



Audit Risk Assessment – Fiscal Year 2027

As part of the annual planning process for fiscal year 2027, the Internal Audit Division conducted a comprehensive risk assessment to identify and evaluate potential audit areas throughout Washoe County. The purpose of the assessment is to support the development of a risk-based audit plan and ensure audit resources are directed toward areas where independent review may provide the greatest value to the County.

The risk assessment considered a variety of quantitative and qualitative factors, including operational, financial, compliance, strategic, and reputational considerations. The assessment process included evaluating information obtained through interviews with County leadership and staff, review of organizational and financial information, prior audit results, and consideration of emerging risks and operational changes.

Key Considerations

- **Operational Complexity:** Programs and functions with complex processes, decentralized operations, significant reliance on technology, or extensive coordination across multiple departments or external parties.
- **Internal Control Environment:** Consideration of the design and effectiveness of internal controls, including areas with newly implemented processes, significant operational changes, or limited oversight mechanisms.
- **Financial Significance:** Departments, programs, and activities involving substantial expenditures, revenues, assets, grant funding, procurement activity, or other financial transactions with the potential for significant impact on County operations.
- **Regulatory and Compliance Requirements:** Functions subject to federal, state, local, contractual, or grant-related requirements where noncompliance could result in financial, operational, or reputational consequences.
- **Fraud Risk Considerations:** Evaluation of areas susceptible to asset misappropriation, misuse of public resources, procurement fraud, conflicts of interest, or other irregularities based on the nature of operations and control environment.
- **Audit History:** Consideration of the time elapsed since prior internal or external audit coverage, the results of previous audits, and the status of corrective actions related to prior findings.
- **Organizational and Operational Change:** Areas experiencing significant staffing changes, organizational restructuring, implementation of new systems, expansion of services, or changes in responsibilities.



- **Public Trust and Visibility:** Programs and services that have a significant impact on public confidence, involve sensitive information, provide critical public services, or receive substantial public and stakeholder attention.
- **Vulnerable Populations and Fiduciary Responsibilities:** Functions involving services to vulnerable populations, management of client assets, court-appointed responsibilities, guardianship functions, or other activities requiring a heightened level of stewardship and accountability.
- **Strategic Importance:** Programs and initiatives that support County strategic priorities, major operational objectives, or significant County investments.
- **Stakeholder Input:** Consideration of concerns, requests, and observations received from the Audit Committee, Board of County Commissioners, executive leadership, management, and employees.
- **External Oversight:** Consideration of the extent to which programs and activities are already subject to external audits, regulatory reviews, monitoring activities, accreditation processes, or other independent oversight mechanisms.

Risk Assessment Summary

The FY 2027 risk assessment considered all County departments, divisions, programs and major operational functions. The risk assessment process is intended to assist Internal Audit in identifying areas where audit resources may provide the greatest value to the County. The assessment should not be interpreted as an indication that any department, division, program, or activity is experiencing deficiencies, control weaknesses, compliance concerns, or operational issues. Rather, the assessment serves as a planning tool to support the development of a risk-based audit plan and the effective allocation of audit resources. The results of this assessment were considered in the development of the proposed Fiscal Year 2027 Internal Audit Plan, which is presented separately for Audit Committee review and approval.