



To: Audit Committee Members

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Date: June 25, 2026

Subject: Fiscal Year 2026 Annual Internal Audit Report

Pursuant to Washoe County Code 15.569, the Internal Audit Division is required to submit an annual report to the Audit Committee for review prior to submission to the Board of County Commissioners identifying audits completed, major findings, corrective actions taken, and significant findings not fully addressed. This report summarizes internal audit activities completed during fiscal year 2026.

During fiscal year 2026, the Internal Audit Division completed eleven (11) audit assignments, reviews, and cash examinations. Audit work focused on governance, internal controls, compliance, operational efficiency, safeguarding County assets, and accountability.

The following summarizes each completed assignment, major findings identified, management actions taken, and significant matters that remain outstanding.

Conflict Counsel Program Audit

Objective

Elevate the effectiveness, efficiency, and compliance of the Conflict Counsel Program and determine whether the program is providing constitutionally required legal representation in an efficient and accountable manner.

Major Findings

- Appointed Counsel Selection Committee (ACSC) was inactive.
- Case assignment practices were inconsistent with the Model Plan.
- Professional Services Agreements were not consistently executed.
- Billing controls and invoice review procedures required improvement.
- Karpel case management system was underutilized.
- Staff roles and responsibilities lacked clarity.
- Limited cross-training created operational risk.



Corrective Actions Taken

- Management initiated discussions regarding governance structure improvements.
- Program management began evaluating workflow and operational responsibilities.
- Discussions commenced regarding contract administration and technology improvements.

Housing and Homeless Services – HMIS Audit

Objective

Evaluate whether HMIS governance, user access controls, federal reporting processes, and operational oversight adequately protect data integrity, confidentiality, compliance, and program management.

Major Findings

- User access administration relied heavily on manual processes.
- Governance authority over the HMIS vendor was limited.
- Reporting responsibilities and segregation of duties were not consistently documented.
- Operational responsibilities were concentrated among limited personnel.
- Policies, procedures, and governance documentation required strengthening.

Corrective Actions Taken

- Management began evaluating reporting responsibilities and segregation of duties.
- Additional discussions regarding governance documentation and reporting workflows were initiated.
- Continued participation in regional governance discussions.

Continuum of Care (CoC) Governance Review

Objective

Evaluate the organizational structure and governance framework supporting HMIS and Continuum of Care operations.

Major Findings

- Concentration of responsibilities created segregation of duties concerns.
- Operational scalability risks existed due to reliance on key personnel.
- Governance authority and decision-making responsibilities were not clearly defined.
- HMIS governance and access control responsibilities lacked formal documentation.



Corrective Actions Taken

- Preliminary recommendations were provided to management.
- Discussions regarding role clarification and governance structure improvements were initiated.

Technology Services – E911 Surcharge Revenue Cash Control Audit

Objective

Evaluate controls over E911 surcharge revenue collections and compliance with applicable County Code and Nevada Revised Statutes.

Major Findings

- Excessive access to stored checks.
- Deposits were not consistently made within required timeframes.
- Reconciliation procedures were not performed.
- Limited verification of vendor remittances.
- Governance and policy gaps existed.

Corrective Actions Taken

- Management reviewed recommendations regarding physical security, deposits, and reconciliations.
- Discussions regarding revenue oversight improvements were initiated.

Treasurer's Office – Change Fund Audit

Major Findings

- Cash shortage of \$0.20 identified in Cashier #4.

Corrective Actions Taken

- Management was instructed on corrective balancing procedures.

Treasurer's Office – Retirement Cash Count

Major Findings

- No discrepancies identified.

Recorder's Office – Cash Control Audit

Major Findings

- All funds were in balance.
- No significant control issues identified.



Juvenile Services – Cash Control Audit

Major Findings

- Cash overage of \$0.05 identified.

Corrective Actions Taken

- Management was instructed on corrective balancing procedures.

Community Services Department – Building Services Cash Control Audit

Major Findings

- All funds were in balance.
- Opportunities identified to strengthen cash count documentation and verification procedures.

Corrective Actions Taken

- Recommendations provided to management.

Registrar of Voters – Cash Control Audit

Major Findings

- All funds were in balance.
- Opportunities identified to strengthen cash count documentation and verification procedures.

Corrective Actions Taken

- Recommendations provided to management.

Regional Animal Services – Cash Control Audit

Major Findings

- All funds were in balance.
- No significant control issues identified.