



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: *July 18, 2023*

DATE: Monday, June 26, 2023

TO: Board of County Commissioners

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

SUBJECT: Recommendation to acknowledge the Annual Report from the Internal Audit Division for the fiscal year ending June 30, 2023. 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 following audits were completed with the findings and recommendations: Public Administrator's office, Minimum Accounting Standards Audit of the Courts - Second Judicial District, Sparks Justice, Reno Justice, Wadsworth Justice, Incline Justice, and County-wide travel expense and processes. 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

Section 15.569.4 of the Washoe County Code 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. 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

PREVIOUS ACTION

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

BACKGROUND

An audit of the Public Administrator's office was completed during the fiscal year ending June 30, 2023. A summary of audit recommendations is below:

- It was determined the Public Administrator's Office had proper documentation for all casefiles reviewed and appropriately disbursed the funds of the estate to the heirs and creditors against the estate. The office utilized the estate to pay for any

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expenses, therefore this did not come from the general fund that supports the office.

- It was recommended the office work with Technology Services in the coming fiscal year to swap all desktop equipment for laptops and other mobile devices to better equip the employees to perform their job duties outside the physical office building.
- It was recommended the office follow the record retention schedule to reduce the risk/liability/expense to the County.
- It was recommended the office review their position structure to better manage their increasing caseload and non-compliant notices.

Additionally, a Minimum Accounting Standards (MAS) audit of Second Judicial District Court, Reno Justice Court, Sparks Justice Court, Incline Justice Court, and Wadsworth Justice Court were completed during the fiscal year ending June 30, 2023. A summary of the findings is below:

Second Judicial District Court

- No findings or recommendations.

Reno Justice Court

- No findings or recommendations.

Sparks Justice Court

- No findings or recommendations.

Incline Justice Court

- A review of the detailed controls and procedures provided by the court and a discussion with the judge's administrative assistant on January 31, 2023, disclosed the written procedures needs to be updated regarding the restructuring after the elimination of the Constable position.

Management responded that the procedures would be updated with the appropriate positions.

- A discussion with the judge's administrative assistant on January 31, 2023, disclosed that staff annual training on PCI-DDS security standards policy is no being performed nor documented.

Management responded that the staff will be required to take the class that is offered on Washoe County Bridge annually and documentation will be maintained.

Wadsworth Justice Court

- A review of detailed controls and procedures provided by the court, disclosed the written procedures need to be updated regarding unclaimed property (MAS 6.21). The "no less than 30 days" portion needs to be changed to "no less than 60 days".

Management responded that the procedures would be updated.

- A discussion with the Judge on February 6, 2023, the court clerk II on February 8, 2023, and a review of the petty cash reconciliation log, disclosed that the petty cash fund is only counted and reconciled by one person.

Management responded going forward the petty cash fund will be counted and reconciled by two people, the Judge and either the Deputy Clerk II or the Court Clerk II.

Furthermore, a county-wide audit of the travel expense and process was completed during the fiscal year ending June 30, 2023. The intent of the audit was to provide assurance that the risk and all areas for improvement are identified, provide assurance that there are effective and efficient internal controls, to provide recommendations to improve the control environment, and randomly select travel expenses to test for accuracy, completeness, and fairness. A summary of the recommendations is provided:

- Update travel policy to current practices and policies such as tipping allotment, when to claim incidentals, and include a cancellation process
- Implement a county-sponsored credit card program similar to GSA SmartPay utilized by the U.S. and tribal governments
- Implement a training program through Bridge to communicate updates in travel policy at least annually
- Modify a position or create a new position as “travel coordinator”
- Streamline the travel forms process with a software, such as SAP travel module, or a web-based program similar to the one utilized by technology services for software updates
- Align budgeted versus actual travel expense
- Restructure the approval process in the departments
- Adequately document communication for delinquent travel claims

The Internal Audit Division also assisted the government affairs liaison during the 82nd legislative session with collecting information and composing fiscal notes and various bills that could impact Washoe County. For this session, the internal auditors processed over two hundred (200) fiscal notes.

Follow-up on the Human Services Agency audit from a prior fiscal year was performed during the fiscal year ending June 30, 2023. The following updates were noted:

- Employee retention is still an area for concern. HSA is working on different programs to increase retention. Transfers and separations are still higher than the County averages. The averages were slightly lower in 2020 but are trending upwards again in recent years. This is partially due to separating different departments like the Homeless Services Division. HSA has implemented an exit interview program upon departure to gather data to improve employee retention.

- In an attempt to increase employee retention, HSA has implemented a flexible work schedule for hours, working-from-home, alternate work locations, etc. It will also be rolling out the County's new future of work policy.
- The concept of caseworker rotation presented was intriguing to the leadership team. However, after extensive discussion it was determined that even though it would benefit staff, it could not be implemented at this time without being detrimental to children and families in the agency's care.
- Contract negotiation procedures have been assigned to designated staff who work closely with the procurement team in the Comptroller's office. They have also created a log to track contacts life cycles, costs, and closures.
- Office assistant duties have been restructured so that it's the same job descriptions across the divisions and those who are performing like tasks report to the same supervisor. Guidance was also provided by the completion and implementation of the Korn Ferry study.
- Adjustments to existing software have been made to accommodate current workflow to the best of the software's ability. HSA is currently in discussions with external partners and the State to obtain additional funding to make further improvements to streamline daily work tasks and exchange of work product.
- HSA is working with its leadership team and the budget team to phase out grant funded positions into permanent positions or contract hires. In the future, HSA will not be hiring grant funded positions unless absolutely required by the grant as "seed money".
- In order to alleviate some strain of caseload demands with new hires, HSA has implemented a "ghost position" program, which allows the agency to backfill a position before its been vacated for training the new hire. This system has only been implemented for twelve (12) months and needs an additional year to evaluate its effectiveness. To date, it had a positive response from both new hires and existing employees.
- HSA has drafted a mandatory administrative leave policy that is currently under review by the agency and HR for approvability.
- A shadowing process, known as the Mini Bootcamp, has been implemented to allow new caseworkers to spend a series of days in the new unit. New hires are also assigned a coach or mentor in the beginning though the Coach NV program. Other trainings from the County have been encouraged, and Second Story leadership series has been offered.
- The routing process for purchase authorization request (PAR) has been adjusted.
- One other item being reviewed for implementation is the progressive pay for assessment workers program. There are a few items that need to be resolved prior to implementation such as 1) concerns over pay-equity, 2) subjectivity of when risk pay is appropriate, and 3) funding requests from the State. However, it has received positive response from the agency and the State.

Lastly, internal audit performed surprise cash counts for the Treasurer's Office for Second Judicial District Court, Reno Justice Court, Sparks Justice Court, Incline Justice Court, and Wadsworth Justice Court that included petty cash funds, change funds, and cashier funds. As well as a surprise cash count at Washoe County Sheriff's Office which included petty cash funds, cashier funds, and an All Threats All Crimes unit (ATAC) fund.

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, 2023. (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, 2023.