

Audit Committee Meeting  
Washoe County, Nevada  
November 6, 2025, at 3:00 p.m.

Voting Members: John Briscoe, Charlene Hart, Sabrina Grenet,  
Commissioner Jeanne Herman

Non-Voting Members: County Manager Kate Thomas

Absent: Kevin Stroupe, Commissioner Hill,  
County Manager Kate Thomas

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; Mr. Kevin Stroupe, Commissioner Hill, and County Manager Kate Thomas 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 9<sup>th</sup> meeting minutes. Commissioner Herman moved to make a motion to approve the minutes. Vice Chair Hart 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

Ms. Katelyn Kleidosty began the discussion with a presentation on the Conflict Counsel Program audit. She explained that the purpose of the audit was to evaluate the effectiveness, efficiency, and compliance of the program. Continuing on that the audit scope focused specifically on the Conflict Counsel Program for fiscal year 2025, and the methodology was risk-based, utilizing interviews, observations, examinations, and documentation review.

Chair Briscoe asked for clarification regarding the term "Conflict Counsel," noting some uncertainty about what it entailed. Ms. Kleidosty responded that the Conflict Counsel Program was established under the Supreme Court's Administrative Docket (ADKT) No. 411, also known as the Model Plan. She explained that the program's

purpose is to provide legal representation for indigent defendants in cases where the Public Defender's (PD) Office or the Alternate Public Defender's (APD) Office has a conflict of interest or an overflow of cases. Chair Briscoe inquired further about why such cases were not handled by the Public Defender's Office. Ms. Kleidosty clarified that conflicts of interest may arise when the Public Defender's Office has previously represented the defendant multiple times, or when multiple defendants are involved in the same case. In those situations, the case is referred to the APD's Office, which has its own criteria to determine whether it can accept the case. If the APD's Office also has a conflict or cannot take the case, it is then referred to the Conflict Counsel Program.

Ms. Kleidosty explained that the process begins in the Second Judicial District Court, where the defendant's indigent status is determined during pretrial services, either by the court or by the presiding judge. She stated that cases are first evaluated by the Public Defender's Office, then by the APD's Office if necessary, and finally by the Conflict Counsel Program. She continued explaining that Conflict Counsel Program maintains a roster of approximately 15 attorneys, though the number can fluctuate depending on active contracts, and the program is supported by two administrative staff members.

Chair Briscoe asked whether attorneys were required to apply to be included on the Conflict Counsel list. Ms. Kleidosty confirmed that they did. She explained that case assignments were determined by the Appointed Counsel Administrator (ACA), while attorney eligibility for the approved list was originally determined by the Appointed Counsel Selection Committee (ACSC). Vice Chair Hart noted that the committee was currently defunct, and Ms. Kleidosty confirmed that no members had been appointed and that the committee had not convened for several years. Chair Briscoe questioned why the program was still being audited if the committee was inactive and asked whether any attorneys remained on the list. Ms. Kleidosty clarified that a list of approved attorneys still existed, carried over from prior years, and that the ACA had been reviewing and approving new applications independently. She noted that although the program continued to function, it was no longer following the selection and approval process established by the original Model Plan. She explained that the model plan itself was outdated and did not reflect current practices. Efforts to update the plan had stalled in the Second Judicial District Court, though formal court approval was not technically required.

Ms. Kleidosty further explained that case assignments were also not following the Model Plan's rotational procedure, which was intended to distribute cases evenly among attorneys. Instead, assignments were made based on availability, with attorneys often declining cases due to workload or case complexity. She noted that attorneys under the program were compensated by the County, with rates determined by case type: Category A cases (such as murder or violent crimes) paid \$300 per hour up to a capped amount; Category B cases paid \$200 per hour; Category E and similar cases paid \$150 per hour; and juvenile or family cases typically paid between \$100 and \$150 per hour. She observed that attorneys often selected higher-paying or less challenging cases, leaving more complex or sensitive cases to others.

Ms. Kleidosty then summarized audit recommendations related to oversight and structure. The audit recommended reassessing whether the ACSC remained the most effective oversight mechanism, as it had proven difficult to recruit qualified volunteer members. Eligible participants had to be defense attorneys without conflicts of interest, meaning they could not be judges, prosecutors, or affiliated with the Public Defender's or Alternate Public Defender's Offices, which significantly limited the pool of potential members. Vice Chair Hart suggested that retired attorneys might be a viable option to fill the committee. Ms. Kleidosty agreed but noted that the position was volunteer based, which could make recruitment challenging. Ms. Kleidosty continued additional recommendations included clarifying and defining the respective roles of the ACSC and ACA to reduce overlap, updating and modernizing the model plan, clearly establishing lines of authority, creating a schedule for regular plan review, and implementing a transparent and fair case assignment process. She finalized the audit also recommended providing training on new procedures once revisions were finalized.

Ms. Kleidosty then transitioned to the topic of organizational structure. She explained that while the ACA position was a formally appointed role with an existing job description, there was confusion and overlap between the duties of the ACA and the Account Clerk II, who provided administrative support. She elaborated that the lack of clarity had led to tension, duplication of effort, and gaps in task completion. Ms. Kleidosty reported that although the ACA role was classified as part-time, it was functioning as a full-time position due to operational inefficiencies. Similarly, the Account Clerk II spent approximately 90% of their time processing Conflict Counsel invoices, even though this represented only a small portion of their official responsibilities.

Ms. Kleidosty added that non-attorney staff were making determinations about whether legal expenses were reimbursable; decisions that should be made by qualified attorneys. She conveyed that there was also no cross-training between staff, leaving the program vulnerable to delays during absences or turnover. Lastly, Ms. Kleidosty indicated that program expenses had been higher than anticipated, prompting closer review. Ms. Kleidosty highlighted the audit recommended developing detailed and distinct job descriptions for both the ACA and Account Clerk II positions, reassessing the ACA's part-time classification, and considering the addition of an administrative or legal assistant to help process invoices. She proceeded with adding cross-training and documentation of key procedures were also advised to ensure operational continuity. Lastly, Ms. Kleidosty stated the audit recommended reviewing the reporting structure, suggesting that the ACA might more appropriately report to the Chief Financial Officer rather than the Assistant County Manager, and strengthening oversight to improve efficiency and cost control within the program.

Ms. Kleidosty presented the next portion of the report, addressing vendor and contract management for the Conflict Counsel Program. She explained that the County typically requires vendors providing services to sign a professional services agreement; however, it became evident that Conflict Counsel attorneys had not signed such agreements. She detailed this lack of formal contracts increased risk and reduced accountability, particularly concerning billing processes, service expectations, and

compliance with County policies. Ms. Kleidosty continued on explaining without standardized agreements, billing practices varied significantly among attorneys, leading to inefficiencies, inconsistent payments, and communication gaps between the attorneys, the Appointed Counsel Administrator (ACA), and the County.

Ms. Kleidosty outlined the audit recommendations which included requiring all Conflict Counsel attorneys to sign agreements before continuing work, evaluating contract structures for cost savings and service quality, and considering a shift from an hourly billing model to a contract-based or hybrid model. She noted that Internal Audit further recommended avoiding flat-rate contracts that might compromise fairness or quality, comparing hourly and spot-rate models for efficiency, and establishing clear communication protocols and regular check-ins between counsel, the ACA, and the County.

Moving on to case management, Ms. Kleidosty explained that the program utilized Karpel as its case management system. She noted that the system's data integrity was compromised by duplicate entries, unclosed cases, and inaccurate demographic information, leading to unreliable reporting. Because Karpel was not fully integrated across the District Attorney's Office, Public Defender's Office, Alternate Public Defender's Office, and Conflict Counsel, manual data entry was required at each step. She provided context that these silos increased the risk of error and made data management inefficient. Ms. Kleidosty noted that Karpel, designed for larger teams, was not well-suited for the minimal staffing of the Conflict Counsel program. Ms. Kleidosty highlighted that the audit recommended assessing whether Karpel remained the appropriate system for the program, cleaning up duplicate and inaccurate data, and providing Karpel access and training to all Conflict Counsel attorneys. Ms. Kleidosty noted that a proposed billing module for Karpel had not yet been implemented, and billing continued to be processed manually. She suggested exploring other tools, such as SeamlessDocs or SAP Concur, to standardize invoice submissions and reduce manual workload. She proposed additional recommendations included using Karpel's visualization tools to minimize data entry errors, monitoring data accuracy regularly, and assigning dedicated oversight for system management.

Ms. Kleidosty then discussed internal controls, noting that there were no formal standard operating procedures (SOPs) or internal control standards specific to the Conflict Counsel Program. She elaborated that staff were not consistently following the County's accounts payable policies, and the preferred invoice workflow was not clearly defined. She concluded that the lack of standardized processes resulted in inefficiencies, control gaps, and misalignment between County policy and attorney billing practices. She further noted, that although County policy required monthly billing, attorneys often submitted invoices only upon case closure, creating large year-end spikes. Ms. Kleidosty detailed that approximately 33% of the annual total billing occurred within the final 60 days of the fiscal year, complicating budgeting and forecasting. Ms. Kleidosty highlighted that Internal Audit recommended developing and implementing formal SOPs, clearly defining staff roles and escalation procedures, documenting attorney rotation lists, and standardizing invoice approval and documentation. She also advised

updating the accounts payable manual to clarify preferred workflows and ensuring compliance with the Comptroller's policies.

Ms. Kleidosty transitioned into testing of invoices that revealed that ACA approvals were inconsistently documented, and some invoices lacked approval entirely. Attorneys also submitted invoices in inconsistent formats, some batching multiple invoices in one email, others submitting them individually; causing confusion due to conflicting guidance from County leadership. She detailed reimbursable expenses were not clearly defined, resulting in inconsistent billing of items such as postage, mileage, or clothing for defendants; billing rate testing identified both overcharges and undercharges, as hourly rates were not always aligned with the approved fee matrix; rates for evaluations varied widely, with no clear justification for discrepancies. She noted that travel reimbursements also lacked consistency, as attorneys were not required to adhere to federal or County standards, relying instead on subjective determinations of "lowest cost to the taxpayer."

Ms. Kleidosty noted additional issues included missing or incomplete supporting documentation, inconsistent invoice templates, and misclassified ledger entries. Some invoices were miscoded under incorrect accounts, reducing reporting accuracy. The audit also found cases where secondary counsel was utilized without prior authorization, which should only occur in specific high-level cases, such as death penalty proceedings.

She highlighted recommendations to address these issues included adopting a standardized invoice template requiring full details, documenting ACA approvals directly on invoices, and defining and publishing formal reimbursable expense and travel policies. Ms. Kleidosty also advised reconciling billed rates against the approved matrix, requiring written justification for any deviations, ensuring proper general ledger coding, defining policies for the use of secondary counsel, and automating invoice review to improve consistency and efficiency.

Ms. Kleidosty noted a minor issue with the Nevada Department of Indigent Defense Services (DIDS) website, which still listed a former Alternate Public Defender as the County's contact. She recommended updating the contact information or replacing it with a generic title to prevent future inaccuracies.

In summarizing audit conclusions, Ms. Kleidosty stated that the audit identified multiple opportunities to improve oversight, internal controls, and operational efficiency. While the Conflict Counsel Program fulfilled its mission to provide legal representation, it faced financial, operational, and compliance risks due to weaknesses in case assignments, billing practices, technology utilization, and contract management. Implementation of audit recommendations would strengthen governance, enhance accountability, and align operations with the model plan. She informed the Committee that a management meeting was scheduled for November 15<sup>th</sup> to review findings in detail, with a formal management response to be presented at the next Audit Committee meeting.

Chair Briscoe commented that he could not recall another audit containing so many recommendations, to which Vice Chair Hart noted that the previous audit had

contained even more. Chair Briscoe asked whether the upcoming management meeting would include the County Manager, and Ms. Kleidosty confirmed it would, noting that Kate Thomas would assume the County Manager role effective December 1, pending Board approval, and that the CFO, Abbe Yacoben, would also attend.

The committee discussed that implementing the recommendations would likely improve efficiency and reduce costs. Commissioner Herman commended Ms. Kleidosty and Mr. Martensen for the extensive work on the audit, and Vice Chair Hart expressed appreciation for the quality and depth of the presentation.

Ms. Kleidosty then briefly discussed the annual cash count conducted for the Washoe County Treasurer's Office. She noted that Internal Audit performed its annual count in January and conducted a secondary verification following the retirement of a staff member with vault access. No discrepancies were noted.

She next provided project updates, stating that work continued on the Housing and Homeless Services Shelters audit, though recent personnel and structural changes required a temporary pause before fieldwork resumed. She also noted that the audit had experienced some scope expansion, and the team planned to refocus and refine the audit's scope before the next committee meeting.

Regarding the Department of Alternative Sentencing (DAS), Ms. Kleidosty reported that management had chosen an alternative course of action rather than responding formally to the audit. The Board of County Commissioners (BCC) had voted on September 18, 2025, to open the County Code for amendments that would dissolve DAS. A first reading of the ordinance occurred on October 2, 2025, and a final vote was scheduled for November 18, 2025. If approved, the dissolution would be effective January 1, 2026. She elaborated that under the proposed reorganization, DAS officers would move under the Sheriff's Office, caseworkers would transition to the Second Judicial District Court, the STAR program would move to the Human Services Agency, and drug testing operations would be contracted to a third-party provider. Vice Chair Hart inquired about cost savings in the County. CFO Abbe Yacoben clarified that the decision was operational rather than financial in nature, though estimated annual savings were approximately \$350,000 through reductions in salaries, utilities, and leases. Vice Chair Hart remarked that such savings would benefit the County.

Finally, Ms. Kleidosty noted that International Fraud Awareness Week would take place November 16<sup>th</sup> – 22<sup>nd</sup> and that Internal Audit would present at the November 18<sup>th</sup> BCC meeting for formal recognition. A new fraud hotline flyer had been developed for countywide distribution.

#### Agenda Item 5: Fraud Hotline

Ms. Kleidosty reported that seven hotline tips had been received during the year, including one related to potential duplicate billing that remained under review.

#### Agenda Item 6: Calendaring of Future Audit Committee Meetings

The committee concluded by reviewing tentative meeting dates for the upcoming year. Ms. Kleidosty noted that the date of the January 8<sup>th</sup> meeting might change depending on the timing of the County's financial statement review. Ms. Cathy Hill

added that there might be dual issue dates for the financial and single audits due to federal compliance release delays. The meeting adjourned with no further questions or comments. 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 7: Audit Committee Member Comments

Chair Briscoe opened the floor for any final comments from Audit Committee members. There were no comments from Committee members.

Agenda Item 8: Public Comment

There was no public comment for this item.

Adjournment

The meeting was adjourned at 3:38 p.m. by Chair Briscoe.