



WASHOE COUNTY

Integrity Communication Service

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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 Finance Officer

SUBJECT: Recommendation to acknowledge the Annual Report from the Internal Audit Division for the fiscal year ending June 30, 2025. Washoe County Code 15.569.4 requires the Internal Auditor to submit an annual report to the Board of County Commissioners each fiscal year indicating the audits completed with the findings and recommendations. Audits/reviews include the Department of Alternative Sentencing, Cash Control Audit (Northern Nevada Public Health, Washoe County Library System, Department of Alternative Sentencing), audit follow up (Washoe County Library – Title Procurement Process and Special Event Expenditure and Washoe County Clerk’s Office – Board Records and Minutes Division), advisory services for Jan Evans Juvenile Justice Center – Detention Division, and fiscal notes for the 83rd legislative session. Also required is whether the corrective actions have been taken or if the areas of concern are still outstanding. Finance. (All Commission Districts.) **FOR POSSIBLE ACTION**

SUMMARY

Washoe County Code 15.569.4 requires the Internal Auditor to submit an annual report to the Board of County Commissioners each fiscal year indicating the audits completed with the findings and recommendations. Audits/reviews include the Department of Alternative Sentencing, Cash Control Audit (Northern Nevada Public Health, Washoe County Library System, Department of Alternative Sentencing), audit follow up (Washoe County Library – Title Procurement Process and Special Event Expenditure and Washoe County Clerk’s Office – Board Records and Minutes Division), advisory services for Jan Evans Juvenile Justice Center – Detention Division, and fiscal notes for the 83rd legislative session. Also required is whether the corrective actions have been taken or if the areas of concern are still outstanding.

Washoe County Strategic Objective supported by this item:

Fiscal Sustainability

AGENDA ITEM # _____

PREVIOUS ACTION

No previous action has been taken by the Board of County Commissioners on this item.

BACKGROUND

An annual cash count of the Washoe County Treasurer's Office was performed during the fiscal year ending June 30, 2025, with no exceptions noted.

A cash control audit of the Northern Nevada Public Health (NNPH) was performed during the fiscal year ending June 30, 2025. The Internal Audit Division reviewed the following for each department with no exceptions noted:

- Written policies and procedures related to cash handling were examined and discussed with personnel in the respective departments.
- An observation with employees who handle cash was completed.
- Daily deposit and reconciliation documentation was examined for two days.
- It is recommended that the departments continue to retrain employees and at least annually remind employees to follow all policies and procedures.
- It was recommended for the NNPH tuberculosis clinic to either remove the cash funds from the location as it is unnecessary and/or implement a locked drop box instead of having a drawer.

A cash control audit of the Washoe County Library System was performed during the fiscal year ending June 30, 2025. The Internal Audit Division reviewed the following for each department with the following noted exceptions:

- It was determined that cash drawer and money bag keys stored in unsecured areas.
- It was determined inconsistent retention of register tapes.
- It was determined a single person was processing donation funds received.
- It was determined cash counting was delayed to end-of-shift counting to the following day.
- It was determined that there was no tracking of expected cash amounts of the copy machine revenue.
- It was determined no carbon copy or consistent logging of cash turn-in sheets were utilized.
- It was determined that not all library locations have counterfeit detection pens.
- It was determined at the Downtown Reno location safe codes have not been changed.
- It was determined that the Downtown Reno location has money bags that are not being utilized.
- It was determined that a full deposit bag was left unsecured in the office area.
- It was determined that bags were not tampered evident sealed.
- It was determined that the z-tape reconciliation was not performed and variances were not resolved.
- It was determined at the Senior Center location that sales are recorded in an editable Excel file.
- It was recommended to secure in locked, restricted-access locations; log access.
- It was recommended to send the Admin Office per state retention requirements.

- It was recommended to require dual control with signoffs acknowledging two persons were involved in the process.
- It was recommended to require immediate shift-end reconciliation.
- It was recommended to implement an imprest amount and determine if the copy can provide revenue reports.
- It was recommended to use a multipart forms with verification signatures.
- It was recommended to provide all locations with pens and provide training.
- It was recommended to change the safe codes periodically.
- It was recommended that money bags that are not being utilized be eliminated.
- It was recommended to secure all funds in a safe or other secure storage area.
- It was recommended to use tampered evident sealed bags.
- It was recommended to reconcile the z-tape to the funds counted and investigate all variances.
- It was recommended the Senior Center use a non-editable method for documenting sales.

Additionally, a review of the Department of Alternative Sentencing was completed during the fiscal year ending June 30, 202. A summary of the major audit findings and major audit recommendations are below:

- It was determined that there was a lack of reconciliation between ordered, received, invoiced, and paid amounts increase the risks of errors and fraud. Additionally, inconsistent invoicing to the courts and participants and insufficient overdue payment follow-up reduce expense recovery.
- It was determined that repeated budget overruns and lack of internal controls indicate weak fiscal environment.
- It was determined that drug testing services have not gone through a competitive bidding process, limiting transparency, and value.
- It was determined that frequent discrepancies in daily cash reconciliations suggest inadequate training and oversight.
- It was determined that DAS provides more services than resources allow, leading to staff strain and diminished service quality.
- It was determined that overlap may occur between DAS, pre-trial services, and other programs leading to inefficiencies.
- It was determined that DAS and Sober24 should explore options for grants, no formal assessments have been made.
- It was determined that GPS tracking is not uniformly implemented across County vehicles, limiting oversight and risk mitigation.
- It was determined a lack of formal process for monitoring employees' secondary employment increases conflict-of-interest risk.
- It was recommended to implement formal reconciliation and invoicing processes with regular reviews.
- It was recommended to establish collection procedures for delinquent accounts and integrate aged accounts receivable reporting into financial systems.
- It was recommended to clearly communicate payment expectations and refer overdue accounts to the County's Collections Division.
- It was recommended to analyze historical budget variances by cost category to identify problem areas.

- It was recommended to introduce spending thresholds and require higher-level approvals for non-essential purchases.
- It was recommended to adopt cost-saving strategies (i.e., reducing overtime, shift optimization, limiting uniform expenses, bulk purchasing, adjusting drug testing schedules).
- It was recommended to issue an RFP for testing services and re-bid every 3 – 5 years to ensure competitiveness.
- It was recommended to provide refresher training on cash procedures, implement shift-end signoffs, and document compliance in personnel files.
- It was recommended to review and prioritize services based on impact and resource needs.
- It was recommended to streamline processes, adopt technology where possible, and consider external partnerships for non-core services.
- It was recommended to communicate any service changes to stakeholders for transparency.
- It was recommended to assess functions for potential consolidation, shared resources, shared expenses, establish unified service delivery strategies using shared systems and protocols.
- It was recommended to engage the Community Reinvestment Division to evaluate eligibility and pursue applicable funding.
- It was recommended to require GPS on all vehicles and integrate data into fleet management for improved security, routing, and maintenance tracking.
- It was recommended to mandate annual disclosures, centralize review under HR, enforce policies, and conduct periodic audits from Internal Audit.

Furthermore, a follow-up on Washoe County Library System cash control audit was performed during fiscal year ending June 30, 2025. The following updates were noted:

- Each branch was tasked with finding a secure location for register keys like a locked cabinet or will be purchasing a small lock box for their location and keys or codes will be limited to supervisory staff.
- Each branch now sends their cash register tapes/receipts with their deposits to the Administration offices at the Downtown Reno Library. Office Specialist have designated areas to retain these tapes as they come in. This change was made immediately.
- Branch managers have indicated that this is normally done with two staff doing the count, we are working on a form with carbon that would indicate the two “counter” and then one copy could come to Admin with a copy of the count slip and the other copy would be maintained at the branch.
- Each branch has been tasked with finding a secure location for money bag keys like a locked cabinet or will be purchasing a small lock box for their location and keys or codes will be limited to supervisory staff.
- Each branch has been tasked with finding a secure location for void keys like a locked cabinet or will be purchasing a small lock box for their location and keys or codes will be limited to supervisory staff.
- Branch managers have indicated that due to staffing issues during the closing shift, they do not have the staff needed to perform closing duties AND to do a two person count of the cash drawer. The branches do run the Z tape and

reconciliation on the registers before closing and then these are used to make sure that the drawer count matches during the morning count. In the meantime the cash drawer and the register tape is secured in a locked area or safe overnight. We would like to propose that we keep with this protocol, but that if we do have any discrepancies occur between the evening Z tape run and the morning count that at that time we will work on a process to complete the count at close.

- Our IT staff is working with Jamex (copy machine company) to see if we can get a coin count (I am told there is for sure a way to get this info, we just may need training or software adjustment to get that figured out) and staff is working on those details.
- We are currently working on designing a new count sheet/turn in sheet that we will send to our printer that will have a space for two signatures and will be duplicate with carbon copy.
- Some branches already have these and have been instructed to begin using them regularly. We are also ordering more of these to distribute to staff and will include training on how and when to use them.
- We are currently working on designing a new count sheet/turn in sheet that we will send to our printer that will have space for two signatures and will be duplicate with carbon copy. We plan to have these printed and in use by March 1, 2025. Branch staff said they currently do have two staff members count the drawer, but this will allow documentation of the two “counters” and will provide a duplicated for to document the process and identify the “counters.”
- We are hired a new Sr. Office Specialist and staff will work with them to implement a schedule for changing the safe code on a regular basis and this information will only be available to supervisor staff.
- Staff in our clerical department is working with accounting to remove the two funds. We will only have a “change” fund which will be held in the safe in our admin/clerical department area.
- Staff (both Reno branch and clerical) have been instructed to never leave any cash bags outside of a secure safe or locked cabinet. This change occurred immediately.
- We had some of these plastic bags and began use of them for our deposits almost immediately, but upon taking the sealed bags to the bank, we were told that they would not except the bags at the window because they are not allowed to open them if they are sealed...they can only open and process the money given in the locked money bags. We plan to discuss this with the bank and find out if this is for all deposits or just for those that we ask for a processing receipt at the window, or if this is just for the copier funds that they have to put through the coin counter to verify that deposit slip.
- This will be included in the new duplicate/carbon form. We plan to have these new forms distributed and in use.
- We are currently working on designing a new forms for each type of deposit (donation, drawer count, copier) that we will send to our printer that will have space for two signatures and will be duplicate with carbon copy.
- Our Senior Center Library is currently closed for renovation and will not open again until approximately mid-March. In the meantime we plan on going cashless, like we have at our other partner libraries so that we will only have the copier

machine deposit and will no longer have any other cash transaction so we will not need a register or point of sale system for that branch.

Additionally, a follow-up on Washoe County Library System title procurement and special event expenditures audit was performed during fiscal year ending June 30, 2025. The following updates were noted:

- The recommendation concerning materials being stamped upon receipt was immediately implemented by library staff completing this part of the process.
- Staff continued to consult with the ALA for best practices.
- Library teams continuously meet to see if there's any areas of efficiencies.
- The recommendation related to creating a centralized events team cannot be implemented at this time due to staffing and budgetary constraints.
- The recommendation related to formalizing a sub-committee to evaluate event proposals cannot be implemented at this time due to staffing and budgetary constraints.

The Internal Audit Division also performed follow-up on the Washoe County Clerk's Office – Board Records and Minutes Division completed during fiscal year ending June 30, 2024. The following updates were noted:

- Following the audit, there has been a notable increase in demand for marriage commissioner services. Previously, BRM provided these services three days a week, but this has expanded to five days a week. To accommodate this change and reduce stress of the increased workload on deputy clerks, the responsibilities are being rotated daily between the administrative assistant and the deputy clerks.
- The need to cross-train employees from other departments has been eliminated. BRM has revised its approach in response to the duration and nature of Board of County Commission meetings. Now, only one deputy clerk is assigned to assist during each meeting, with assignments rotating among the team. In instances where meetings become particularly tense or demanding, management will step in to provide support directly.
- Management emphasized that the Employee Assistance Program (EAP) is always available as a resource for employees. However, the changes implemented by management and the redistribution of workloads have effectively mitigated unmanageable stress before it arises. For instance, when drafting lengthy meeting minutes, management now divides the task into smaller sections, assigning multiple deputy clerks to work on different parts, which are then compiled into a complete set. Feedback from the deputy clerks indicates that this approach is working well for the entire team.
- Management holds regular team meetings with the deputy clerks and actively encourages them to explore training opportunities available through the HR department on the Bridge platform.
- The editing process has been streamlined to align with changes in the drafting process. A single deputy clerk is now assigned to oversee each meeting, taking responsibility for compiling all sections of the minutes, editing, updating, and submitting the draft to management for review.
- Deputy clerks who have completed their probationary period are authorized to use Wordly, a transcription service, to help prepare meeting minutes more efficiently compared to previous methods.

- A deputy clerk is working with management to develop a training program through One Note for new staff. It has not been completed at this time.
- The department is actively working toward implementing a succession plan; however, progress has been hindered by challenges in filling existing positions.
- Recommendation was moot, due to the Clerk's office receiving an additional deputy clerk position.
- Management has developed and refined an editing checklist to assist the lead deputy clerk in reviewing and finalizing compiled meeting minutes.
- Management is updating the policy and procedures due to the discontinuation of utilizing GreenTec.
- The business technologist in the Clerk's office developed a program for the BRM team to streamline tracking and requesting missing documents needed to complete permanent records more efficiently. While the newly implemented program has already shown improvements in processing time, additional evaluation is necessary to fully assess its efficiency.
- Management could not determine any efficiencies to improve the process from physical copy to microfilm.
- Management has encouraged users to utilize Washoe311, but is still taking requests from various avenues.
- Management continues to adhere to the record retention policy established by Nevada State Library, Archives, and Public Records and NRS 244.075.

The Internal Audit Division also assisted the Jan Evans Juvenile Justice Center Division Director – Detention with guidance on developing and implementing a succession plan suitable for the needs of the Detention Division.

Lastly, the internal audit division also assisted the government affairs liaison during the 83rd legislative session with collecting information and composing fiscal notes and various bill draft requests (BDRs) that could impact Washoe County. For this session, the internal audit division processed over 250 solicited fiscal notes and over 100 unsolicited fiscal notes.

FISCAL IMPACT

No fiscal impact.

RECOMMENDATION

It is recommended the Board of County Commissioners acknowledge the Annual Report from the Internal Audit Division for fiscal year ending June 30, 2025. (All Commission Districts)

POSSIBLE MOTION

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

Move to acknowledge Annual Report from the Internal Audit Division for fiscal year ending June 30, 2025.