



# Audit Committee

November 6, 2025 @ 3:00 p.m.



# Public Comment

*Comment heard under this item will be limited to three minutes per person and may pertain to matters both on and off the Audit Committee agenda*

To provide public comment via Zoom, utilize the “Raise Hand” feature



## Approval of Meeting Minutes

- June 26, 2025 Audit Committee Meeting Minutes

# Conflict Counsel Program – Audit



## Conflict Counsel Program

Purpose: Evaluate effectiveness, efficiency, and compliance of program

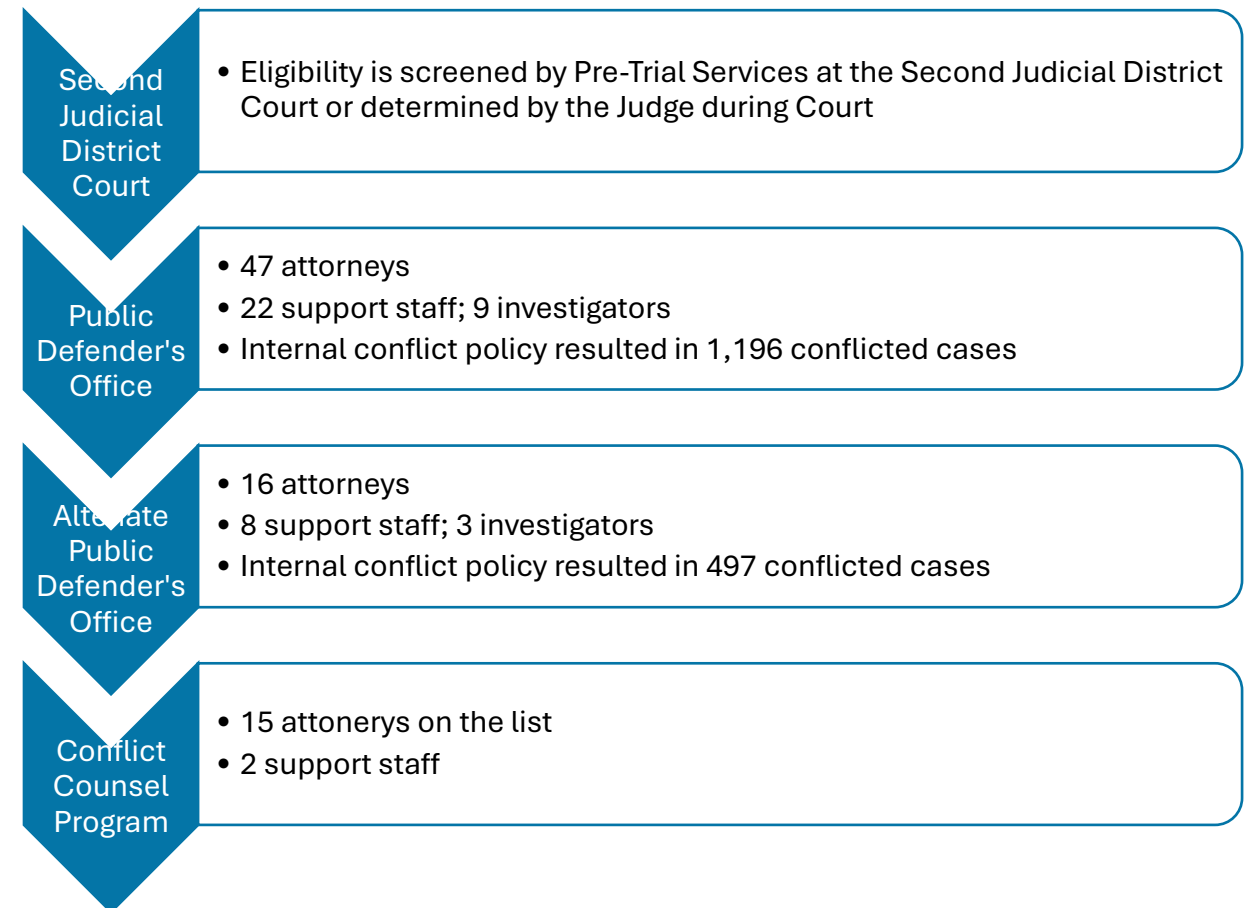
Scope: Conflict counsel program, fiscal year 2025

Methodology: Risk based approach using interviews, observations, examination of documentation



## Conflict Counsel Program

- Established by Nevada Supreme Court ADKT No. 411 (the Model Plan) effective 7/1/2008
- Purpose: provide legal representation for indigent defendants where the PD's and APD's office have a conflict of interest.



## Case Assignment and Model Plan Oversight

- What We Found

- ACSC not established; no members appointed.
- Oversight duties (vetting, reviews, meetings) not performed.
- ACA reviewing and approving attorneys.
- Model Plan outdate and needs revision.
- Court approval not required for updates.
- Case assignments not following rotation process.
- Attorneys often choose which cases to take.

- Recommendations

- Decide if ACSC is best oversight option.
- Define roles of ACSC and ACA.
- Update and modernize the Model Plan.
- Clarify update authority and set review schedule.
- Create clear, fair case assignment process.
- Provide training on new procedures and duties.

## Organizational Structure for Conflict Counsel

- What We Found

- ACA position has no formal job description
- Roles of ACA and Account Clerk II unclear and overlapping
- Tension between positions due to role confusion
- ACA part-time role carries full-time workload
- Account Clerk II spends ~90% of time on Conflict Counsel invoices
- Non-attorney staff making legal expense decisions
- No cross-training; program depends on two staff
- Absences or turnover could delay payments or case assignments
- Program expenses higher than expected

- Recommendations

- Create detailed job descriptions for ACA and Account Clerk II
- Clearly define and separate duties for both positions
- Reassess workload and part-time classification of ACA role
- Consider adding an administrative or legal assistant position
- Cross-train staff and document key procedures
- Review reporting structure; consider ACA reporting to CFO
- Strengthen oversight to improve efficiency and control costs



## Vendor and Contract Management

- What We Found

- Conflict Counsel attorneys not signing contracts before providing services
- Lack of signed agreements increases risk and reduces accountability
- No enforceable terms for billing, service expectations, or County policies
- Costs and billing practices vary across attorneys and vendors
- County exploring use of formal contracts for evaluations and attorneys
- No standardized agreements; creates inefficiencies and inconsistent payments
- Communication gaps between attorneys, ACA, and County
- Misunderstandings cause billing delays and inconsistent service delivery

- Recommendations

- Require all Conflict Counsel attorneys to sign agreements before work begins
- Evaluate contracts for evaluations and services for cost savings and quality
- Review best practices before moving away from hourly rate model
- Avoid flat-rate contracts that may reduce quality or fairness
- Compare hourly vs. flat-rate model for efficiency and cost control
- Create clear communication protocols
- Hold regular check-ins or updates

## Ineffective Use of Case Management System

- What We Found

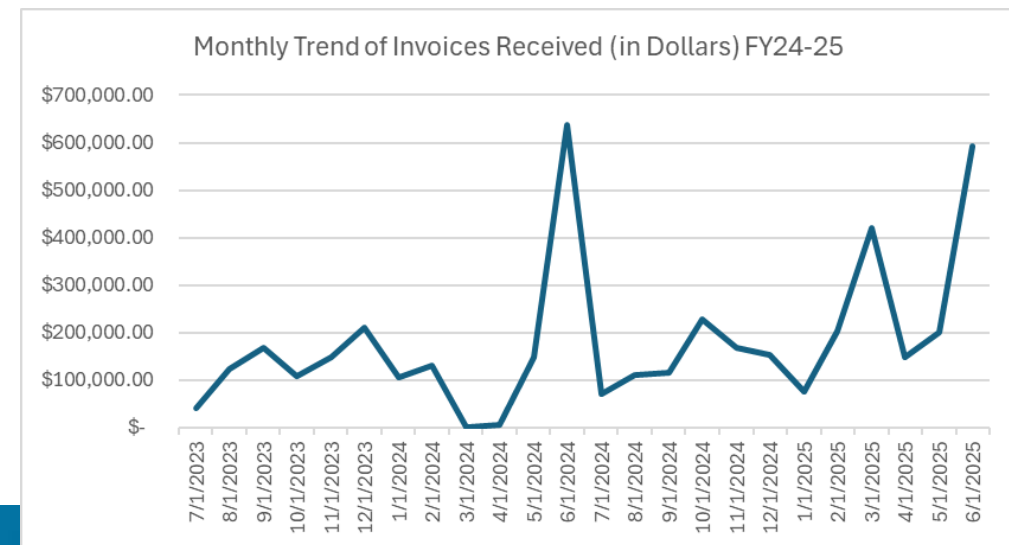
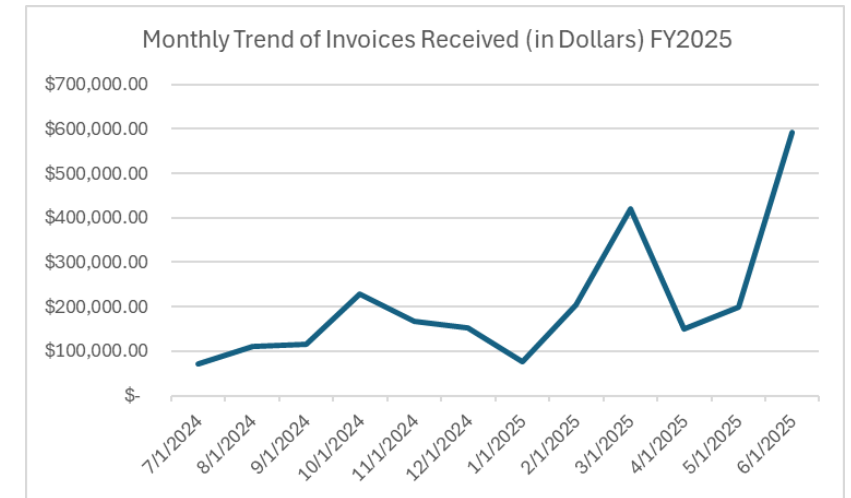
- Karpel CMS data is compromised with duplicates and errors
- Cases remain open after resolution; inaccurate demographic data
- Weak data entry controls and limited system oversight
- Karpel is complex and not designed for minimal staffing
- ACA not using Karpel as intended; attorneys lack system access
- Billing module not implemented and mostly manual
- Manual data entry at each transfer increases errors and duplication

- Recommendations

- Evaluate if Karpel is the right CMS for the program
- Clean up delicate profiles, unclosed cases, and inaccurate data
- Provide Karpel access and training to Conflict Counsel attorneys
- Standardize invoicing using Seamless Docs or SAP Concur
- Use Karpel's digital tools to reduce manual work and errors
- Monitor data accuracy regularly and assign system oversight

## Overall Internal Controls Are Weak

- What We Found
  - No formal SOPs or internal control standards for the program
  - Staff not consistently following County Accounts Payable Manual
  - Preferred invoice workflow not clearly defined in County policy
  - Lack of standardized processes creates inefficiencies and control gaps
  - Misalignment between County and attorney billing preferences
  - Large year-end spikes in invoices; 33% of annual total in final 60 days
  - Irregular billing patterns complicate budgeting and forecasting



## Overall Internal Controls Are Weak - Continued

- Recommendations
  - Develop and implement formal SOPs for all program processes
  - Clearly define roles and escalation procedures; train all staff
  - Use and document attorney rotation lists for case assignments
  - Standardize invoice approval and documentation procedures
  - Update Accounts Payable Manual to clarify invoice workflow
  - Ensure consistent adherence to Comptroller's policies

# Invoice Inaccuracies and Incompleteness Evident

- What We Found – Invoice Approval and Billing Practices
  - ACA approval often sent by email; inconsistent process
  - Testing showed missing ACA approvals on several invoices
  - Inconsistent invoicing: some attorneys batch, other submit individually
  - Conflicting guidance from County leadership caused confusion
  - Reimbursable expenses not clearly defined or documented
  - No formal list of allowable vs. unallowable costs
  - Inconsistent billing of supplemental expenses (i.e., postage, mileage)

Testing Procedure Performed	# of Invoices Missing ACA Approval/Total Invoices in Sample	Percentage of Tested Invoices Missing Approval (rounded)
Round Testing	1/44	2%
Top 1% Testing	4/14	29%
Benford's Law Analysis (Digit 5)	14/123	11%
Benford's Law Analysis (Digit 7)	14/91	25%
Benford's Law Analysis (Digit 8)	16/47	34%

Testing Procedure Performed	# of Invoices with Additional Expenses/Total Invoices in Sample	Percentage of Tested Invoices with Additional Expenses (rounded)
Top 1% Testing	3/14	21%
Benford's Law Analysis (Digit 5)	10/123	8%
Benford's Law Analysis (Digit 7)	5/91	5%
Benford's Law Analysis (Digit 8)	1/47	2%

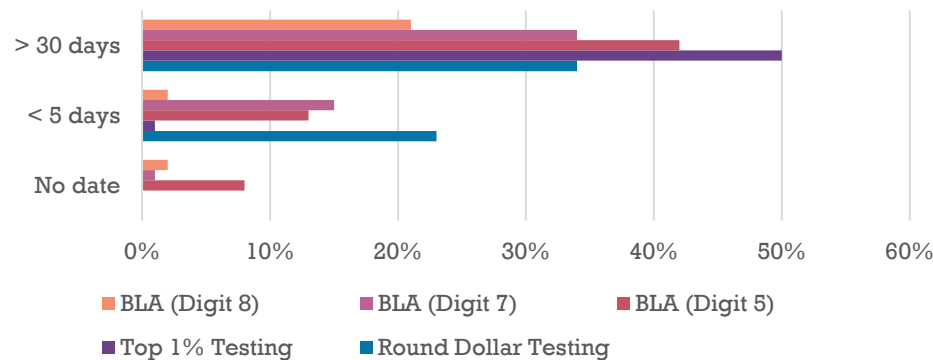
## Invoice Inaccuracies and Incompleteness Evident - Continued

- What We Found – Billing Rates and Tracking Issues
  - Financial limits (case caps) not consistently tracked or reconciled
  - Missing or incomplete supporting documentation on invoices
  - Inconsistent use of “draw down” tracking form
  - Hourly billing rates not always aligned with approval fee matrix
  - Testing revealed some overcharges, under charges, and mixed rates
  - Wide variation in rates for evaluations (\$800 - \$3,000) without justification
  - Unclear travel reimbursement policy leads to inconsistent approvals

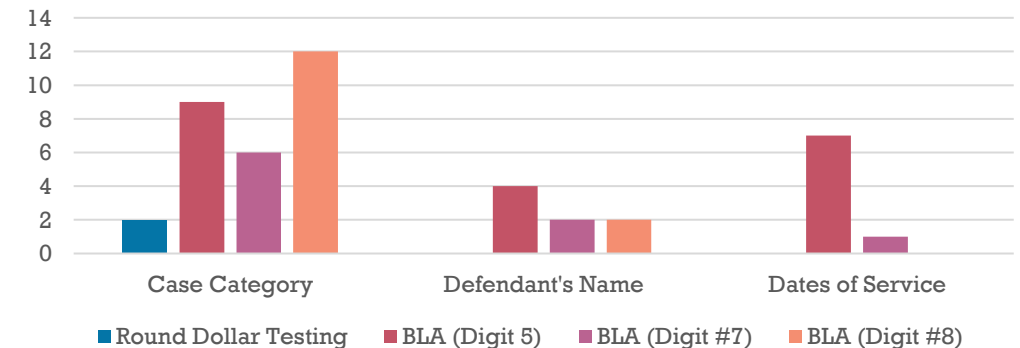
## Invoice Inaccuracies and Incompleteness Evident - Continued

- What We Found – Submission, Documentation, and Coding
  - Attorneys bill at inconsistent intervals; some monthly, others at case end
  - Delayed or bulk submissions create budgeting and forecasting issues
  - Many invoices missing key information (case category, name, service dates)
  - Lack of standardized invoice template or format
  - Miscoded invoices reduce reporting accuracy
  - Inconsistent billing between attorney and vendor submitted invoices
  - “Second chair” use on unauthorized case types without written approval

Percentage of Sample by Variance Category



Missing Information on Invoices by Testing Procedure



## Invoice Inaccuracies and Incompleteness Evident - Continued

- Recommendations
  - Require standardized invoice template with complete details
  - Document ACA approval directly on each invoice
  - Define and publish reimbursable expense and travel policies
  - Require consistent use of case draw-down tracking form
  - Clarify billing instructions (billing vs. individual submissions)
  - Reconcile billed rates vs. approved fee matrix regularly
  - Require written justification for rate deviations
  - Ensure proper GL coding; train staff as needed
  - Define and authorize second chair usage through written policy
  - Standardize and automate invoice review to improve efficiency



## Miscellaneous Observations

- What We Found
  - DIDS website lists Washoe County Indigent Defense Contract application as directed to previous Alternate Public Defender
- Recommendations
  - Update application to reflect the current Alternate Public Defender or revise it to use a general title to avoid future updates



# Audit Conclusion

- Audit identified several opportunities to improve oversight, internal controls, and operational efficiency.
- The Conflict Counsel program fulfills its mission, but faces financial, operational, and compliance risks due to weakness in:
  - Case assignments
  - Billing and invoicing practices
  - Technology and system utilization
  - Contract management and structure
- Implementing audit recommendations will:
  - Strengthen governance and accountability
  - Improve financial control and consistency
  - Align operations with the Model Plan and best practices
- Ongoing management engagement and follow-up will be essential to implement and sustain improvements.

# Questions?





## Annual Cash Count

- Washoe County Treasurer's Office
  - Second count performed due to a retirement where the person had key access to the vault.
  - No discrepancies noted.



# Additional Updates



## Audit Update Discussion

- In Progress:
  - Housing and Homeless Services – Shelters
    - Personnel/structure changes
    - Refocus our scope – experienced scope creep

## Follow-Up: Department of Alternative Sentencing

- 9/18/2025: CFO requested BCC to open County Code 2.030 to initiate amendments to repeal Chapter 11 in its entirety to dissolve DAS – BCC voted to open Code to have DA's office draft an ordinance.
- 10/2/2025: Introduction and first reading of ordinance – one Board Member introduces the bill.
- 11/18/2025: Board votes to change the Code.
- 12/16/2025: Budgetary and personal changes will be presented and voted on by the Board.
- 1/1/2026: Effective dissolution date.
- More Details to Come:
  - Officers = Washoe County Sheriff's Office
  - Case Workers = Second Judicial District Court
  - STAR Program = Human Services Agency
  - Drug Testing = Third Party Contract

## Audit Update Discussion

- Other:
  - International Fraud Awareness Week: November 16 – 22, 2025
    - BCC 11/18/2025 recognition



## Fraud Hotline

- Seven (7) fraud hotline tips were received through the Internal Audit Division

Fraud Hotline  
QR Code



## Tentative Calendar of Future Audit Committee Meetings

- Thursday, January 8, 2025 @ 3:00 p.m.
- Thursday, March 26, 2025 @ 3:00 p.m.
- Thursday, June 25, 2025 @ 3:00 p.m.



# Audit Committee Member Comments

*Limited to announcements or issues proposed for future agendas and/or workshops*



# Public Comment

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# Thank you

**Internal Audit Manager**  
**Katelyn Kleidosty**

**Internal Auditor**  
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## Report Fraud

**Contact Washoe 311**

**Contact the Internal Audit Division**

**[https://www.washoecounty.gov/mgrsoff/internal\\_audit/fraudhotline.php](https://www.washoecounty.gov/mgrsoff/internal_audit/fraudhotline.php)**