WASHOE COUNTY

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STAFF REPORT
BOARD MEETING DATE: *July 15, 2025*

DATE: Thursday, June 26, 2025

TO: Board of County Commissioners

FROM: Katelyn Kleidosty, Internal Audit Manager
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THROUGH: Abbe Yacoben, Chief Financial Officer

SUBJECT: Recommendation to approve the annual schedule of audits, reviews, and workplan for the Internal Audit Division, which is required to be presented to the Board of County Commissioners for their approval pursuant to Washoe County Code 15.560. Finance. (All Commission Districts.) FOR POSSIBLE ACTION

SUMMARY

Washoe County Code, Section 15.560 requires the Internal Audit Division to submit an annual schedule of audits, reviews, and workplan to the Board of County Commissioners for their approval.

Washoe County Strategic Objective supported by this item:
Fiscal Sustainability

PREVIOUS ACTION

The Board of County Commissioners approved the prior three-year schedule July 12, 2022.

The Board of County Commissioners approved the prior three-year schedule on July 18, 2023.

The Board of County Commissioners approved the prior annual schedule July 16, 2024.

BACKGROUND

Washoe County Code, Section 15.560 requires the Internal Audit Division to submit a three-year audit schedule to the Board of County Commissioners for their approval.

Audits are focused on efficiency, effectiveness, and economy of processes that often impact multiple departments. These audits are generally completed in 120 to 180 days thereby making the observations and recommendations current and relevant. As a result, our goal is to assist departments' internal controls by performing more audits and by being of greater assistance to the departments regarding internal controls.

AGENDA ITEM # _____

A process improvement approach and a risk assessment approach were used in selecting functions and processes for audit. The goal of these audits is to improve service delivery as well as to minimize loss of County resources due to risks associated with weak internal controls.

Various risk factors are considered in selecting potential areas of review, including:

- Inherent Risk – risks that are intrinsic to the entity's business
- Control Risk – risk that a material misstatement could occur due to lack of internal controls that would have prevented or detected suspect transactions on a timely basis
- Detection Risk – risk that a material misstatement would not be detected even with sufficient internal controls and audit procedures

Audit risk is determined by formula. The higher the audit risk, the more often a function or entity is audited.

$$\text{Audit Risk} = \text{Inherent Risk} \times \text{Control Risk} \times \text{Detection Risk}$$

The recommended audits, reviews and workplans for the next fiscal year was reviewed and approved by the Washoe County Audit Committee during their June 26, 2025, meeting as follows:

Proposed Schedule

Cash Control Audit [1]
Housing and Homeless Services – Shelters
Conflict Counsel
Technology Funds
Purchase Cards
Washoe County Assessor's Office
Advisory Services (Upon Department Request)

[1] The cash control audit for Washoe County is ongoing and includes process and procedure audits of cash handling for four to six departments each year on a rotating basis. Recommendations for improvement and conformance with best practices will be included.

FISCAL IMPACT

Sufficient funds are included in the Internal Audit Division's budget to complete the audits scheduled.

RECOMMENDATION

Recommendation to acknowledge the annual schedule of audits, reviews, and workplan for the Internal Audit Division which is required to be presented to the Board for their approval pursuant to Washoe County Code 15.560. Finance. (All Commission Districts.)

POSSIBLE MOTION

Should the Board of County Commissioners wish to acknowledge the annual audit schedule a possible motion would be:

Move to acknowledge annual schedule of audits, reviews, and workplan for the Internal Audit Division which is required to be presented to the Board for their approval pursuant to Washoe County Code 15.560.