



October 22, 2025

Glynn County

Forensic Audit Services

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Executive Summary

Objective

In March 2025, Glynn County, on behalf of all counties represented by the Brunswick Judicial Circuit, engaged Baker Tilly Advisory Group, LP (Baker Tilly) to conduct a forensic audit of the financial activities of their District Attorney's Office (DAO) for the last few years, beginning in January 2021. The objective of Baker Tilly's work was to assess the internal control environment at the DAO to determine what caused the \$1M+ deficit in the 2024 DAO budget.

Scope

The scope of the audit was to focus on the inflow and outflow of funds such as deposits and other revenue, payroll and other disbursements/expenditures, funding allocations, financial management, budget overruns, and potential financial irregularities across the Brunswick Judicial Circuit to determine:

1. Root causes of the DAO's FY24 budget shortfall and failure to fully reimburse Glynn County for payroll expenses, leading to an outstanding debt obligation.
2. Management and allocation of payroll, operational, and restricted funds (including 5% fine collections and grant funds) to assess compliance with funding requirements.
3. Whether funds were properly separated by the County in DAO accounts or whether any funds were diverted, misused, comingled, or improperly allocated, including inter-county use of funds.
4. Accuracy of financial reporting and whether the DAO properly documented, accounted for, and reconciled incoming funds and sources of revenue.
5. Sufficiency of DAO financial controls to prevent fraud, misuse, or mismanagement of funds.

Key Audit Areas

Baker Tilly's scope was to include the following key focus areas:

A. Fund Allocation & Payroll Transactions:

1. Reconciliation of Expected vs. Actual Reimbursements – Compare budgeted reimbursements vs. actual reimbursements made to Glynn County.
2. Analysis of All DAO Funding Sources – Assess how funds were received, allocated, and used vs. their designated purposes.
3. Inter-County Fund Transfers – Review fund movements between counties or other accounts to ensure compliance with budgetary restrictions and designations.
4. Use of 5% Fine Monies & Grant Funds – Verify alignment with statutory and grantor requirements and ensure funds were not misallocated or improperly used.
5. Vendor & Discretionary Spending Review – Identify non-payroll expenditures contributing to budget overruns.
6. Identify any and all grants applied for and received by the DAO's office and determine if the Glynn County annual audit was submitted to the grantor agency as the DAO's audit. The DAO's office is not included in the Glynn County annual audit as they are not an agency or department of the County and should have their own audit and federal tax identification number.

B. Budget Overruns & Debt Obligation:

1. Determine causes of the DAO's financial shortfall and failure to reimburse payroll obligations.
2. Assess whether unauthorized hiring, salary increases, or discretionary spending contributed to the deficit.
3. Analyze DAO's FY24 budget overruns & outstanding debt to evaluate if fund mismanagement played a role.
4. Determine whether Glynn County absorbed financial obligations that should have been reimbursed by the DAO.
5. Analyze DAO's FY25 budget vs. actual and determine if the office is on track to finish the fiscal year within or over budget.

C. Payroll Compliance & Reporting:

1. Verify payroll tax, benefits, and retirement contributions were properly deducted and remitted.
2. Confirm employee classification (W-2 vs. contractor) and alignment with payroll disbursements.
3. Assess outstanding payroll liabilities that contributed to non-reimbursement.
4. Analyze the DAO's transition to internal payroll processing (September 2024) for compliance with federal, state, and local regulations and verify payments of all taxes and withholdings have been made in a timely manner and under the DAO's federal tax identification number and not Glynn County's federal tax identification number.

D. Financial Controls & Potential Fraud Risks:

1. Identify unauthorized transactions, improper fund use, or missing records.
2. Assess compliance with county and state funding agreements.
3. Determine if DAO's financial reporting systems contributed to errors, mismanagement, or budget shortfalls.

Conclusions

Our audit of the DAO identified multiple critical deficiencies, most notably in the area of internal controls. These weaknesses contributed to questionable cash withdrawals and transactions that raise concerns about potential misappropriation of funds or fraudulent activity. It should be noted that because of the poor record keeping and overall state of the financial records, we were unable to perform many of the activities from the Key Audit Areas outlined earlier in this report. Therefore, the findings and recommendations presented in this report may not fully represent the true state of financial record keeping and documentation issues that exist in the DAO's office.

Establishing and maintaining effective internal controls is a fundamental responsibility of organizational leadership. However, our analysis found that the District Attorney (DA) failed to implement a structured framework for financial oversight and accountability. This lack of governance created an environment in which the issues outlined in this report were able to occur and persist. This report will be turned over to law enforcement for further investigation.

Project Approach

Project Approach

To accomplish the objectives of the forensic audit, Baker Tilly undertook the following procedures:

- Established the project timeline and scope.
- Conducted a kickoff meeting with County leadership to align on goals and expectations.
- Confirmed key business processes related to the transactions under review.
- Identified necessary resources to support the engagement.
- Submitted formal requests for documentation required to conduct the analysis.
- Reviewed critical documentation relevant to the scope of the engagement, including:
 - Organizational charts
 - Policies and procedures
 - Financial records such as bank statements, expenditure and revenue support, management reports, budget documents, and other pertinent materials
- Conducted interviews with key personnel, as needed, to gain context and clarify findings.
- Identified transactions of concern and assessed their legitimacy and appropriateness.
- Evaluated internal control processes and identified gaps or weaknesses contributing to the issues observed.
- Developed targeted recommendations to address deficiencies and strengthen financial oversight.
- Compiled findings and prepared this report to summarize the work performed and conclusions reached.

Observations

Upon arrival at the DAO in Glynn County, the Baker Tilly project team was provided with numerous boxes containing files related to expenses, deposits, and other financial transactions. However, the documentation was highly disorganized, making it extremely difficult to conduct a meaningful analysis. The lack of structure and accessibility in the records presents a significant challenge to ensuring sound financial management and accurate accounting practices. As noted previously, because of the poor record keeping and overall state of the financial records, we were unable to perform many of the activities from the Key Audit Areas outlined earlier in this report.

The following observations and findings are based on what we were able to analyze in the DAO, despite the challenges noted above. These observations and findings represent significant weaknesses in internal controls, poor record keeping, concerns related to cash withdrawals and transactions that may indicate potential misappropriation of funds or fraudulent activity.

- **Internal Control Issues**

- The DAO operating account has not been reconciled to the bank account at United Community Bank since 2022. During an interview, the DA indicated he was unaware that the reconciliations had not been performed. This lack of oversight resulted in non-business-related transactions going undetected and created an environment vulnerable to fraud, including potential misappropriation of funds. Regular reconciliation is a critical internal control necessary to ensure financial integrity and accountability.
- The DAO has not undergone a financial audit since before the current DA took office in 2021. Although funds were budgeted for an audit, it was not conducted. The absence of regular audits limits transparency and accountability, preventing citizens from having assurance that public funds are being properly managed and used. The current DA has committed to conducting annual audits moving forward, contingent upon securing appropriate funding. It should be noted that monies were provided for an audit in every budget since FY 2022.
- The DAO currently lacks a formal approval process for staff leave. In the absence of documented procedures or oversight, there is a risk that employees may take unapproved time off without proper accountability. This gap in internal controls could lead to staffing inconsistencies and challenges in maintaining accurate leave records.
- The DAO currently does not have a formal approval process in place for staff travel. In the absence of such a process, as further outlined below, travel expenses were paid with public funds and had not been properly vetted to ensure they were for legitimate business purposes. Establishing a documented and consistently applied travel approval procedure is essential to promote accountability and safeguard the appropriate use of DAO resources.
- The DAO does not have a formal process for reviewing and approving its annual budget prior to submission to the five counties. During an interview the DA indicated he was unaware of the specific items included in the budget and had not personally reviewed or signed the final document. Instead, budget-related communications, such as staffing requests, were relayed informally to the former Office Manager, who then submitted the budget to the counties. The DA also reported that his signature was stamped on the budget without his direct authorization. This lack of formal oversight and approval presents a significant risk to fiscal accountability and transparency. See the Cash Withdrawals section on the next page for additional detail on the lack of controls over the DA's signature stamp.
- Per the DA, Personnel Action Forms were completed by the former Office Manager at his direction, but they did not have his formal approval. The DA authorized the hiring of the positions, but stated that he did not know what they were going to be paid. As a result, salary supplements for newly hired employees exceeded the authorized amounts for their respective

positions by between \$38,000 and \$60,000. The DA stated that he became aware of this issue in May 2024. This lack of oversight in the hiring and compensation process represents a significant internal control weakness.

- **Cash Withdrawals**

- There were 20 cash withdrawals along with 12 checks written to compensate staff working on the “File Project,” an initiative aimed at organizing the DAO file room. Based on documentation provided, the total amount paid for the “File Project” appears to be \$17,440.23. These withdrawals were made by the former DAO Office Manager from the DAO operating account at United Community Bank and were reportedly used to pay DAO staff. However, there is minimal documentation supporting these transactions, and the cash withdrawn cannot be reconciled with any formal record of payments made. The DA approved the File Project and authorized staff compensation, but indicated he was unaware that payments were made in cash. He stated that while he permitted staff to be paid, he did not approve cash payments and was not informed that cash would be used. These cash payments were not reported to Glynn County and were not reported on the employees’ W-2. This is in violation of IRS regulations.
- On February 19, 2021, and June 21, 2021, cashier’s checks in the amounts of \$113,905 and \$63,726, respectively, were initiated by the former Office Manager to purchase vehicles from Woody Folsom Automotive. These purchases were made on behalf of the DAO without formal written approval from the DA. While the DA indicated that informal approval had been given, he was unaware that cashier’s checks would be used as the payment method.

The lack of documented authorization and transparency regarding payment methods underscores a deficiency in formal financial controls and approval procedures for capital expenditures. To strengthen oversight and accountability, the DAO should implement a purchase order process for high-dollar transactions to ensure proper authorization and documentation.

- The DA reported that most checks issued to the former Office Manager bore a stamped signature. He acknowledged personally signing two or three checks and noted that several others appeared to bear his signature but were forged. According to office policy, either the DA or the Office Manager may sign checks, except when the check is made payable to themselves. Under no circumstances is the Office Manager authorized to sign the DA’s name, however she did have uncontrolled access to the signature stamp, as the DA had not set up a process to control how the signature stamp was to be used.

The DA provided us 16 checks issued to the former Office Manager for our review. These 16 checks were ones provided for review by the DA as he stated that they had been stamped or forged by the former Office Manager. However, it was difficult to conclusively determine whether the signatures were stamped, personally signed by the DA, or forged. We cannot validate the completeness of the records as to whether they were all checks paid to the former Office Manager. These checks are not included in the list of payments made to the former Office Manager that are mentioned below.

- **Possible Fraudulent Transactions**

- No business justification was identified for flights taken by the former Office Manager from Jacksonville to New Orleans on September 18, 2021, and returning on September 21, 2021. The total cost of these flights was \$181.90 and was charged to the card ending in 3301, which is linked to the DAO’s operating account at United Community Bank with an account number ending in 4634.
- On May 19, 2023, the former Office Manager made a cash withdrawal of \$303 at a RaceTrac convenience store in West Palm Beach, Florida, while reportedly in the area for a personal cruise. The withdrawal was made using the card ending in 3301, which is linked to the DAO’s operating account at United Community Bank with an account number ending in 4634. No business purpose was identified for this transaction.

- The former Office Manager attended the National SHRM Conference in Las Vegas, Nevada, from July 11–15, 2023. During this trip, twelve airline-related purchases (includes baggage and other fees) were made using the card ending in 3301, which is linked to the DAO's operating account at United Community Bank with an account number ending in 4634. Of these, six transactions—totaling \$1,829.78—were for airline-related purchases to transport her husband to Las Vegas. These charges were not related to official business.
- The former Office Manager and her spouse traveled from Savannah, Georgia to Las Vegas, Nevada between April 16 and April 21, 2024. This was during a time when she was on vacation leave. Travel-related expenses, including flight costs totaling \$256.72 and a hotel charge of \$989.86 for accommodations at the Bent Inn and Pub, were paid using the card ending in 3301. This card is associated with the DAO's operating account at United Community Bank (account ending in 4634). These expenses appear to be personal in nature and were not accompanied by any documentation indicating a business purpose. Notably, the flight cost was reduced due to the use of Expedia credits; however, it remains unclear whether those credits were earned through booking business-related or personal travel.
- We requested a list of checks made payable to DAO employees that were outside of their salaried payments, In Fiscal Year 2023, the list included 20 checks amounting to \$7,191.50 that were issued to the former Office Manager from the DAO's operating account at United Community Bank with an account number ending in 4634. There were 17 other similar checks totaling \$7,221.86 that were issued in Fiscal Year 2024. None of these payments included documentation or explanation of a legitimate business purpose. The 16 checks mentioned previously are not included in these 37 checks mentioned here, thus showing the list provided was not complete.

Budget Shortfall

As of June 3, 2021, the DAO office had no outstanding balance owed to Glynn County. However, since that date, the amount owed has increased substantially without any documented explanation. The balance peaked at \$1,442,741.99 on June 30, 2024, and stood at \$864,549.03 as of September 17, 2024.

Glynn County staff had been notifying the DAO of the growing balance prior to November 2023. On November 9, 2023, the County formally emailed the DAO inquiring about the now seven-figure debt. Additional correspondence in February 2024 included a request for a meeting between Glynn County management and the DA to discuss the matter. Although a meeting was scheduled for March 21, 2024, it was cancelled by the DAO on the day it was to occur. The DAO began making payments and working with the Glynn County Finance Department to address the shortfall. They stated the balance would be paid in full no later than April 30, 2024. In May, when the balance was not paid, Glynn County contacted the DA to reschedule the meeting.

A meeting was eventually held on May 10, 2024, between the Glynn County Manager, CFO, the DA and the DAO Office Manager, during which the \$1M+ shortfall was discussed. At a subsequent meeting on June 13, 2024, the DA requested that the County forgive the debt owed by the DAO as they did not have the money to repay.

During a phone call on July 10, 2024, the DA reiterated to the County CFO that the DAO lacked the funds to repay the debt and again requested forgiveness. Although repayment plans were discussed, no finalized agreement was reached.

Recommendations

The absence of internal controls creates an environment where fraud and asset misappropriation can occur. As demonstrated in the preceding analysis, the DAO lacks adequate internal controls, a situation that arose due to insufficient oversight by the DA. During an interview, the DA indicated he placed “trust” in the former Office Manager. While trust is an important aspect of workplace relationships, it cannot substitute for a framework of strong internal controls. The former Office Manager had unrestricted access to initiate and approve purchase transactions, and this lack of segregation of duties directly contributed to the issues identified. As the leader of the DAO, the DA holds the responsibility for establishing a culture of accountability through effective internal controls and ensuring staff adherence to those controls. Immediate action is required to implement these controls and prevent further risk to the integrity of the office’s operations.

To strengthen financial oversight and operational accountability within the DAO, we recommend that the DA implement the following measures immediately:

- 1. Policies and procedures:**
Develop/enhance key fiscal policies and procedures (P&P) and ensure they include sufficient internal controls and the necessary enhancements related to the below recommendations. There is significant work to do to establish proper P&P that will result in a strong internal control environment for the DAO.
- 2. Monthly Bank Reconciliations:**
Ensure all DAO bank accounts are reconciled on a monthly basis. The DA should personally verify that this process is completed consistently and accurately.
- 3. Annual Financial Audit:**
Engage a certified public accounting (CPA) firm to conduct an independent audit of DAO finances. Funding for this audit should be included in the annual DAO budget request, and the audit should be performed each fiscal year.
- 4. Leave Approval and Tracking:**
Establish a formal process to ensure all employee leave is pre-approved and properly documented in accordance with applicable policies.
- 5. Travel Authorization and Documentation:**
Implement a procedure requiring all staff travel to be approved prior to departure and supported by appropriate documentation for accountability.
- 6. Budget Approval:**
Require that the DAO’s annual budget be formally reviewed and approved by the DA before submission to county management. We recommend that one consolidated budget document be prepared annually to include monies being requested, broken down by monies requested of the five counties and the State of Georgia. This should include specifics as to what funds are to pay for specific expenditures, including personnel.
- 7. Hiring Authorization and Budget Alignment:**
Ensure that all hiring decisions are formally approved by the DA and that funding for new positions is clearly identified within the DAO’s budget.
- 8. Cash Withdrawal Controls:**
Develop and enforce a process to ensure all cash withdrawals are legitimate, strictly for business purposes, and properly documented.
- 9. Signature Stamp Controls:**
Eliminate the DA’s signature stamp or enhance controls to ensure that nobody other than the DA and his assistant use the stamp. The DA should periodically review items that his assistant utilizes his signature stamp to ensure appropriateness.

10. **Debt Repayment Planning:**

Collaborate with county management to develop and finalize a structured plan for repaying outstanding deficits owed to all five counties.