

Audit Committee Meeting
Washoe County, Nevada
June 26, 2025, at 3:00 p.m.

Voting Members: John Briscoe, Charlene Hart, Sabrina Grenet, Kevin Stroupe

Non-Voting Members: County Manager Eric Brown

Absent: Commissioner Herman, Commissioner Hill,
County Manager Eric Brown

Other attendees: Katelyn Kleidosty (Internal Audit Manager), Louis Martensen
(Internal Auditor), Abbe Yacoben (Chief Financial Officer),
Trenton Ross (Deputy District Attorney), Cathy Hill
(Comptroller)

Agenda Item 1: Roll Call

The meeting was called to order at 3:00 PM by Mr. John Briscoe, Chair of the Audit Committee. The roll call was conducted; Commissioner Herman, Commissioner Hill, and County Manager Eric Brown were absent. Those listed above were present at the meeting. A quorum was established.

Agenda Item 2: Public Comment

Public comments were called in the room and online, no one responded to the request for public comment.

Agenda Item 3: Approval of Minutes for January 9, 2025 Meeting

Chair John Briscoe opened the item for approval of the January 9th meeting minutes. Vice Chair Hart noted a few minor typos, which she had already submitted to Ms. Kleidosty. Ms. Kleidosty confirmed it was not a material change. Vice Chair Charlene Hart made a motion to approve the minutes with the corrections. Ms. Sabrina Grenet seconded the motion. There was a call for public comment, to which no one responded. The motion passed unanimously.

Agenda Item 4: Audit Update Discussion

Chair John Briscoe turned the meeting over to the Internal Audit Manager, Katelyn Kleidosty. Ms. Kleidosty presented the results of an internal review of the Department of Alternative Sentencing. She provided the background that the department had exceeded its budget for two consecutive years and was projected to go over budget again in the current year. In response, the internal audit division assessed the department's operations, identify inefficiencies, and recommend improvements to enhance overall effectiveness and cost-

efficiency. The review focused on key service areas including Probation Services, Pretrial Services, the Sober 24 drug and alcohol testing unit, and the STAR program, a smaller, mostly grant-funded initiative offering wraparound services for individuals with addiction.

Ms. Kleidosty explained that the Internal Audit Division used a risk-based methodology that included interviews and examination of internal documentation, the evaluation of operational practices across the department. In the Sober 24 program, a number of issues were identified. These included a lack of internal controls over lab supplies and the absence of standard operating procedures (SOPs). It was recommended to implement tighter controls, such as restricted access to supplies, the maintenance of inventory logs, the creation of SOPs, and clear procedures for handling discrepancies. Additionally, the review found that the current drug testing panel includes substances with low positivity rates. It was advised to conduct a cost-benefit analysis to determine which substances should be tested for, in consultation with stakeholders such as the Medical Examiner's Office, courts, and law enforcement agencies. It was also noted that the drug testing equipment was underutilized. The lab operates seven days a week for 10 to 12 hours per day, staffed primarily by one full-time employee and a few intermittent staff. The review recommended an operational analysis to determine whether hours could be reduced to standard business days while still meeting testing needs.

Ms. Kleidosty continued that the 24-hour turnaround time for test results was also contributing to increased pressure on staff and extended hours of operation. Because Sober 24 testing is entirely court-ordered, the Internal Audit Division suggested aligning service delivery more closely with court scheduling. This adjustment could reduce lab hours and ease operational strain. Overall, the review highlighted several opportunities to streamline operations, reduce costs, and improve the efficiency of services within the Department of Alternative Sentencing, particularly in the Sober 24 program.

Chair Briscoe inquired whether the Department of Alternative Sentencing represented a significant expense for the County. Ms. Kleidosty responded that the department's overall budget was approximately \$2.8 million, and it had exceeded that amount. Ms. Grenet asked how much the department had exceeded its budget. Ms. Kleidosty explained that in the first year, the department received a contingency adjustment of approximately \$300,000, and in the second year, a contingency of approximately \$400,000. Ms. Grenet noted this amounted to roughly a 10–15% overage, which Ms. Kleidosty confirmed. Additionally, the department received another contingency of approximately \$386,000 in the current year. Ms. Grenet then asked about the proposed efficiencies and whether they were expected to significantly impact these overruns. Ms. Kleidosty stated that the Internal Audit Division was still working with the department to develop an implementation schedule and that no estimate was available at this time.

Ms. Kleidosty reported that the audit team had also reviewed procurement practices within the lab and found that best practices were not being followed for purchasing small lab items such as drug testing cups, pipettes, and gloves. Rather than sourcing these supplies directly from the manufacturer—specifically, the same vendor that supplies their

testing equipment—the department had been using various unrelated vendors. The team recommended reevaluating this approach to streamline purchasing and potentially reduce costs. Additionally, the current operating hours of the Sober 24 lab were found to be unsustainable given existing staffing levels and budget constraints. The audit team asked the department to perform an analysis to determine a sustainable operating schedule. While the department had recently reduced hours during the current fiscal year to control expenditures, there is concern this may not be sustained, as similar reductions in the past were eventually reversed. The lab is currently open from 5:00 a.m. to 8:00 p.m., seven days a week.

Chair Briscoe asked whether individuals undergoing drug testing are required to pay for the service. Ms. Kleidosty explained that while individuals are expected to pay, many receive scholarships through the courts due to financial hardship. Payment arrangements vary depending on the court involved, and because the department serves courts beyond Washoe County, fee collection practices are inconsistent. Vice Chair Hart noted this inconsistency, which Ms. Kleidosty confirmed, stating that the structure of charges, how fees are applied, and whether they are collected varies widely. Chair Briscoe summarized that some individuals do pay, but many do not. Ms. Kleidosty added that probation services cost \$40 per month, and pretrial services cost \$20 per month. Drug testing fees vary by court: some individuals pay \$5 per test, while others pay \$15. Chair Briscoe commented that the fee structure could be burdensome for low-income individuals, noting a broader concern about equity in the justice system. Ms. Grenet pointed out that even full collection of all applicable fees would not significantly reduce the department's budget deficit. Ms. Kleidosty confirmed this, stating that the cost of administering a drug test exceeds the fees currently imposed, and the department would remain in deficit even with full fee recovery.

Ms. Kleidosty reported that the current facility layout for the Sober 24 program presents limitations, particularly in the number of restrooms available for drug testing. At present, there are only three testing restrooms—two for male participants and one for female participants. Due to a higher volume of male testers, this has created bottlenecks and contributed to extended operational hours. In response, the audit team recommended working with County Facilities to reconfigure the existing space to create at least one additional testing restroom to improve throughput.

Ms. Kleidosty also addressed the use of a self-service kiosk located in the lobby of the Department of Alternative Sentencing building on 6th Street. The kiosk allows participants to check in using facial recognition, answer intake questions, and perform breath alcohol tests. However, it is not capable of processing drug tests. Currently, the kiosk can only be accessed during the facility's opening hours. To support efforts to reduce operational hours without limiting participant access, the Internal Audit Division recommended a cost-benefit analysis for constructing a secure vestibule. This would allow the kiosk to be accessible for extended hours outside of regular facility operations.

Chair Briscoe asked whether participants could leave a specimen after hours for testing the next day. Ms. Kleidosty clarified that this is not possible. The kiosk only supports

breath alcohol testing, which provides immediate results sent directly to the system, but it does not accommodate specimen collection for drug testing.

Ms. Kleidosty reported additional findings related to lab safety and inventory controls within the Sober 24 program. The review revealed that the lab chemical inventory form was accessible on the department's shared drive to personnel beyond those who should have had access. The Internal Audit Division recommended designating specific personnel responsible for chemical inventory and restricting access to that form. It was also noted that expensive lab chemicals were observed being stored in unsecured areas, including hallways where participants regularly passed through. Ms. Kleidosty explained it was advised that chemical inventory should be secured immediately upon receipt and stored properly by the lab assistant. Additionally, Ms. Kleidosty continued that the department lacked a formal process for the disposal of laboratory chemicals. As a result, the Internal Audit Division recommended establishing a defined chemical disposal procedure to ensure safety and compliance.

Vice Chair Hart inquired how chemicals were currently being disposed of. Ms. Kleidosty responded that no clear answer was provided during the review and acknowledged the importance of proper chemical disposal, particularly to avoid environmental contamination. She explained that the chemicals in question are reagents, primarily saline-based with some reactive properties, but deferred to a subject matter expert for a more detailed scientific explanation. Ms. Kleidosty then asked if there were any further questions related to the Sober 24 portion of the audit before transitioning to findings related to Department of Alternative Sentencing (DAS) officers and case managers.

Ms. Kleidosty continued with findings related to the Department of Alternative Sentencing's Fee Assistance Program for Assessment (FAPA), which functions as a scholarship program to assist participants who cannot afford testing fees. The review found that participants are only required to complete the FAPA form at initial intake, with no regular reassessment. Ms. Kleidosty noted that participant financial situations can change over time, and the Internal Audit Division recommended implementing periodic reassessments to determine ongoing eligibility.

Ms. Kleidosty elaborated in review of pretrial services, the review found that current data entry processes are highly manual. Case managers must retrieve case reports and manually input data from the court system, which is time-consuming and inefficient. The Internal Audit Division recommended exploring the use of technology, including AI-based tools such as voice-to-text and other automation services, to streamline data entry and improve accuracy.

She discussed staffing and hours of operation, orientation and case management services currently operate from 8:00 a.m. to 8:00 p.m., resulting in 12-hour workdays. These extended hours have been covered by intermittent workers. Due to budget constraints, the department previously reduced hours to a 10-hour schedule and is continuing under that model. The audit team recommended further realignment to a standard 8-hour schedule for sustainability.

Chair Briscoe inquired whether the 24-hour turnaround time for lab results was still being met. Ms. Kleidosty confirmed that it was, noting that the lab continues to operate seven days a week. She clarified that this portion of the discussion referred to case managers, who are responsible for direct contact with participants, including regular check-ins.

Ms. Kleidosty reported several compliance and operational issues related to DAS officers. It was noted that some officers had reportedly been given informal permission to arrive up to one hour late and leave up to one hour early to account for commute time. However, this practice is considered timecard fraud and could lead to tax implications, legal liability for Washoe County, and other administrative risks. Human Resources has been informed and is currently working with the department to address the issue.

In addition, Ms. Kleidosty explained that the review found that ammunition inventory lacks sufficient controls. Although ammunition is secured, there is no tracking or logging system to document who is ordering supplies, what is being ordered, or who is checking out ammunition for use at the firing range. The Internal Audit Division recommended implementing a formal logging process and conducting periodic inventory counts.

She noted another area of concern involved the routine use of take-home vehicles by DAS officers. This practice increases County costs, presents liability risks, and may have tax implications. While take-home vehicles are allowed under IRS guidelines for staff who are on-call, DAS officers did not meet that criterion should not be using County vehicles outside of work hours. Management has been advised to restrict take-home vehicle use accordingly and to develop a clear, County-wide policy to govern such use.

Ms. Kleidosty continued that the review also revealed that DAS officers were conducting traffic stops, an activity outside the scope of their assigned duties. Although DAS officers are POST-certified and hold the same level of certification as other law enforcement officers in the region, their authority is limited to working with participants in their own programs. The Internal Audit Division recommended that officers cease conducting traffic stops on members of the general public and limit enforcement activities to DAS participants. Human Resources has been notified and is working with the department on this matter. Chair Briscoe expressed surprise at this finding, and Vice Chair Hart acknowledged that traffic stops conducted outside of official DAS business should be discontinued. Ms. Grenet questioned how this practice was initiated; Ms. Kleidosty acknowledged the concern but noted that the source of the directive was unclear.

Ms. Kleidosty concluded the discussion of DAS officer operations and asked if there were any further questions before transitioning to the fiscal division portion of the audit.

Vice Chair Hart referenced Recommendation #59 regarding emergency contingency procedures and raised a broader question about whether the County has a continuity plan in place for natural disasters. Comptroller Cathy Hill confirmed that the County maintains Continuity of Operations Plans (COOP) for each department. These plans include emergency assignments and alternate locations, such as the Office of the County Manager

(OCM) or public libraries, as well as provisions for backup systems and equipment. Vice Chair Hart thanked Ms. Hill for the clarification.

Ms. Kleidosty then transitioned to findings related to the fiscal operations of the DAS, noting that although referred to as a “division,” it is staffed by a single individual. During the review, it was found that invoices for fiscal year 2024 had been mistakenly entered into the 2025 fiscal year. Although the Comptroller’s Office identified and corrected the error, the Internal Audit Division recommended that the department improve internal processes to prevent similar issues and reduce the year-end burden on the Comptroller’s staff. Additionally, there was a lack of segregation of duties in the procurement process: the same individual was responsible for ordering, receiving, processing invoices, and maintaining inventory, which presents a control risk.

Ms. Kleidosty also noted that a purchase order (PO) exceeded the amount approved by the Board of County Commissioners (BCC). The Internal Audit Division advised that all POs should remain within approved limits, and if higher amounts are required, a revised approval and new contract should be obtained. It was also found that supplies were being received up to several times a week, which increased shipping costs. The department has since reduced ordering to once a month, and the Internal Audit Division recommended reconciling orders and expenses on a monthly basis.

Ms. Kleidosty reiterated the department was again forecasted to exceed its fiscal year 2025 budget, potentially the third consecutive year, though contingency funds have prevented technical overages. She continued that it was advised conducting an internal analysis to identify key budget overrun drivers, which were determined to be chemical supplies and the use of intermittent, or “pooled,” employees, such as case managers and drug screeners. Internal spending controls were recommended to manage these expenses more effectively.

Ms. Kleidosty noted that the review also found that the current fee schedule was misaligned with actual costs. Under Nevada Revised Statute (NRS) 211A, the County is permitted to charge fees that offset the actual cost of services. As a result, the department was asked to perform a cost analysis and consider adjusting its fee schedule accordingly. However, Ms. Kleidosty noted that any changes to the fee schedule could require broader policy-level discussion. In light of prior findings, the Internal Audit Division also recommended standardizing fees across all courts and agencies, ensuring all contracts are updated and executed properly.

Additionally, it was found that no recent competitive procurement process had been conducted for drug testing services. The department was advised to issue a formal Request for Proposals (RFP) to ensure cost-effectiveness, whether continuing the service internally or outsourcing to a vendor. The review also revealed that the department’s system could not generate an aged accounts receivable report. The Internal Audit Division recommended working with the software vendor to either activate or build this functionality, enabling delinquent accounts to be forwarded to the Controller’s Office for collections.

Further, Ms. Kleidosty explained that the department was inconsistently invoicing courts for supplies such as presumptive drug testing cups, used for on-site testing in court settings. Standardizing the invoicing process for such items was advised.

Ms. Kleidosty reported that during the review, a cash count was performed and revealed a \$5 shortage. Upon reviewing the department's cash ledger, the Internal Audit Division observed frequent daily overages and shortages of small amounts, typically ranging from \$1 to \$5. As a result, the Internal Audit Division recommended that the department provide refresher training to employees handling cash and implement routine reconciliations to ensure accuracy and accountability. Chair Briscoe inquired whether there was a defined threshold for concern, noting that \$5 did not seem significant on its own but could become more concerning at higher amounts. Ms. Kleidosty clarified that while no formal limit exists, the frequency of discrepancies, regardless of individual amounts, was enough to warrant corrective action through improved training and oversight.

Ms. Grenet inquired whether the audit of the DAS had originally been included in the audit plan. Ms. Kleidosty confirmed that it had been planned as a review. Ms. Grenet then asked whether the Internal Audit Division met its budgeted hours. Ms. Kleidosty responded that they had not, due to an unforeseen circumstance that could not yet be publicly disclosed, but which significantly expanded the scope and time required for the engagement. Ms. Grenet noted the unusually high number of recommendations, 67 in total, and asked whether the audit included a risk or performance rating. Although no formal rating was assigned, the volume of findings indicated significant areas for improvement. Ms. Grenet asked if the department would be reaudited the following year. Ms. Kleidosty confirmed that a follow-up audit was scheduled for approximately one year from the issuance of the report, and that DAS had begun responding to initial recommendations. Follow-up meetings with department staff were already scheduled to address those responses. Ms. Grenet noted that the department now represented a high-priority entity from a risk perspective, to which Ms. Kleidosty agreed.

Moving on, Ms. Kleidosty presented several broader management findings and recommendations. The review found inconsistent involvement from external department management, who are located off-site. The Internal Audit Division recommended establishing clear roles and expectations for external management to ensure better oversight and communication. Additionally, Ms. Kleidosty explained that service redundancies were identified across County departments. The review recommended assessing, streamlining, and consolidating functions to better align with agencies such as Human Services. Ms. Kleidosty emphasized the need for DAS to unify its service delivery strategy to leverage existing resources more effectively.

She continued to explain that the department was also found to be offering services not fully aligned with its available resources, suggesting an overextension beyond its core mission. The Internal Audit Division advised the department to evaluate all services, prioritize them, and ensure alignment with its stated objectives. Further, there was no formalized process for identifying or applying for grants specific to DAS or Sober 24, though

the STAR program did utilize grant funding. The review recommended engaging with the County Manager's Community Reinvestment Division to explore additional grant opportunities.

Ms. Kleidosty noted additional recommendations included requiring GPS tracking for all County fleet vehicles to ensure accountability and cost efficiency. The review also found that there was no formal, county-wide process for managing secondary employment among employees. A process was recommended that included standardized forms, involvement from Human Resources for approvals, and periodic documentation reviews by Internal Audit.

Ms. Kleidosty concluded by asking if there were any final questions related to the audit. Hearing none, the discussion moved forward.

Ms. Kleidosty reported on several completed and ongoing audits. First, she noted that the Internal Audit Division completed its annual cash count for the Washoe County Treasurer's Office with no discrepancies observed. Because the Treasurer's Office is responsible for county-wide cash counts, Internal Audit performs their count to maintain independence and objectivity.

She provided an update on the in-progress audit of the Housing and Homeless Services Shelters Division, which began in May. Due to the size and complexity of the division, and the limited number of internal audit staff, the anticipated completion date is November 2025. Additionally, Ms. Kleidosty reported the completion of a follow-up audit regarding an exemption previously granted to the Washoe County Sheriff's Office from Washoe County Code 15.190, which requires daily cash deposits. The Treasurer's Office had granted an exemption to deposit biweekly, provided the Sheriff's Office implement compensating controls. Internal Audit worked with the Treasurer's Office and the Sheriff's Office to establish those controls and confirmed through follow-up that all compensating controls are currently being followed.

Ms. Kleidosty also shared follow-up results from the Washoe County Library System cash control audit. While the Library System had several small but significant findings, efforts to address them are underway. Some findings could not be fully remediated due to staffing limitations, but alternative solutions are being pursued. Internal Audit has made the Treasurer's Office aware of ongoing monitoring needs, and at this time, there are no major concerns.

Further, Ms. Kleidosty described the follow-up that was performed on the Library System's title procurement processes and special event expenditures. It was previously noted that items received were not properly stamped upon arrival. Ms. Kleidosty explained this procedure has since been updated. Library staff continue to reference American Library Association best practices and are working to consolidate event planning documentation. However, due to ongoing staffing and budget constraints, they are currently unable to establish a dedicated subcommittee or team for event planning and evaluation.

Ms. Kleidosty also highlighted several broader operational updates. The Board of County Commissioners approved a proclamation recognizing May 2025 as International Internal Audit Awareness Month. Additionally, the BCC accepted the Internal Audit Division's recent set of cash control audits on April 15, 2025.

In regard to legislative efforts, Ms. Kleidosty explained that Internal Audit supported the Government Affairs Liaison for the 83rd Legislative Session by helping prepare fiscal notes for both requested and unsolicited bill draft requests (BDRs). The Internal Audit Division responded to 250 solicited fiscal notes and contributed input on 118 unsolicited notes, totaling 368 fiscal notes. These notes were compiled and reviewed by Internal Audit before being finalized and submitted by the County's Government Affairs Liaison.

Lastly, Ms. Kleidosty informed the committee that updated global internal audit standards from the Institute of Internal Auditors (IIA) became effective on January 9, 2025. These new standards have been reviewed and noted by the Internal Audit Division.

Agenda Item 5: Fraud Hotline

Chair Briscoe introduced the fraud hotline report, and Ms. Kleidosty confirmed that the Internal Audit Division had received eighteen (18) fraud hotline tips since the last Audit Committee meeting. She noted that most of the tips fell outside the purview of Internal Audit, although a few were notable. One recent tip involved a resident mistakenly sending \$1,000 via Zelle to the wrong recipient and then requesting assistance in recovering the funds. Another earlier tip involved an individual who had recently been released from jail and was found in possession of numerous \$5 bills that were suspected to be counterfeit, though the origin was unclear. Vice Chair Hart also referenced a report involving stolen vehicle registration tags from a Tesla, which Ms. Kleidosty acknowledged as another tip beyond Internal Audit's scope. In such cases, as Internal Auditor Louis Martensen added, the tips are referred to the appropriate agency, such as the Sheriff's Office. Most of the remaining reports involved standard issues like phishing scams or identity theft, which are similarly referred to external authorities when necessary.

Agenda Item 6: Annual Audit Report

Chair Briscoe introduced the agenda item concerning the Internal Audit Annual Report and deferred to Ms. Katelyn Kleidosty for presentation. Ms. Kleidosty explained that the Annual Report is required by Washoe County Code and must be submitted to both the Audit Committee and the Board of County Commissioners (BCC). The report summarized audit activities completed during the fiscal year, which included Cash Control Audits for Northern Nevada Public Health (NNPH) and the Library System, a review of the Department of Alternative Sentencing, and follow-up work on the Clerk's Office Board Records and Minutes Division Audit. Additional work included a Library System Title Procurement and Special Event Expenditures review, as well as advisory services provided to the Jan Evans Juvenile Justice Center Detention Division. The Internal Audit Division also supported the County's Government Affairs Liaison during the legislative session.

Ms. Grenet inquired about the difference in scope between an audit and a review, to which Ms. Kleidosty clarified that an audit typically involves reviewing up to three years of data and performing in-depth, data-driven analysis, whereas a review is generally more limited in scope focused on current practices. Vice Chair Hart noted repeated use of the phrase “it was determined” in the Annual Report and suggested “it was discovered” would be more appropriate wording in most instances. Ms. Kleidosty agreed and acknowledged the recommended change. Vice Chair Hart also pointed out typos in the draft report. Ms. Kleidosty confirmed these were minor and non-material and noted that they would be corrected prior to final submission.

Chair Briscoe asked if there were any further questions or public comments. Hearing none, he clarified that the Committee was being asked to approve the Annual Report for submission to the BCC. Mr. Stroupe made a motion to approve the Annual Report, seconded by Vice Chair Hart. The motion was approved unanimously with no opposition.

Agenda Item 7: Audit Risk Analysis

Chair Briscoe introduced the next agenda item, Audit Risk Analysis, and deferred to Internal Audit Manager, Katelyn Kleidosty. Ms. Kleidosty explained that the Internal Audit Division utilizes an audit risk matrix each year to help determine audit priorities for the upcoming cycle. She provided a summary of key considerations included in the matrix, such as inherent risk, control risk, and detection risk, as well as additional factors like audit history, control environment, strategic alignment, stakeholder input, financial significance (as a percentage of the overall County budget), and fraud risk. She noted that a list of departments was included in the memo for reference and invited the committee to provide feedback or raise questions, adding that this item was newly added to the agenda and being discussed for the first time.

Vice Chair Hart referenced page two of the report, noting that it indicated departments and divisions were listed with corresponding overall risk levels, though no risk scores were provided. Ms. Kleidosty responded that while the risk scores had originally been included, she determined it would not be appropriate to list them publicly. She offered to discuss the scores privately in one-on-one or small group meetings to remain in compliance with open meeting laws and avoid a quorum. She acknowledged the omission was her oversight and welcomed further input on the format or content of the memo for future iterations.

Ms. Grenet asked whether the departments listed in the document represent the Internal Audit Division’s audit universe, as defined by the International Institute of Auditors (IIA) standards. Ms. Kleidosty confirmed that they did and agreed to clarify that explicitly in future versions of the document. Ms. Grenet then inquired about the methodology behind the inherent risk scoring, seeking confirmation that it is based on the risk inherent in the process being audited rather than the auditor’s subjective judgment. Ms. Kleidosty

confirmed this understanding and explained that the scoring is based on a numerical approach using a tiered system. No further questions were raised on the item.

Agenda Item 8: Audit Schedule

Chair Briscoe introduced the audit schedule item and turned the discussion over to Ms. Kleidosty. She presented the proposed audit schedule, noting that it reflects a reduced volume of audits compared to previous years due to the significant scope and resource demands of the ongoing audit of the Housing and Homeless Services Shelters Division. This audit includes both a financial and a compliance performance component, which will result in two separate audit reports. The Internal Audit Division anticipates completing this audit by November, though Ms. Kleidosty emphasized that this timeline is tentative. Ms. Grenet inquired about resource planning, specifically how the division allocates hours to audits. Ms. Kleidosty explained that audits are typically planned over 120 to 180 days combined between both auditors, with some audits overlapping due to natural lulls in workflow. She acknowledged the heavy workload and confirmed that the schedule had been scaled back accordingly. In response to Ms. Grenet's follow-up, she confirmed that the workload is shared between two auditors, though one position is split 50% with the Government Affairs Liaison role, making staffing effectively 1.5 FTEs every other year. Vice Chair Hart asked about the change from a three-year audit schedule to a single-year approach. Ms. Kleidosty confirmed that Washoe County Code was updated last year to allow for an annual audit schedule, aligning with best practices in the internal audit industry and enabling greater responsiveness to emerging risks and operational changes. When asked how the Housing and Homeless Services Shelters audit was selected, Ms. Kleidosty cited the department's significant grant funding, large budget, and heightened public and internal scrutiny as key reasons. Ms. Hart expressed support for prioritizing that area.

Ms. Grenet raised concern regarding the limited internal audit staffing relative to the volume and significance of findings being uncovered across County operations. She emphasized for the record that the findings suggest a need for additional audit resources to better address high-risk areas. Ms. Kleidosty agreed, noting that while additional staffing would be ideal, the department is not currently in a position to expand.

Committee members discussed potential alternatives for increasing audit capacity. Ms. Hart suggested measuring cost savings or risk mitigation from past findings to help make the case for added staffing. Ms. Kleidosty noted that while recommendations are non-binding, a case could be made using examples of serious risks uncovered. Ms. Grenet proposed compiling a list of high-risk or unsafe practices to support a resource request. Ms. Hart also suggested leveraging university interns, and Ms. Kleidosty acknowledged the idea, though noted confidentiality challenges. Interns may still be useful for less sensitive work, such as cash control audits.

Further discussion included possibilities for automating audit testing. Ms. Kleidosty shared past attempts to use Galvanize software, which encountered technical limitations.

She stated the division is exploring smaller-scale data analytics solutions or modular tools rather than full platforms due to cost constraints. Ms. Grenet agreed but noted that the manual nature of many county processes may limit automation opportunities. Ms. Hart and Ms. Grenet also highlighted that more automation may not reduce risk in lower-risk departments like Finance, which is already subject to external audits. Ms. Kleidosty added that Washoe County's external auditors (Eide Bailly) and the Comptroller's Office perform regular reviews of SAP system roles and access controls.

Hearing no further discussion, Chair Briscoe requested a motion to approve the audit schedule. Vice Chair Hart made the motion to approve, seconded by Ms. Grenet. The motion passed unanimously. No public comment was received in person or via Zoom.

Agenda Item 9: Calendaring of Future Audit Committee Meetings

Chair Briscoe introduced the discussion regarding the proposed schedule for future Audit Committee meetings. Ms. Kleidosty informed the Committee that the October meeting would likely be canceled due to a limited agenda. At present, the only anticipated item would be the management response to the Department of Alternative Sentencing audit and approval of the meeting minutes.

Vice Chair Hart noted that she would be out of town during the week of the scheduled October meeting. Mr. Stroupe also indicated he would be unavailable for that meeting. Ms. Kleidosty acknowledged that if Commissioner Herman were unable to attend as well, the meeting would not reach quorum and would need to be canceled.

Chair Briscoe confirmed his availability, noting he had no scheduling conflicts. Ms. Kleidosty stated that if quorum could not be met and the agenda remained light, she would request to move the meeting to a later date in November. She added that the committee typically holds four meetings per year and that meetings could be called earlier if necessary.

No formal action was required to approve the proposed dates. Ms. Kleidosty clarified that the Committee may adjust the meeting schedule as needed, including changes to dates, times, or frequency. No changes were proposed by the Committee at this time.

Agenda Item 10: Audit Committee Member Comments

Chair Briscoe opened the floor for any final comments from Audit Committee members.

Vice Chair Hart requested to receive the most recent versions of the Audit Committee Charter and the relevant section of the Washoe County Code, noting that her current copies were outdated and that she had noticed inconsistencies between the two documents. She confirmed that electronic copies would be sufficient, as she intended to print them for her own binder.

Ms. Kleidosty acknowledged the request and offered to distribute the updated documents electronically. Mr. Stroupe inquired whether the updated documents would be

shared with the full Committee, and Ms. Kleidosty confirmed she would send the materials to all members.

Ms. Hart noted that she had been unable to find the updated documents online. Ms. Kleidosty explained that while the County Code can be accessed via the Municipal Library website, the Audit Committee Charter is not publicly posted and would be provided directly.

There were no further comments from Committee members.

Agenda Item 11: Public Comment

There was no public comment for this item.

Adjournment

The meeting was adjourned at 3:52 p.m. by Chair Briscoe.