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Date: April 9, 2025

Subject: Preliminary Draft: Internal Audit Review Report – Department of Alternative Sentencing

The Washoe County Audit Committee and the Board of County Commissioners (BCC) approved audit schedule, which included a review of the Department of Alternative Sentencing (DAS) to be completed during fiscal year 2025. The processes and procedures for operational efficiency and identify opportunities for improvement. The Internal Audit Division also has the obligation to make recommendations for improvements based on observations during fieldwork.

The review of DAS's processes aims to help streamline activities, eliminate any inefficiencies, and enhance overall effectiveness. The scope included a review of the processes of probation services, pretrial supervision, Sober24; and an examination of selected general ledger accounts, and related reporting and collecting procedures.

The internal auditors conducted the review by performing inquiries of staff, making observations of various processes, and reviewing relevant documentation, including policies, procedures, and transaction records. Additionally, the internal auditors analyzed data to identify trends or anomalies and evaluated the overall effectiveness of the processes. The approach was designed to ensure a thorough understanding of the operations under review and to provide actionable recommendations for improvement. The internal auditors noted the following findings below and provided recommendations based on those findings.

Findings and Recommendations for Sober24/Laboratory:

Finding: The internal auditors observed that inventory controls for chemicals and supplies are insufficiently established. Specifically, there is a lack of formal procedures for tracking and securing the chemicals and supplies, such as gloves, cups, presumptive cups, and other lab essentials. Chemicals in the fridge were not secured, which increases the risk of unauthorized access, potential misuse, and loss of inventory. Additionally, there is no documented system in place for maintaining inventory logs for gloves, cups, and presumptive cups.

- 1. Recommendation:** It is recommended to restrict access to chemicals and laboratory supplies to authorized personnel only.
- 2. Recommendation:** It is recommended to secure the refrigerator where the chemicals are stored by implementing a locking mechanism to which only authorized personnel have access.
- 3. Recommendation:** Establish and maintain detailed inventory logs for all laboratory supplies. These logs should include gloves, cups, and presumptive cups, with regular updates to reflect usage and restocking. The logs should also be reviewed and reconciled by a person independent of the person performing the inventory regularly to ensure accuracy (i.e., the lab assistant performs the inventory, Program Manager | DAS would review and reconcile logs).

Finding: The current drug testing panel includes a wide range of substances, including several with consistently low or zero positivity rates, as well as drugs that are legal in Washoe County and Nevada. However, there is no formal process in place to regularly review and update the testing panel based on trends or relevance. This results in unnecessary testing, increased costs, and inefficiencies in the testing process without adding significant value to the DAS program's objectives.

- 4. Recommendation:** Implement a regular (i.e., annual or semi-annual) review of drug testing data and consultation with the Washoe County Medical Examiner's Office to assess the positivity rates of each substance included in the panel. Use this analysis to identify substances with consistently low or no detection rates. Ensure panel optimization by reducing or eliminating drugs from the testing panel that show low or no relevance, particularly those with zero or near-zero positivity rates.
- 5. Recommendation:** Conduct a cost-benefit analysis to determine the financial impact of testing for low-relevance drugs and determine if the cost is adding significant value to the program's objectives.

Finding: The urinalysis machine is currently being operated seven (7) days a week; however, a review of testing volumes and staffing patterns indicates that the machine

utilization is not being optimized. This results in underutilization of lab resources and increased operational costs, including staffing and maintenance, without a corresponding benefit in testing efficiency or turnaround time. Additionally, there is no documented analysis supporting the need for weekend operations, suggesting potential inefficiencies in current scheduling practices.

- 6. Recommendation:** *Conduct a detailed analysis of testing volumes, machine usage data, and staffing patterns to quantify current utilization of the urinalysis machine across all seven (7) days.*
- 7. Recommendation:** *Based on the utilization analysis, reduce operational days of the laboratory from seven (7) days to five (5) days per week, concentrating testing within standard business days. Align staffing schedules to the revised lab hours to reduce labor costs while maintaining adequate coverage. It is noted that the Mindray BA-800M Chemistry and Toxicology Analyzer currently in use by the County is capable of processing up to 800 tests per hour. This high processing capacity supports the feasibility of consolidating testing volumes within the proposed five-day workweek without compromising service efficiency or turnaround times.*

Finding: *Current contracts and/or agreements with the courts and other agencies require the urinalysis results to be reported within a 24-hour turnaround time. However, operational review indicates that this timeline may be unnecessarily stringent, especially considering most courts and other agencies do not process results or take action on Fridays, weekends, or holidays. Maintaining a 24-hour turnaround creates increased pressure on lab operations, including staffing and scheduling inefficiencies, without providing a corresponding benefit to the courts or program outcomes.*

- 8. Recommendation:** *To improve efficiency and align service delivery with actual court and other agency operations, initiate a formal review of existing court contracts and/or agreements to identify opportunities to extend the required turnaround time from 24 hours to one business day. This change would maintain result availability within a reasonable timeframe while providing more operational flexibility.*
- 9. Recommendation:** *Collaborate with court partners to communicate the operational benefits and lack of negative impact associated with the proposed change. Emphasize the results will still be delivered promptly and within the timeline that supports court schedules and decision-making processes.*

Finding: *The laboratory currently operates without Standard Operating Procedures (SOPs) to guide daily operations, incident handling, and inventory management. Additionally, there's no formal mechanism in place for reporting and responding to incidents such as*

missing items (i.e., lab supplies or materials), nor is there documented corrective action process to address such issues. This lack of structure increases the risk of inconsistent practices, delayed issue resolution, and reduced accountability, which can ultimately impact lab efficiency.

10. Recommendation: *Create and implement comprehensive SOPs for all key laboratory functions, including sample processing, equipment usage, inventory management, and quality control protocols. Establish a formal process for reporting incidents, particularly missing or unaccounted for items such as reporting unresolved discrepancies to the Internal Audit Division.*

Finding: *It was identified that ancillary products used for the urinalysis machine (i.e., urine sample collection cups) are not consistently sourced through the primary chemical provider, Thermo Fisher Scientific. Best practice in laboratory operations suggests that ordering ancillary supplies from the same vendor that supplies testing chemicals can lead to cost efficiencies, compatibility assurances, and streamlined procurement processes. However, no cost analysis has been performed to evaluate the cost effectiveness of the current purchasing approach compared to sourcing directly from Thermo Fisher Scientific or other vendors.*

11. Recommendation: *Perform a comprehensive cost comparison (through competitive bidding) of urine sample cups and other ancillary supplies from current vendors versus Thermo Fisher Scientific. Include considerations such as unit cost, shipping fees, bulk pricing, and any available vendor discounts or bundled service agreements. Based on the results of the cost analysis, update procurement procedures to source from the most cost effective and operationally beneficial vendor. Where appropriate, consolidate orders to reduce overhead and simplify inventory management.*

Finding: *The current hours of operation for Sober24 exceed what can be sustained under the existing budget. Financial analysis indicates that staffing and facility costs associated with maintaining extended hours are placing significant strain on the DAS program resources. There is no documented cost-benefit analysis supporting the current schedule, and without adjustments, there is risk of budget overruns or reductions in service quality in other areas of Washoe County.*

12. Recommendation: *Perform a detailed analysis of staffing, facility, and overhead costs associated with current hours of operation. Compare these costs against the available budget to determine a sustainable operating schedule. Identify and propose revised hours of operation that align with budget limitations while still meeting essential service demands. Consider usage data (e.g., peak testing times, participant volume) to inform decisions. Communicate proposed changes to key*

stakeholders, including court partners, probation officers, and program participants. Emphasize the financial necessity and data-driven basis for the adjustments. Provide formal written notification to the courts outlining the updated hours of operation, the rationale for the change, and assurance of continued support for court-mandated compliance.

Finding: The current facility layout includes limited restroom availability for urinalysis collecting, which has resulted in delays and reduced testing efficiency. The site currently has two (2) public restrooms and one (1) employee bathroom, none of which are designated solely for testing. The lack of a dedicated testing restroom may hinder the ability to accommodate participant volume during peak hours with reduced staffing.

13. Recommendation: Reconfigure an existing restroom facility to create a dedicated testing bathroom. This can be achieved by designating one of the two public restrooms for testing and converting the other into a gender-neutral public restroom. Or, consider repurposing the employee restroom for testing and direct staff to use the upstairs employee restroom.

Finding: As part of efforts to reduce operational costs, a reduction in facility hours is being considered. However, the current setup limits access to the kiosk outside of regular operating hours, which may inconvenience participants and impact compliance.

14. Recommendation: Evaluate the costs associated with two (2) potential solutions: (a) constructing a secure vestibule to allow for controlled kiosk access during non-business hours, or (b) employing a part-time security guard to oversee extended kiosk access. Analyze participant check-in data to determine peak and off-hour usage and identify whether extended kiosk hours are necessary to support compliance and reduce congestion during limited operating hours. Based on the analysis, select the most cost-effective and operationally viable solution that ensures kiosk availability while supporting the goal of reducing overall facility hours. If a solution is implemented, monitor its effectiveness through participant feedback, usage data, and incident reports to ensure it supports compliance without introducing new risks or inefficiencies.

Finding: Internal auditors noted that the chemical order form is currently accessible on DAS's SharePoint site, allowing non-laboratory personnel to initiate or submit chemical orders. This lack of access control increases the risk of unauthorized or duplicate orders and budget overruns. Additionally, it may lead to inventory management issues and miscommunication between personnel.

15. Recommendation: Limit the authority to place chemical orders exclusively to designated laboratory personnel (i.e., the lab assistant) who are trained in proper

handling, storage, and inventory protocols. Remove the chemical order form from the Department's SharePoint or move it to a secure, access-restricted location available only to approved lab staff. Develop and document a clear chemical ordering procedure within the SOPs, including designated roles, approval processes, and recordkeeping requirements to maintain accountability.

Finding: *Inventory items intended for lab processing (i.e., chemical reagents, calibrators, controls, etc.) were observed left unsecured in a hallway accessible to all employees and program participants. This practice increases the risk of loss, tampering, or contamination of inventory and may violate protocols designed to protect the integrity of the drug testing process.*

16. Recommendation: *Implement procedures to ensure all inventory items are secured upon delivery. Until the lab assistant is available to properly store the items, establish a temporary secure holding area (i.e., a locked storage cabinet or restricted access room with surveillance coverage) to prevent unauthorized access.*

Finding: *There is no current disposal process. This creates a risk of inaccurate recordkeeping, unauthorized disposal, or potential misuse of materials. Without a second level of verification, DAS may be vulnerable to loss of inventory, compliance issues, or challenges during audits.*

17. Recommendation: *Establish a procedure for inventory disposal within the SOPs. Require all inventory disposals be verified and signed off by two authorized individuals (i.e., lab assistant and Program Manager | DAS). Train relevant staff on the updated disposal process, emphasizing the importance of accountability, accuracy, and compliance. Maintain a detailed log of all disposals with verification records to support traceability and facilitate periodic reconciliations.*

Findings and Recommendations for DAS Officers and Case Managers:

Finding: *Internal auditors noted that the Fee Assistance Program Application (FAPA) for participants is not regularly followed up on after initial approval and there is no structured process for reassessing participants' eligibility after a certain time period. This lack of periodic review increases the risk that participants may continue to benefit from fee assistance despite changes in their financial circumstances, potentially leading to misuse or inefficiencies in the allocation of resources.*

18. Recommendation: *Establish a procedure to follow up on the applicability of the FAPA for participants after a reasonable period (i.e., every 4 to 12 months). This should include reviewing financial circumstances and determining whether participants still meet the eligibility criteria. Additionally, create a policy requiring*

participants to reapply for fee assistance at regular intervals to confirm their continued eligibility. The reapplication process should involve updated financial documentation and a review of their current situation. Implement an automated reminder system to notify participants of the reapplication requirement, ensuring timely submission of updated information. This can be done via email or phone alerts. Regularly review the criteria for fee assistance to ensure they remain aligned with the program's goals and the financial realities of participants.

Finding: *The current data entry process for pre-trial services at DAS is highly manual, requiring significant time and effort from the case managers to input participant information into the system. This increases the risk of human error, delays in processing, and overall inefficiency in the workflow. Moreover, there is a lack of utilization of technology that could automate or streamline data entry tasks, such as AI, pre-populated forms, or voice-to-text tools. This results in an avoidable administrative burden and less time available for more critical tasks.*

19. Recommendation: *Investigate and implement the use of technology solutions, such as Artificial Intelligence (AI), pre-populated forms, and voice-to-text or digital assistant tools, that could automate routine data entry tasks for pre-trial services. These tools can help reduce manual input, ensure accuracy, and speed up the data entry process.*

Finding: *It was observed that orientation hours for new participants and case management services are scheduled for 12-hour days. This extended workday schedule is being met by intermittent workers whose hours are not sustainable under the current budget constraints. The prolonged hours not only put a strain on the budget but also may lead to staff fatigue, reduced productivity, and potential burnout. Given the financial limitations, the current scheduling model is not fiscally viable in the long term.*

20. Recommendation: *Adjust the schedule for orientation and case management to a standard 8-hour workday, which aligns with typical workweek expectations and ensures better budget control. This will reduce labor costs associated with overtime and extended hours. This may involve streamlining certain processes or adjusting service delivery strategies to accommodate the change in hours. Evaluate the need for intermittent workers and determine whether additional part-time staff or reallocating current staff resources could ensure that service levels are maintained while adhering to the new hours.*

Finding: *The current process for managing ammunition inventory lacks sufficient controls, which could result in discrepancies, theft, or misuse. There are no established logs for tracking the quantity or usage of ammunition, and no system of dual verification is in place to ensure the accuracy of inventory records. This absence of oversight increases the risk of*

improper handling, loss, and the potential for unaccounted for ammunition, which could have serious security and compliance implications.

21. Recommendation: *Implement an inventory logging system for all ammunition, including detailed records of each batch, quantity, date of receipt, usage, and disposal. This log should be maintained in both digital and hard copy formats for redundancy. Introduce a dual verification procedure for ammunition inventory. This process should require two authorized personnel (i.e., a sergeant and the Program Manager | DAS) to confirm the quantity of ammunition during receipt, issuance, and disposal, ensuring greater accountability and reducing the risk of errors or unauthorized activities.*

22. Recommendation: *Conduct periodic and random inventory reconciliations to verify the accuracy of the ammunition logs and ensure that actual quantities match recorded data. These reconciliations should be documented and reviewed by management to identify any discrepancies.*

Finding: *It was observed that officers are routinely taking home County-issued vehicles, which is not Washoe County's best practices. This practice has resulted in increased costs for equipment services, maintenance, and fuel consumption. Additionally, it exposes the County to potential liability risks, including increased risk of accidents or damage while the vehicles are being used outside of official work hours. Furthermore, this situation heightens the County's exposure to workers' compensation claims should any incidents occur while the vehicles are in personal use. This practice not only increases operational costs but also raises concerns regarding risk management and compliance with established policies.*

23. Recommendation: *Develop and implement a County-wide take-home vehicle policy or update the Driver Policy to explicitly include the restriction of take-home vehicles. Ensure that all County employees or authorized users of County vehicles are informed of the policy and its implications, emphasizing the importance of compliance. Clearly define and communicate potential consequences for non-compliance with the County's vehicle usage policy. This may include disciplinary action or revocation of vehicle privileges for County employees or authorized users of County vehicles who continue to violate the policy.*

24. Recommendation: *Conduct a detailed analysis of the increased costs associated with officers taking home County vehicles, including fuel consumption, maintenance, and any associated service costs. Use this information to demonstrate the financial impact of the practice and build a case for adherence to policy.*

Finding: It was noted that officers, who do not have citation-writing authority, have been conducting traffic stops outside the scope of their official duties. This practice is inconsistent with policies, which do not authorize these officers to issue citations. Furthermore, these actions increase the risk of legal liability for Washoe County, as traffic stops outside the scope of authority could lead to procedural violations, potential civil claims, and a lack of appropriate documentation.

25. Recommendation: Immediately reinforce and clarify to all officers the boundaries of their authority regarding traffic enforcement. Clearly communicate that officers who do not have citation-writing authority should not initiate traffic stops or engage in enforcement actions beyond their assigned duties. Implement a procedure requiring officers without citation-writing authority to promptly report traffic-related incidents to dispatch. Dispatch can then route the incident to the appropriate department to handle the situation. This ensures that all traffic enforcement activities are conducted by those with proper authorization. Clearly outline potential disciplinary actions for officers who engage in unauthorized traffic stops, emphasizing the importance of adhering to department protocols and legal authority.

Finding: The internal auditors have been advised that officers may have been given permission to adjust their work hours by arriving up to one hour late and leaving up to one hour early in order to account for travel time to and from their houses, effectively being paid for this travel time. This practice constitutes a timecard discrepancy, as it involves inaccurately reporting work hours that do not reflect actual time worked. Not only is this practice prohibited under County policy, but it also exposes the County to legal and financial risks, including potential tax implications due to fringe benefits that are not accounted for or properly reported. Additionally, this increases liability for the County in the event of an audit or legal review regarding timekeeping practices.

26. Recommendation: End the practice of allowing officers to alter their work schedules to account for travel time. This is considered timecard fraud and is in violation of County policies. Immediate action should be taken to communicate to all officers that this practice is no longer permitted. Conduct mandatory training for all officers and staff on timekeeping policies, the importance of accurately reporting hours worked, and the potential legal and financial implications of timecard fraud. Ensure that staff understand that altering time records for personal benefit, including for travel time, is strictly prohibited.

Findings and Recommendations for DAS – Fiscal:

Finding: It was identified that several invoices were entered into the incorrect fiscal year. This misposting of invoices can lead to inaccurate financial reporting, misalignment of expenses and revenue, and potential issues during year-end financial audits. The incorrect recording of invoices can distort the financial statements and lead to a misrepresentation of Washoe County's financial position, which could impact budgeting and future financial planning.

27. Recommendation: Provide refresher training for fiscal staff on the importance of fiscal year cutoffs and the correct process for recording invoices. This should include specific guidance on how to handle invoices that span fiscal year-end dates. Encourage staff to work with their assigned accountant in the Comptroller's Office to ensure compliance and full understanding.

Finding: It was observed that the same individual is currently responsible for ordering and receiving, and the individual processing invoices for inventory does not receive a reconciliation of ordered and received. This lack of segregation of duties creates a potential risk for fraud, errors, or misappropriation of assets.

28. Recommendation: Ensure that the responsibilities for ordering, receiving, and processing invoices are divided among different individuals. This segregation of duties will reduce the opportunity for errors or fraudulent activity to occur without detection. For example, one person should be responsible for ordering, another for receiving and inspecting goods, and a third for processing and approving invoices.

Finding: It was discovered that a Purchase Order (PO) for fiscal year 2025 exceeded the Board of County Commissioners (BCC) approved amount of \$164,000, with the actual PO totaling \$250,000. This discrepancy indicates that the PO was issued without proper adherence to the approved budget limit. The approved amount for the PO should have included an adjustment for a 3% annual increase, as well as any other notified increases, which were not accounted for in the original amount. This overage could potentially result in budget violations and non-compliance with established procurement processes.

29. Recommendation: Conduct a thorough review of the procurement process to ensure that all future POs are within the approved budget limits and that proper adjustments (i.e., annual increases, other changes in cost) are incorporated during the approval process.

30. Recommendation: Engage in discussions with the Purchasing Division to understand the contract terms and ensure that any cost increases are properly documented and agreed upon in advance. This will help avoid situations where POs exceed the approved budget due to unapproved increases.

31. Recommendation: *Ensure that any justified increases to contract values (such as the 3% annual adjustment) are properly documented and approved by the BCC. This should include clear communication between DAS and Purchasing Division regarding these increases.*

Finding: *It was noted that there is no formalized process in place for reconciling the amounts ordered, received, invoiced, and paid for goods and services. The lack of a reconciliation process creates the risk of discrepancies between these stages, such as overpayments, duplicate payments, unreceived goods, or incorrectly invoiced amounts. Without a reconciliation process, errors or fraud may go unnoticed, leading to financial misstatements, inefficiencies, and potential loss of resources.*

32. Recommendation: *Establish a formal reconciliation process that compares the ordered, received, invoiced, and paid amounts for all purchases. This should be performed on a regular basis, such as monthly or quarterly, to identify and resolve any discrepancies promptly. Additionally, establish a procedure for investigating and resolving any discrepancies that are identified during the reconciliation process. This should include clear steps for investigating issues such as overpayment, missing items, or invoicing errors, and should involve corrective actions where necessary.*

Finding: *It was identified that the department was forecasted to exceed its allocated budget for fiscal year 2025, marking the third consecutive year of budget overages. This ongoing trend indicates a lack of budget planning, monitoring, and cost control measures within the department. Repeated overages not only undermine fiscal discipline but also place strain on overall County resources and may impact funding availability for other essential services or programs.*

33. Recommendation: *Perform a comprehensive review of prior year budgets and actual expenditures to identify the key drivers of budget overruns. This analysis should include a breakdown by category (i.e., personnel, operations, supplies) to pinpoint areas of concern.*

34. Recommendation: *Implement internal spending controls or thresholds that require higher-level approval for non-essential expenditures, especially in areas that have historically contributed to overruns (i.e. chemical supplies, pooled positions).*

35. Recommendation: *To help reduce the expenses for DAS the following recommendations were discussed with the Program Manager | DAS: it is recommended to implement the following measures: realign officer schedules to minimize shift differential pay, limit the use of intermittent employees to critical tasks only, eliminate overtime unless required for participant transport to Washoe*

County Jail, and cease uniform expenses given the \$250 quarterly allowance for officers. Additionally, reduce intermittent drug screener overlap from 30 minutes to 15 minutes, explore bulk purchasing opportunities with other County departments, charge full price for drug confirmations, consider closing drug testing operations one day a week while adjusting testing hours and implementing split shifts on weekends, reduce the number of female intermittent drug screeners due to low demand, and bill the STAR program for participant drug testing costs. These actions should help streamline operations, minimize unnecessary expenditures, and optimize resource utilization.

Finding: The current fee schedule is not in alignment with the actual costs incurred by Washoe County, which the County has the authority to offset per NRS 211A. This may lead to under-recovery of expenses, placing additional strain on general funds or other financial resources. Additionally, without benchmarking against comparable community programs or conducting a cost recovery analysis, the organization may be charging fees that are inconsistent with market standards or insufficient to sustain service delivery.

36. Recommendation: Perform a cost recovery analysis to determine the actual cost of providing each service. This should include direct and indirect costs such as labor, materials, equipment, overhead, and administrative support. Involve relevant stakeholders in the fee review process, including the Comptroller's Office, Budget Division, and the courts. Compare the current fee schedule with similar services offered by peer jurisdictions or community programs to ensure competitiveness and fairness. Benchmarking helps identify potential areas where fees may be under- or over-priced relative to market norms.

37. Recommendation: Based on the findings of the cost recovery and benchmarking analysis, revise the fee schedule to better reflect the true cost of service delivery. Where full cost recovery is not feasible or desirable (i.e., due to policy or equity considerations), clearly document the rationale and determine appropriate subsidization levels.

Finding: The internal audit has identified inconsistencies in the fees charged to participants across different contracts and courts. Currently, there is no standardized or centralized fee policy in place, resulting in varying fee amounts for similar services. This lack of consistency can lead to confusion among participants, perceptions of inequity, and administrative inefficiencies.

38. Recommendation: Implement a centralized, standardized fee schedule that applies uniformly to all participants, regardless of the referring court or contract. This schedule should be based on a cost analysis and approved by the Board of County Commissioners.

39. Recommendation: Conduct a review of current contracts and agreements with courts and other partners to identify and address fee discrepancies. Where needed, initiate amendments to align contract terms with the standardized fee structure.

Finding: The current drug testing services have not been subject to a competitive procurement process. It has been reported that other vendors in the market have expressed interest in competing for the contract, indicating potential opportunities for improved service quality or cost savings. Without issuing a Request for Proposals (RFP), the organization may be missing out on more competitive pricing, updated technology, or enhanced service offerings. Continuing with the existing provider without market testing could also raise concerns about transparency, fairness, and procurement compliance.

40. Recommendation: Work with the Purchasing Division to initiate a formal RFP for drug testing services. Establish clear, objective criteria for evaluating proposals, such as price, turnaround time, reporting capabilities, customer service, and compliance with regulatory standards. Ensure the evaluation team includes subject matter experts and procurement staff.

41. Recommendation: Regardless of the outcome, establish a schedule for periodic re-competition of the contract (i.e., every 3 – 5 years) to ensure ongoing market competitiveness and accountability.

Finding: Currently, DAS does not generate an aged accounts receivable (A/R) report from the eProbation system, limiting visibility into outstanding balances, delinquent accounts, and overall receivables management. The absence of an aged A/R report hinders effective monitoring and follow-up on overdue payments, potentially impacting revenue collection and financial reporting accuracy. It is unclear whether the current system (eProbation) has the capability to produce such a report or if additional configuration is required.

42. Recommendation: Collaborate with the eProbation system vendor to determine whether the platform can generate an aged A/R report. Clarify whether this functionality exists natively, requires configuration, or can be developed as a custom feature.

43. Recommendation: If the feature exists, request a demonstration or technical assistance to implement and properly use the aged A/R report functionality. Ensure staff are trained on how to generate and interpret the report. If the system does not currently support aged A/R reporting, explore the feasibility, cost, and timeline for adding this functionality. Alternatively, assess the possibility of exporting data from eProbation to create aged A/R reports through external tools (i.e., Excel or a financial software system).

Finding: The current process for collecting overdue participant payments is insufficient, with no formal structure in place to follow up on delinquent accounts. As a result, outstanding balances from participants who are not paying are not being actively pursued, leading to potential revenue loss and weakened financial accountability. Additionally, past-due accounts are not being referred to the Collections Division within the Comptroller's Office, further limiting the organization's ability to recover unpaid fees.

44. Recommendation: Develop and implement a formal process for identifying, tracking, and following up with participants who have past-due balances. This should include a timeline for payment reminders, warning notices, and escalation steps for non-payment. Maintain detailed records of all collection activities, including participant contact, payment arrangements, and dates of referrals to the Collections Division. This will help ensure transparency and support follow-through.

45. Recommendation: Create a standardized procedure for referring delinquent accounts to the Collections Division of the Comptroller's Office. Establish clear criteria and timeframes (i.e., 60 or 90 days past due) for when accounts should be transferred for further collection efforts.

46. Recommendation: Clearly communicate payment expectations and potential consequences of non-payment to participants at the outset of their enrollment. Provide multiple payment options where feasible to encourage compliance.

Finding: The internal audit identified that DAS is not consistently invoicing or charging the courts for all duties performed, including when courts have agreed to cover specific costs such as participant fees or supplies (i.e., presumptive cups for District Court). This lack of billing follow-through results in missed revenue opportunities and may lead to budget shortfalls, especially when services or supplies are provided without reimbursement. Additionally, inconsistent invoicing practices can lead to confusion among departments and undermine the transparency and accountability of inter-agency financial arrangements.

47. Recommendation: Develop and implement a standardized process for invoicing courts for all agreed-upon services and supplies. This should include clear timelines, documentation requirements, and responsible staff roles.

48. Recommendation: Track outstanding invoices and follow up on unpaid balances to ensure timely collection. Include these items in the regular accounts receivable review process.

49. Recommendation: Perform regular reconciliations to ensure all services provided to the courts are properly invoiced and that revenue is accurately recorded.

Finding: Frequent daily overages and shortages in cash handling were identified during the internal audit, indicating a lack of consistency and accuracy in current cash management practices. These discrepancies raise concerns about compliance with established cash handling procedures, internal controls, and potential risk of loss or misappropriation. The volume of errors suggests that staff may not be fully trained or are not adhering to the procedures outlined by the Comptroller's Office, thereby increasing the organization's exposure to financial and audit risk.

50. Recommendation: Provide refresher training to all staff involved in cash handling. The training should cover proper cash reconciliation, documentation, security protocols, and error resolution. Ensure that each employee handling cash is aware of their individual responsibilities and is held accountable for daily reconciliations. Implement sign-off procedures for shift closings and deposits to maintain clear audit trails. Each employee should sign a form that they received training, understand and agree to the responsibilities of cash handling. These forms should be maintained in their personnel files.

Findings and Recommendations for Management:

Finding: The internal audit identified a lack of external management involvement or oversight in key operational areas. This absence of external oversight can lead to reduced accountability, insufficient independent review of decisions, and potential inefficiencies in service delivery and resource management. External management involvement often provides an objective perspective, ensuring that operations align with best practices and are compliant with Washoe County standards. Without such oversight, there is an increased risk of operational challenges going unaddressed and a decrease in organizational transparency.

51. Recommendation: Define the specific roles and expectations for external management, ensuring they are involved in key decision-making processes, regular performance reviews, and risk assessments. This should include periodic reviews of financial health, operational efficiency, and compliance with regulations. Establish formal reporting mechanisms to ensure that feedback from external management is communicated to executive leadership and the Board of County Commissioners, and action plans are developed in response to recommendations.

Finding: The internal audit identified redundancy in services being provided across multiple County divisions and departments, particularly between Pre-Trial Services (District Court Pre-Trial Services) and the STAR program (similar to HSA – Crossroads

Program). Both programs appear to overlap in their objectives, client base, and service offerings, which could lead to inefficiencies, resource duplication, and potential gaps in service delivery. These redundancies increase operational costs, complicates resource allocation, and may cause confusion for participants who interact with multiple programs for similar services.

52. Recommendation: Assess whether the goals and functions of the Pre-Trial Services and STAR program can be consolidated, streamlined, or better aligned with other County departments or divisions.

53. Recommendation: Create a unified strategy for service delivery that leverages existing resources without duplicating efforts. This could include the development of referral protocols, shared case management systems, and joint monitoring of outcomes to ensure services are provided efficiently and effectively.

Finding: The internal audit identified that the services currently offered by the DAS program may not be fully aligned with the available resources. The program appears to be providing a broad range of services without considering the capacity constraints of staff, budget, and infrastructure. This has led to overextension of resources and may result in decreased service quality, longer wait times, and unmet client needs. There is a need to critically assess which services are essential and align with the program's core mission, while scaling back non-essential or lower-priority services to ensure sustainability and effectiveness.

54. Recommendation: Perform a comprehensive review of all services offered by DAS. Assess the necessity, demand, and impact of each service, and prioritize them based on critical need, resource requirements, and alignment with program goals. Identify services that can be reduced or eliminated to better allocate resources to core services. Based on the service review, revise the program's service offerings to focus on those that are essential to its mission and provide the greatest impact. For example, prioritize services that directly contribute to detoxification, assessment, and immediate client needs, while evaluating the feasibility of offering additional services under current resource constraints.

55. Recommendation: Identify opportunities to streamline service delivery, such as reducing administrative burdens, simplifying processes, or leveraging technology to enhance efficiency. This will free up resources to focus on providing high-priority services and improve the overall client experience.

56. Recommendation: Develop guidelines to ensure that the DAS program's resources (e.g., staffing, budget, facilities) are allocated based on service priorities. This will help the program operate more efficiently and within its financial means.

57. Recommendation: *If there are services that are important but beyond the scope of DAS's current resources, consider forming partnerships with other community organizations, healthcare providers, or public agencies. These collaborations could help expand service offerings without stretching internal resources.*

58. Recommendation: *Clearly communicate any changes to service offerings to internal staff, external partners, and clients. Transparency will ensure a smooth transition and prevent confusion about service availability.*

Finding: *The internal audit identified that there is currently no established contingency plan in place to address unexpected surges in testing volume. Such surges, whether due to sudden increases in demand, new court mandates, or other unforeseen events, could overwhelm current testing capacity, resulting in increased costs, delays, or compromised service quality. The lack of a contingency plan for these scenarios increases operational risks and could potentially harm the DAS's ability to meet its service commitments.*

59. Recommendation: *Create a contingency plan that outlines procedures for managing unexpected surges in testing volume. This plan should include clear protocols for increasing testing capacity, reallocating resources, and prioritizing urgent cases.*

Findings and Recommendations – General:

Finding: *The internal audit found that there has been no formal assessment to determine whether DAS or Sober24 programs qualify for funding through opioid settlement funds. Failure to explore eligibility may result in missed funding opportunities that could offset program costs and expand services.*

60. Recommendation: *Engage with the Community Reinvestment Division to determine whether DAS and/or Sober24 meet the criteria for opioid settlement fund allocations. Gather and review current funding guidelines and application procedures.*

Finding: *The internal audit found that Washoe County's vehicle fleet is not uniformly equipped with GPS tracking, as the installation of GPS is optional and determined by individual departments. This inconsistency in GPS usage poses a risk to asset protection, as it makes it more difficult to monitor vehicle usage, track location, and prevent misuse. The lack of GPS on all vehicles may also complicate efforts to ensure proper maintenance, optimize routes, and manage fuel consumption. Moreover, it increases the risk of theft, unauthorized use, and other operational inefficiencies.*

61. Recommendation: *Require that all County vehicles be equipped with GPS tracking devices, regardless of departmental preference. This would ensure consistent monitoring of vehicle usage and location, reducing the risk of unauthorized use and enhancing security. Emphasize the role GPS plays in protecting County assets and ensuring operational efficiency.*

62. Recommendation: *Integrate GPS tracking data into the County's fleet management system to improve maintenance scheduling, fuel monitoring, and route optimization. This will help ensure vehicles are being used efficiently, reduce fuel consumption, and extend the lifespan of County assets. Ensure that the necessary budget is allocated for the installation of GPS tracking devices on all County vehicles, including any maintenance or operational costs associated with the technology.*

Finding: *The internal audit identified a lack of formalized processes for managing secondary employment among Washoe County employees. Currently, there is no requirement for employees to submit annual certifications regarding secondary employment, nor is there a consistent practice of reviewing and approving such employment for potential conflicts of interest. Without a standardized process, there is an increased risk of employees engaging in secondary employment that could pose conflicts of interest, lead to ethical violations, or interfere with their primary job responsibilities. Additionally, the absence of formal documentation and approvals could make it difficult for the County to track and address these issues effectively.*

63. Recommendation: *Require all County employees to complete and certify secondary employment forms annually. This will ensure that the County has up-to-date information on employees' outside work activities and can assess potential conflicts of interest on a regular basis. Internal Audit will provide sample secondary employment forms from other jurisdictions to ensure that the forms are comprehensive, clear, and include questions relevant to conflict of interest and compliance with County policies.*

64. Recommendation: *Designate the Human Resources (HR) department as the centralized authority responsible for reviewing and approving secondary employment forms. HR should maintain these forms in an organized system, ensuring they are easily accessible for audits or review. HR should consult with the legal department, when necessary, to assess whether secondary employment presents a conflict of interest (i.e., owning or working for a business that directly relates to the role being performed while employed for the County).*

65. Recommendation: *Implement a system for monitoring and enforcing the secondary employment policy. HR should periodically review submitted forms,*

follow up on any discrepancies, and ensure that employees are adhering to the policy. Any violations should be addressed promptly and in accordance with County policies.

66. Recommendation: *Internal Audit should conduct periodic audits of secondary employment records to ensure that the forms are being submitted, reviewed, and maintained properly. These audits will help identify any potential issues or conflicts of interest that may need to be addressed.*

Finding: *During the internal audit, it was observed that DAS is not consistently following the Record Retention Policy as outlined by the Nevada State Library, Archives, and Public Records. For example, packing slips, which should be retained for a minimum of three (3) years, were not maintained in accordance with the stipulated retention period.*

67. Recommendation: *Adhere to the record retention periods outlined by the Nevada State Library, Archives, and Public Records.*

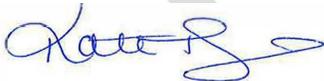
The department is requested to provide a response within 30 days to these recommendations, indicating whether each will be implemented and, if not, to provide a justification or alternative solution.

Kindly sign below to acknowledge receipt of this memorandum and return it to the Internal Audit Division.

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Representative from Department



Signature

Kate Thomas

Print Name

April 22, 2025

Date