance Department and Treasurer's Office.
5. **Ongoing interdepartmental collaboration** between the Finance Department, Treasurer's Office, and County Administrator's Office to ensure timely action on future delays, roadblocks, or issues; more routine check-in meetings.
6. **Implementation of internal control documentation** and monitoring SOPs formulated and approved/implemented by the Finance Department and Treasurer's Office jointly.

