

Audit Committee Meeting  
Washoe County, Nevada  
June 22, 2023, at 3:00 PM

Voting Members: Commissioner Herman, Matthew Buehler, Barbara Kinnison, Charlene Hart, Randy Brown

Non-Voting Members: County Manager Eric Brown

Other attendees: Katelyn Kleidosty (Internal Audit Manager), Louis Martensen (Internal Auditor), Commissioner Hill (alternate), Abigail Yacoben (Chief Financial Officer), Trenton Ross (Deputy District Attorney), Cathy Hill (Comptroller), Samantha Turner (Division Director Finance & Administration – CSD)

Agenda Item 1: Roll Call

The meeting was called to order at 3:00 PM and Mrs. Kleidosty performed roll call – those listed above were present. Quorum was met.

Agenda Item 2: Public Comment

Ms. Valerie Fiannaca requested an audit of all the children's, teen, and young adult books that had been purchased over the past year using County or Friends of the Library funds, as well as the number of books which had been shredded. She asked for an audit of all costs used to advance LGBTQIA+ activities, including security and personnel costs. She noted the Library budget had increased by \$2 million, and she thought they should not spend money on a divisive program. She said all public commenters at a recent Library Board of Trustees meeting were against the program. She wanted to know how much money was spent by Library Director Jeff Scott on marketing for the Pride parade.

Ms. Janet Butcher spoke about a program where the Library department allowed people to create temporary library cards to check out books from kiosks, wondering how much money was lost by people making up fake addresses and not returning books. She requested an audit of the same.

Ms. Sandee Tibbett distributed documents to the Committee, copies of which were placed on file. She expressed dissatisfaction with a book in the children's section which dealt with sex, masturbation, and gender identity; she felt it did not belong in the library. She thought books were an escape and a tool to exercise kids' imaginations, but there were books in the Library system which she said contained pornographic images. She wanted her grandchildren's minds to be nurtured with wholesome knowledge, and she asked the Committee to perform an audit of inappropriate library books to rid the system of that material. She believed teaching children about sex was the responsibility of parents and guardians, adding that those books could be purchased at bookstores. She did not think children should be taught in school about gender identity so their innocence could be protected.

Mr. Nicholas St. Jon said he authored a provisional errors report which was brought up at an Audit Committee meeting but in such a way that he could not discuss or correct the findings. He later distributed a 65-page report to Committee members at a later meeting but no questions about the report were asked or answered at that meeting. He disputed that the Board of County Commissioners ever received the report. The Elections Group, he continued, was hired over the objections of many, and he was never interviewed about them despite being the author of the report. He expressed concern about an omission of 300 affidavits showing irregularities, failures in the chain of custody, the Registrar of Voters' definition of the word 'cast', and early releases of vote tallies. He demanded the case be reopened.

Speaking on the audit of travel expenses, Ms. Penny Brock expressed concern that more than \$5,000 in travel expenses was spent by Animal Services, which she thought was high for dogs and cats. She expressed concern about the \$15,000 budgeted for library expansion, saying no one knew what that money was spent on. She suggested explaining some of the acronyms on the audit report. Citing the discrepancy between the amounts budgeted and the lower amounts spent, she felt the County used an inflated budget and asked where the unspent money went.

Mr. Scott Finley distributed documents to the Committee, copies of which were placed on the record. Referencing the minutes of the prior Audit Committee meeting, he asked whether a certified court reporter was used to draft the transcript. He opined there should not be obscene or pornographic materials in the children's section of the library, and he suggested the District Attorney's Office review each book and move the inappropriate ones to the adult section.

Mr. Bruce Parks thanked the Committee members for their work. He requested an audit of Library expenses for the activities held at the North Valleys Library on June 17, a day on which that library was supposed to be closed. He said certain individuals were allowed into the event without children while others were not. Even though Mr. Scott said no taxpayer money was used to fund the event, the speaker wanted an accounting of all the funds used. He said the Library partnered with Our Center, and he would be fine with Our Center paying for the program. He agreed with the suggestion to move inappropriate books from the children's section to the adult section, though he did not approve of censorship.

Ms. Nichelle Hull, representing Wake Up Washoe County, requested an audit of the Washoe County Library system regarding inappropriate sexual material. She brought up a list of commonly banned books, which she said were in both County and local school libraries. She believed any graphics, even cartoons, of sexual acts were punishable by imprisonment. She displayed a drawing from a library book of material she believed to be pornographic; it was not, in her opinion, a modest depiction used for sexual health education. She asked whether that type of material was okay for children, adding she felt it constituted a hostile work environment for teachers and library staff.

Ms. Reva Crump concurred with requests for an audit on expenses for Drag Queen Story Hour events, specifically how much was spent by taxpayers and Our Center on things like extra security and staff time. She wanted to know the cost to promote, advertise, and run these events. She also wanted an audit on library books, saying the innocence of children needed to be protected. She suggested a ratings system for books.

### Agenda Item 3: Approval of Minutes for June 9, 2023 Meeting

On the call for public comment, Ms. Penny Brock referenced a portion of the minutes which spoke about Member Hill requesting an audit of the last election. She wondered whether that audit was performed. She suggested the Audit Committee follow the Investment Committee, who posted historical agendas and meeting materials online. She requested that the portion of minutes regarding comments made by County Manager Eric Brown be removed because she did not believe he made any comments.

Internal Audit Manager Katelyn Kleidosty pointed out that there were two individuals, Member Brown and Manager Brown, but their discussion was distinguished differently.

Member Herman moved to approve the minutes with the exclusion of the final paragraph of Agenda Item 5, a motion seconded by Member Buehler.

There ensued a discussion about that portion of minutes and about the potential of mistakes because of the two Browns. Ms. Kleidosty indicated she and the Clerk's Office reviewed the recording and determined the minutes were correct as written. Member Hill said she would not vote for that motion. Member Kinnison said she would not vote for it either as she recalled Manager Eric Brown made comments.

The motion failed on a 2-4 vote with Members Kinnison, Hart, Hill, and Randy Brown voting "no".

Member Hill moved to approve the minutes. Member Randy Brown seconded the motion, which carried on a 4-2 vote with Members Herman and Buehler voting "no".

### Agenda Item 4: Briefing for the Change in External Auditors

Comptroller Cathy Hill pointed out that government entities were statutorily obligated to appoint an external auditor, and the County selected BDO Audit and Assurance. However, BDO informed them their Reno office was closing and no local auditors would be available. Because the County felt it would not be cost-effective to have auditors come in from Las Vegas, the decision was made to go back to Eide Bailly LLP, who agreed to perform the upcoming audit services. They then notified the Nevada Department of Taxation and the Board of County Commissioners. This item was to notify the Audit Committee of the same.

There was no public comment or action taken on this item.

### Agenda Item 5: Audit Update Discussion

Internal Audit Manager Katelyn Kleidosty conducted a PowerPoint presentation, a copy of which was placed on the record, and reviewed slides with the following titles: Travel Process; Background; Strategic Plan Objectives & Goals; Objectives & Scope; and Audit Highlights. She indicated the spending of funds was kept in line with the County's strategic goals by analyzing sustainable expenditures within the County, promoting innovation and leveraging technology to

automate services for employees, and helping vulnerable populations by coordinating between available agencies.

Member Buehler inquired why the budgeted and actual amounts were so far apart. County Comptroller Cathy Hill explained that departments were responsible for budgets, and departments like the Sheriff's Office, the District Attorney's Office, and Child Welfare sometimes had unexpected requests for emergency travel. In situations where there were large differences between the two figures, those departments were asked by the budget department to align their projections. Budgets shifted throughout the year by line item, but not by function or cost center. Member Buehler asked how budgets that were far off from reality impacted that department's budget for the following year. Comptroller Hill noted departments needed budget authority because exceeding a budget required Board of County Commissioner (BCC) approval, and there was not always enough time to obtain that in emergency situations. Unused funds fell to the fund balance and there would be no loss to the County. She added those funds would not necessarily carry over to the following year's budget, but they would be available if needed.

Member Hart opined she would rather not see departments spend remaining funds just because they existed; rather, she'd prefer to see those funds go back into the County coffers for reallocation. Member Buehler said he wanted to see budgets that were closer to reality.

Ms. Kleidosty continued the presentation by reviewing slides with the following titles: Audit Procedures (2 slides); Additional Recommendations; Additional Updates; and Audit Update Discussion. She pointed out the tolerable error rate was not exceeded in any year, so the data were accepted. Further analysis was conducted using Benford's Law analysis, which stated that a lower digit should occur more often in a data set than higher numbers. She explained the number two occurred more often than was predicted because of a \$23 booking fee which regularly occurred. The County-sponsored credit card would be the responsibility of the employee, she continued, but they could only charge County-related travel expenses to it. Responding to a query about the cost of the new card compared to what the federal government paid, she replied their recommendation was that the County research this as an option for employees. The card would not be mandatory. She said the current options were for employees to bear the expenses themselves or apply for a travel allowance.

Member Buehler reiterated his desire to know what the County's cost for this program would be compared to that of the federal government. Member Hill commented it was important that staff members knew the process, and the recommendations from the Committee would help with that.

Ms. Kleidosty continued her presentation by reviewing slides with the following titles: HSA Audit Follow-Up; Follow-Up Human Services Agency (2 slides); and Audit Update Discussion. She stated the Human Services Agency (HSA) was attempting to implement new programs and mentorships to help with retention.

Member Buehler asked why the homeless services budget was moved out of the HSA. Division Director of Finance & Administration Samantha Turner responded the homeless division was a new division with new positions created for it, so some case workers moved from HSA to

Homeless Services, which did not exist in this capacity beforehand. This resulted in vacancies in the HSA, which the department was working to fill.

Member Kinnison acknowledged this was a complicated audit, and she hoped the recommendations would be implemented. Member Hart asked what PAR stood for, to which Ms. Turner responded it stood for purchase authorization request. Ms. Turner continued that the PAR form had many areas that needed to be filled out for each purchase, and her recommendation was to create a simpler form which could be utilized for standard purchases like arranging a hotel for a family experiencing household issues. That new form was completed and currently in use.

Ms. Kleidosty continued her PowerPoint presentation by reviewing a slide entitled Annual Audit Report. She noted the minimum accounting audit standards were approved by the BCC on May 16, 2023. She added she was working with the government affairs liaison to finish up the fiscal notes from different departments for the legislative session. She said the website that was set up for the fraud hotline contained definitions about the types of things that they could investigate.

Ms. Kleidosty pointed out that the third terms for Members Buehler and Randy Brown would expire on June 30, 2023, and she was working with Commission Support on an announcement to recruit for those positions. She believed the two current members could reapply.

There was no public comment or action taken on this item.

#### Agenda Item 6: Fraud Hotline

Internal Audit Manager Katelyn Kleidosty continued her presentation by reviewing the Fraud Hotline & Reporting slide. She stated a response to the online form was received, but it was unrelated to the County and it was forwarded to the State to handle. The tip was about welfare income, which was sent to the Nevada Department of Employment, Training, and Rehabilitation.

There was no response to the call for public comment.

Member Kinnison moved to approve the results of the fraud hotline request as completed by the Internal Auditor. Member Buehler seconded the motion, which carried on a unanimous vote.

#### Agenda Item 7: Annual Report

Internal Audit Manager Katelyn Kleidosty continued her presentation by reviewing the slide entitled Annual Audit Report.

There was no response to the call for public comment.

Member Kinnison moved to approve the annual audit report completed by the Internal Auditor. Member Buehler seconded the motion, which carried on a unanimous vote.

#### Agenda Item 8: Three Year Schedule

Internal Audit Manager Katelyn Kleidosty continued her presentation by reviewing the slide entitled Tentative Three-Year Schedule.

Member Kinnison asked whether this was the item to recommend other audits, to which Ms. Kleidosty replied it would be. Among the things she could audit were the following: procurement, fees and charges, cash handling, expenditures, inventory, training, and processes. Member Buehler requested an audit of the financial aspect and one for the inventory of all Library books. Ms. Kleidosty responded that would be very extensive, and it was more appropriate for them to audit the financial side. They could audit Library expenditures, for instance.

Member Kinnison asked who could audit the appropriateness of books. Member Hill said a policy existed wherein people could challenge any books in a collection they felt were inappropriate. This process had been adopted by the Policy Board, and she said she could provide a copy of the policy to the Audit Committee. She did not think it was worth taking on an additional expense when there was already a policy in place that addressed this. Ms. Kleidosty confirmed the Library Board of Trustees would have purview over the books themselves, while the Internal Auditor could tackle expenditures and internal controls. Member Kinnison requested an audit of the Library's expenses since Ms. Kleidosty was unsure when that was last performed.

Member Hill inquired whether the Comptroller reviewed those expenditures as part of their normal business. County Comptroller Cathy Hill said the Comptroller's Office was responsible for processing the invoices associated with the Library. While their external auditor's financial audit involved a random sampling of each invoice, they did not consider book titles; that was done by the Board of Trustees. She confirmed they performed a financial audit in fiscal year (FY) 2022, which came back with a clean opinion.

Member Kinnison brought up a public comment about not knowing who funded books for a particular event. Comptroller Hill said any member could request an item for a future Audit Committee agenda to review the Board of Trustees' book procurement policy. Member Kinnison wanted that as well as the amount of expenditures for specific categories of books, such as children's books. Comptroller Hill responded there was no easy way to collect that information; the system showed how much was allocated for books, but not divided out by category.

Member Kinnison wished to see information about the expenditures for certain types of events, who paid those expenditures, and their policies on title procurement. She wanted this audit as quickly as possible, preferably before FY 2025. If Member Kinnison wanted this audit performed in FY 2024, Ms. Kleidosty offered, it would make sense to move one of the planned audits from FY 2024 to FY 2025. She recommended moving the parks/golf revenue audit, a suggestion to which Member Kinnison agreed.

Member Hill asked when the last time a golf revenue audit was performed, expressing concern that it should not be pushed off too long. Member Kinnison wondered whether a golf audit would also have to include parks, and Ms. Kleidosty said they could be separated. The Internal Auditor believed the golf audit would be smaller if they separated it from the parks audit; the golf audit could be kept in FY 2024 and the parks audit moved to 2025. Member Hill said that made her a little more comfortable. Regarding a suggestion that they move the Roles and Rights for

SAP audit, Ms. Kleidosty said it was a standard audit that was performed every year along with audits of each departments.

Member Hart inquired about a few audits which she did not see anymore. Ms. Kleidosty answered that the Debt Service Fund audit had been pushed back to FY 2026. The disaster recovery audit would be included in the emergency management audit, and the telephone expense audit would be a part of the vendor maintenance audit; both were anticipated to take place in 2026.

On the call for public comment, Ms. Penny Brock requested audits for homelessness, elections expenses for FYs 2020 and 2022, the indigent, and non-profit organizations. She believed the County had spent around \$130 million in two years on homelessness and continued to ask for more for the Cares Campus, which she felt was too much to spend on 650 homeless individuals. She asked for audits on the Cares Campus, Karma Box Project, and Safe Camp. She said the Cares Campus sent guests to the Reno-Sparks Gospel Mission for clothes and shoes, and she thought the facility needed to be audited.

Ms. Valerie Fiannaca said there were volunteers who could take on the task of challenging inappropriate books. She believed Library Director Jeff Scott could tell everyone today how many books he shredded. She expressed concern about how much was spent on a campaign about gender identity. The Library's budget included an additional \$2 million and she wanted to know where that would be spent; she thought it was being spent on drag queens. She offered to do volunteer work on a book audit.

Ms. Janet Butcher expressed appreciation for expediting the library audit as the innocence of children was more important than golf.

Member Kinnison moved to approve the tentative three-year schedule with the change of moving the Library expenditures and title procurement policy to FY 2024, leaving the golf revenue audit in FY 2024, and moving the parks revenue audit to FY 2025. Member Buehler seconded the motion, which carried on a unanimous vote.

#### Agenda Item 9: Calendaring of Future Audit Committee Meetings

Internal Audit Manager Katelyn Kleidosty concluded her presentation by reviewing the Tentative Calendar of Future Audit Committee Meetings slide. She indicated the proposed December 14 meeting could change because the external audit report needed to be approved by the Board of County Commissioners before going to the Audit Committee, so it might need to be moved to January.

There was no public comment or action taken on this item.

#### Agenda Item 10: Audit Committee Member Comments

Member Buehler requested an item wrapping up election advisory issues, particularly as they pertained to recommendations made by the Audit Committee. Though the previous item on this topic was for discussion only, there was a suggestion to create a citizen's election advisory

committee, and he wanted a discussion on that item. Internal Audit Manager Katelyn Kleidosty said there was a plan to have a special Audit Committee meeting on elections; it would be an item for discussion only. The election report would be heard by the Board of County Commissioners (BCC) either way. Member Buehler asked for a discussion on the citizen's election advisory committee to take place at the September meeting. Ms. Kleidosty said the two Commissioners on the Audit Committee could help advance that cause.

Member Herman asked whether that process was already underway. County Manager Eric Brown said Member Herman made a request as Commissioner at the previous BCC meeting to form an election citizen advisory board and to make other revisions to the elections process. He anticipated that those two matters would be heard by the BCC before the next Audit Committee meeting. Member Kinnison asked when the special election meeting might take place, to which Manager Eric Brown said July.

#### Agenda Item 11: Public Comment

Ms. Penny Brock brought up the June 9 Audit Committee meeting, where she believed the Committee chose not to move forward with the elections report. She also thought the suggestion to set up an elections citizen advisory board (CAB) needed to move forward as quickly as possible. She stated Assembly Bill 242, a bill which would prohibit hand-counting paper ballots, was vetoed by Governor Joe Lombardo. As such, she felt the Board of County Commissioners (BCC) could vote to move forward paper ballots and not use voting machines. She pleaded with the Audit Committee to make that recommendation to the BCC as she did not think anyone wanted to be blamed for a chaotic election.

Mr. Scott Finley turned in documents, copies of which were distributed to the Committee and placed on the record. He stated The Elections Group (TEG) was not registered in the state of Nevada, and organizations could only conduct business without a license under emergency circumstances or at the Secretary of State's determination, which he did not feel were relevant in this case. He mentioned a records request he made about the financial documentation for the group, expressing confusion that the records seemed to indicate that a \$10,000 invoice was not paid. He did not know how the next two payments would be made since TEG was not registered in Nevada.

Ms. Janet Butcher wondered why Member Hill was able to vote on Audit Committee items since she was an alternate, and the speaker's understanding was that the Committee was comprised of only five members. She did not think Member Hill should be able to vote, and she hoped it would be explained to her after the meeting why she could. She alluded to members of the Library Board of Trustees using pronouns.

Ms. Susan Vanness stated the voting members of the Audit Committee were Members Herman, Buehler, Kinnison, Hart, and Brown. She disagreed with the approval of the prior minutes, opining that they were poorly written. She disputed what was captured and asked who composed them. She concurred with the creation of an elections CAB. She brought up a computer system which could determine the titles of all books in the Library, which she thought citizens could do in a few days.



Mr. Bruce Parks brought up the money spent on the Cares Campus, which he estimated at \$82 million. Spread out among 650 homeless individuals, that equated to a cost of \$126,000 on each individual, adding he wished to have that much money. He volunteered to perform an audit on the Library. He said the Library Board of Trustees was biased and would not give accurate or honest information if requested.

Ms. Reva Crump was called but elected not to speak.

Ms. Nichelle Hull thanked the Committee for listening to the public and taking quick action on the request for a Library audit. She urged expediency, adding there were many volunteers who would read books to help out. She thought the Library was promoting pedophilia and pornography, and she was thankful the Committee took it seriously. She offered her services to this endeavor however the Committee saw fit.

### Adjournment

The meeting was adjourned at 4:45 p.m.