



TOWN OF WARNER

PO Box 265
Warner, New Hampshire 03278-0265
Telephone: (603) 456-2298 Fax: (603) 456-2297
Warnernh.gov

Select Board, Michael Smith, Chair
Alfred Hanson
Harry Seidel
selectboard@warnernh.gov
Kathy Frenette, Town Administrator
administrator@warnernh.gov

Auditor Search Committee (ASC) Meeting Minutes

July 19, 2025, Saturday at 5:00 PM

Warner Town Hall - 5 E Main St, Lower Meeting Room

[View Meeting](#) – Password: FV!t9cNq

Members' Present: Robert Blake, James Sherman, James Gaffney, Elizabeth Labbe

Public Present: Martha Mical, Ginger Marsh, Janice Cutting – **Via Zoom:** Michael Smith, Rebecca Courser

Call to Order: 5:08 PM

Quick recap:

The audit committee discussed the urgent need to find a new auditor for the town of Warner following the withdrawal of the previous firm due to their various concerns and working relationship within the Town Hall. The group explored potential solutions including contacting alternative auditors, improving internal controls, and addressing past audit findings, while also discussing the possibility of conducting a forensic audit and outsourcing payroll. The conversation ended with discussions about the town's financial situation, concerns about past auditor performance, and plans for selecting a new auditor for the 2024 year, with emphasis placed on maintaining transparency and proper financial procedures.

Action steps and Pertinent Notes:

- Audit Committee: Review engagement letters from both previous audit firms to compare scope of work
- Audit Committee: Prepare recommendation to Select Board regarding the need to address underlying issues before engaging a new audit firm
- Michael Smith: Contact town attorneys on Monday morning to determine what information can be disclosed to the audit committee regarding the audit findings
- Michael Smith: Discuss with Select Board about having a non-public meeting with James Sherman regarding audit findings
- James Sherman: Call New Hampshire Society of CPAs on Monday morning to seek their input on potential audit firms and alternatives for the town
- James Sherman: Evaluate the possibility of serving as liaison between town staff and future auditors
- Elizabeth Labbe: Reach out to potential audit firms identified through DRA and other sources to gauge their interest in engaging with the town of Warner
- Elizabeth Labbe: Schedule next audit committee meeting for Tuesday at 6 PM in the upstairs room
- Elizabeth Labbe: Arrange for recording equipment for the next meeting

Summary

Warner Auditor Search Committee Meeting

The committee discussed the urgent need to find a new audit firm for the town of Warner following the withdrawal of the previous firm due to concerns about reliability, working atmosphere, and access to information. James S offered to serve as an interface between the auditors and the town to facilitate communication and address the underlying issues. The committee agreed to contact the New Hampshire Society of CPAs for potential alternatives and to consider meeting with the previous audit firm. They also discussed the importance of improving internal controls and addressing past audit findings to create a more conducive environment for future auditors.

Audit Process Challenges and Improvements

The discussion focused on audit relationships and recent challenges with the town's audit process. Discussion about rotating audit partners every 3-5 years and emphasized the importance of maintaining professional independence between auditors and clients. The conversation highlighted concerns about communication breakdowns and delays in information requests during the recent audit, with Michael S noting that some requested information was not provided in a timely manner. Robert B also discussed their experience as part of the Trustee of trust funds, where they typically prepare documentation for audits, and spoke of changes in the audit coordination process this year.

Forensic Audit Considerations and Alternatives

The group discussed the possibility of conducting a forensic audit, with concerns raised about the high costs, potential employee stress, and the impact on town operations. Robert Band James S suggested focusing on addressing current issues before considering a forensic audit, while also exploring the outsourcing of payroll to reduce workload and improve efficiency. The discussion highlighted the need to review existing audit information and consider outsourcing options, with all emphasizing the importance of maintaining quality in financial processes.

Town Audit Firm Selection Discussion

The meeting focused on the town's financial audit issues and the need to hire a new auditing firm. Michael S expressed concerns about the previous auditors' resignation due to significant problems, including unexplained pay raises and missing cash. All discussed the importance of finding a new auditor to avoid a costly state intervention. They agreed to focus on hiring a firm that could address the town's financial issues without conflicts of interest. The group also touched on the need for transparency and the potential for public information to be leaked. The committee also considered talking to the previous auditor to understand the issues better. They emphasized the importance of presenting the town in a positive light to potential auditors. The group discussed the potential need for additional support, such as a CPA, to help with the audit process. They agreed to communicate their findings and recommendations to the select board, urging them to address the underlying issues. The board discussed concerns about past auditor performance, with Michael S expressing dissatisfaction that previous auditors overlooked issues he had identified. Michael S is planning to consult with town attorneys about what information he can share with James S. The board also decided to reach out to potential new auditors. The meeting focused on financial concerns and audit issues within the town. Michael expressed frustration with the current financial management and suggested outsourcing payroll, while also highlighting discrepancies in financial processes and missing funds, leading to a discussion about the need for transparency and potential changes in staffing, though no specific decisions were made. The conversation emphasized the importance of addressing financial issues and maintaining proper procedures, with Michael urging caution in contacting the previous auditors, Vachon and Clukay.

Adjourn: 6:38 PM