Audit Risk Analysis – Fiscal Year 2026

As part of the planning process for the fiscal year 2026 audit schedule, the Internal Audit Division has completed a comprehensive audit risk analysis. This analysis is designed to identify and prioritize audit areas based on a structed assessment of key risk components: inherent risk, control risk, and detection risk, as well as operational and strategic considerations.

Key Risk Considerations:
- Inherent Risk: Departments and programs with high operational complexity, frequent regulatory changes, or significant reliance on estimates and management judgement are considered to have elevated inherent risk.
- Control Risk: We assessed the design and effectiveness of internal controls. Areas where controls are weak, newly implemented, or significantly changed present a higher control risk.
- Detection Risk: This risk is mitigated through the scope and depth of our audit procedures. Programs characterized by poor documentation, decentralized processes, or low transparency are more susceptible to undetected errors or irregularities.

Additional Factors Evaluated:
- Audit History: Consideration was given to the time elapsed since the last internal or external audit and severity of any prior audit findings.
- External Environment: Regulatory and legislative developments, as well as economic or market volatility, were factored into the risk assessment.
- Strategic Alignment: Risk areas were analyzed in terms of their alignment with the County's strategic priorities and the potential impact on key initiatives.
- Stakeholder Input: Input from executive management and employees across various levels was considered, especially in areas identified as high-risk or of concern to leadership.
- Financial Significance: Departments and programs with substantial budgets, significant grant funding, or historical susceptibility to budget overruns were prioritized due to their potential impact on the County's overall financial health.
- Fraud Risk: Consideration of fraud risk factors, including opportunities for asset misappropriation, financial reporting manipulation, and procurement fraud. Areas with historically weak controls, high turnover, or elevated pressure to meet financial targets were identified as potentially higher risk for fraudulent activity.

The risk-based approach ensures that audit resources are directed toward areas of greatest concern, promoting accountability, operational efficiency, and effective oversight

across County functions. The table below outlines the County's departments, divisions, and programs, along with their corresponding overall risk scores, as determined through this analysis.

Department
Alternate Public Defender
Alternative Sentencing
Animal Services
Assessor
Board of County Commissioners
Budget
Clerk's Office
Community Services Department
Business Licenses
Capital Projects
Code Enforcement
Equipment Services
Facilities
Golf
Parks and Open Space
Permits & Inspections
Planning
Roads
Utility Services
Comptroller
Accounting Division
Accounts Payable Division
Collections Division
Payroll Division
Purchasing Division
Risk Management Division
District Attorney
District Court
Law Library
Human Resources
Human Services Agency
Adult Services
Children's Services
Housing and Homeless Services
Senior Services
Justice Courts
Incline Village Justice
Reno Justice

        Sparks Justice
        Wadsworth Justice
    Juvenile Services
    Library
    Medical Examiner

Northern Nevada Public Health
        Admin Division
        Air Quality Management
        Community and Clinical Health Services
        Environmental Health Services
        Epidemiology and Public Health Preparedness
        Office of the District Health Officer

Office of the County Manager
        Communications and Media
        Community Reinvestment
        Conflict Counsel
        Emergency Management
        Government Affairs
        Security Management
        Sustainability
        Washoe311
    Public Administrator
    Public Defender
    Public Guardian
    Recorder's Office
    Registrar of Voter's Office

Sheriff's Office
        Detention Division
        Patrol Division
        Grants Division
        Detective Division
        E911
        Sheriff Admin Operations
        Crime Lab
        Office of the Sheriff
        Regional Public Safety Training Center
    Technology Services
    Treasurer's Office