

Evaluate the effectiveness, efficiency, and compliance of the Conflict Counsel program, ensuring indigent defendants receive constitutionally required legal representation.

# Conflict Counsel Program

Washoe County Internal Audit

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## Washoe County Conflict Counsel Program – Audit Highlights

### Purpose of Audit

Evaluate the effectiveness, efficiency, and compliance of the Conflict Counsel program, ensuring indigent defendants receive constitutionally required legal representation.

### Strategic Plan Alignment

This internal audit supports the County’s strategic priorities for:

- Fiscal Responsibility
- Transparency and Accountability
- High-Quality Public Services

### Key Findings

- Oversight & Case Assignment: The Appointed Counsel Selection Committee (ACSC) is inactive; case assignments deviate from the Model Plan, allowing attorneys to select preferred cases.
- Organizational Structure: Appointed Counsel Administrator (ACA) and Account Clerk II roles are unclear, with duplication of tasks, insufficient cross-training, and part-time classification misaligned with workload.
- Vendor & Contract Management: Attorneys lack executed Professional Services Agreements; billing practices and evaluation contracts are inconsistent, reducing oversight and accountability.
- Technology & Case Management: Karpel CMS is underutilized, contains inaccurate or incomplete data, and attorneys lack direct access, limiting information sharing and workflow efficiency.
- Billing & Internal Controls: SOPs and policies are lacking; invoices often have missing or incorrect information, inconsistent rates, and irregular submission schedules, leading to budget overruns and inequitable payments.
- Miscellaneous Observations: Public-facing application materials are outdated, potentially delaying onboarding of qualified attorneys.

### High-Level Recommendations

- Reactivate or restructure ACSC and update the Model Plan to reflect current best practices.
- Define ACA and Account Clerk II responsibilities, implement cross-training, and evaluate workload classifications.
- Require executed Professional Services Agreements for all Conflict Counsel attorneys.

- Optimize Karpel CMS use, including attorney access, accurate data entry, and workflow automation.
- Standardize invoice templates, submission processes, and expense policies to ensure compliance and timely payment.
- Establish formal Standard Operating Procedures (SOPs), reconciliation procedures, and monitoring to strengthen oversight, accountability, and fiscal management.
- Update public-facing applications and resources to reflect current staff and operational procedures.

#### Management Response

Internal Audit provided the report to County management on October 30, 2025. Due to scheduling conflicts, the exit conference with management is scheduled for November 12, 2025. Internal Audit will address any questions from the Conflict Counsel program team and will provide an update, along with a copy of the management response, at the next Audit Committee meeting.

## Detailed Findings and Analysis

The Conflict Counsel (appointed counsel) program in Washoe County was established under the Nevada Supreme Court ADKT No. 411 order (The Model Plan). The plan required for handling conflict cases became effective July 1, 2008. Conflict Counsel provides legal representation for indigent defendants where Washoe County Public Defender's Office and Washoe County Alternate Public Defender's Office have a conflict of interest. An example of when a conflict may arise is when multiple defendants are charged in the same case or when ethical restrictions preclude the Public Defender or Alternate Public Defender's Office from representation.

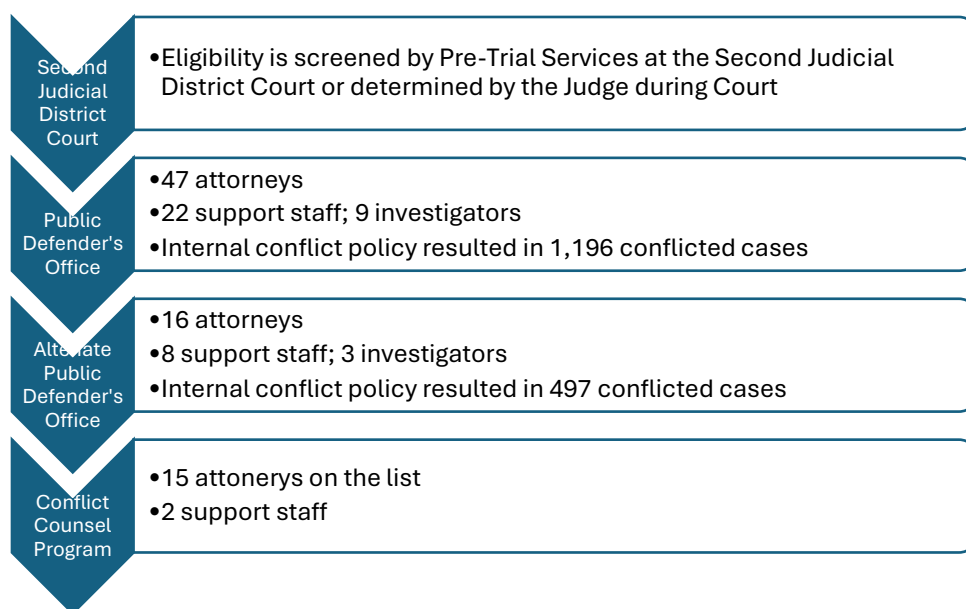
While the program was intended to ensure indigent defendants received constitutionally required representation and protect the County from liability, the County has struggled to consistently meet those goals. The County has heavily relied on contracted attorneys and informal processes, with limited oversight, to sustain the Conflict Counsel program. Budget challenges have become a recurring issue for the program, as expenses have often exceeded projections and monitoring has been inconsistent. These concerns, coupled with weakness in workload management, have raised ongoing questions about the program's overall effectiveness and efficiency.

This audit generally evaluated the effectiveness, efficiency, and compliance of the Conflict Counsel program.

### **Conflict Counsel Case Assignment and Model Plan Oversight; Improvements to Oversight and Assignment Process are Needed**

After a case has been conflicted out by the Public Defender's Office and the Alternate Public Defender's Office, the Appointed Counsel Administrator (ACA), a part-time County employee, assigns cases to a third-party attorney based on an authorized list of attorneys. Below, Figure 1: Conflict Case Assignment Process documents the flow of a case if it were to be conflicted through the various offices.

Figure 1: Conflict Case Assignment Process



The amended Model Plan effective February 1, 2019, outlines the objective of the program, the provisions of representation, appointment of the public defender, appointment of private attorneys to serve as appointed counsel, mentorship and training, duties of appointed counsel, and the appointed counsel administrator (ACA). The Model Plan details each attorney participating in the Conflict Counsel program has been reviewed and selected by an independent committee, the Appointed Counsel Selection Committee (ACSC). The ACSC determines if the attorney is qualified to represent conflict counsel and category or level of case each attorney may represent (i.e., Category A – death penalty case would require a minimum amount of experience working on that type of case). If an attorney is deemed qualified to represent indigent defense, they are placed onto an authorized list that the ACA will use to assign cases. The Model Plan specifies that each case be assigned to attorneys in a particular order (i.e., Case 1 assigned to Attorney 1, Case 2 assigned to Attorney 2, etc. and continuing in rotation).

### What We Found

- The Model Plan requires the establishment of the ACSC, facilitated by the Second Judicial District Court Administrator. The ACSC is intended to consist of five to seven independent attorneys with experience in criminal defense and/or dependency cases. The SJDC Court Administrator has faced challenges in identifying qualified volunteers who both meet the eligibility criteria and do not present a conflict of interest. As such, there are no current appointments to the ACSC.
- The ACSC's responsibilities include vetting and monitoring Conflict Counsel attorneys, reviewing performance, and ensuring ongoing training, and meeting

quarterly to carry out these duties. Since the ACSC has not been appointed, no meetings have been held, no attorney selection process has been conducted or maintained; consequently, the oversight function envisioned by the Model Plan has not been implemented.

- As a result of the ACSC not conducting their duties, the ACA has been reviewing and approving the Conflict Counsel attorneys for the authorized list for case assignments.
- After reviewing the Model Plan document, it appears that many of the processes outlined are outdated and require revision. It was mentioned that County management has attempted to update the Model Plan; however, progress has stalled during the Court's review. Notably, Court approval is not required to implement updates to the Model Plan.
- A discussion with County staff revealed that ACA faces challenges in assigning cases to Conflict Counsel attorneys, as many of the attorneys tend to "pick and choose" which cases they accept or decline. Consequently, the assignment process outlined in the Model Plan, which specifies that cases be distributed in a set order (i.e., Case 1 assigned to Attorney 1, Case 2 assigned to Attorney 2, etc. and continuing in rotation) is not followed.

### Why It Matters

The absence of an active ACSC and the outdated processes in the Model Plan undermine the County's oversight of Conflict Counsel program. Without the ACSC fulfilling its responsibilities, including vetting attorneys, monitoring performance, and ensuring ongoing training, there is limited assurance that attorneys on the authorized list are consistently qualified or performing effectively. Additionally, the deviation from the Model Plan's case assignment process allows attorneys to select preferred cases, which can create inconsistencies, reduce transparency, and potentially impact the timely and equitable distribution of cases. Collectively, these gaps increase the risk of inefficient operations, inconsistent oversight, and diminished accountability in management of the Conflict Counsel program.

### Recommendations

1. Determine if the ACSC is the most appropriate oversight body for the Conflict Counsel program or if another method would be more effective. If the ACSC is most appropriate, review the eligibility criteria for volunteering for the ACSC to broaden the volunteer pool.
2. Clearly define and implement the duties to be carried out by ACSC and ACA respectively. If necessary, update the Model Plan to reflect any changes.

3. Revise the Model Plan to eliminate outdated processes to reflect current operations and best practices.
4. Clarify that Court approval is not required for updates, allowing County management to implement revisions efficiently. Also consider implementing a formal review schedule (i.e., every 2 or 3 years) to ensure the Model Plan remains current.
5. Determine an appropriate and realistic case assignment process. Implement procedures for if an attorney refuses a case and reassignment of cases.
6. Offer training for ACSC, ACA, and Conflict Counsel attorneys on updated procedures, responsibilities, and Model Plan requirements.

### **Organizational Structure for the Conflict Counsel Program is Not Efficient; Revisions to Workflow Is Necessary**

Historically, the Appointed Counsel Administrator (ACA) position was filled by an independent contractor, and the County experienced challenges in consistently recruiting a qualified individual. In 2023, County management converted the ACA position to a part-time County employee, a change that has provided consistent employment. According to the Model Plan, the ACA is responsible for case assignments, tracking cases, approving payments for Conflict Counsel attorneys, reviewing payments for fees for expert witnesses and investigators, and reporting data to the ACSC. To assist the processing of invoices in SAP (the County's accounting software), the County has assigned an Account Clerk II in the Office of the County Manager (OCM) to support the ACA as part of their regular duties. The ACA administratively reports to the Assistant County Manager, while the Account Clerk II reports to the Fiscal Compliance Officer in the Office of the County Manager.

#### **What We Found**

- A review of County documents and discussions with staff indicated that the ACA position does not have formal job specifications comparable to other County employee positions. Without defined requirements, the County may continue to face challenges in recruiting qualified candidates for this role in the future.
- Based on observations and interviews, there appears to be a lack of clarity regarding the responsibilities of the ACA and the Account Clerk II. This has resulted in duplication of certain tasks while other responsibilities are overlooked entirely. Furthermore, it has created tension between the two positions leading to additional divide and strain on the program.
- Although the ACA position is designated as a part-time role, the ACA position has assumed responsibilities and workload that more closely align with full-time



demands. However, improvement in operational efficiencies and increased utilization of technology may affect time demands.

- The Account Clerk II is intended to allocate a portion of their time to processing invoices for Conflict Counsel; however, it is estimated that approximately 90% of their work hours are devoted to this function. Additionally, due to limited communication and insufficient review process, the Account Clerk II is currently assessing the allowability of legal expenses; a determination that should be made only by a licensed attorney.
- Staffing for the program is limited to one ACA and one Account Clerk within the OCM, with little to no cross-training between them. This creates a risk that employee absences or turnover could result in delays in service delivery, late payments, or missed case assignments.
- In addition to operational inefficiencies, the Conflict Counsel program has continuously experienced higher than expected expenses, and current management oversight could be better aligned to maximize efficiency and ensure costs are controlled.

### Why It Matters

The lack of clarity in defined job specifications, combined with a part-time classification that does not reflect actual workload, creates operational and staffing risk within the Conflict Counsel program. Limited staffing and minimal cross-training increase the likelihood that employee absences or turnover could result in delays in case assignments, invoice processing, or payments, ultimately impacting service delivery. Additionally, unclear roles and responsibilities between the ACA and Account Clerk II have led to duplication of efforts in some errors and neglect of critical duties in others. Collectively, these weaknesses reduce operational efficiency, hinder oversight, and increase risk of errors or missed assignments, which may compromise accountability and proper management of the Conflict Counsel program.

### Recommendations

7. Develop clear and comprehensive job descriptions for the ACA, include qualifications, responsibilities, and performance expectations to support recruitment and accountability.
8. Define clear responsibilities for the ACA and the Account Clerk II to prevent duplication of efforts and ensure all critical duties are covered. Maintain an updated workflow outlining each position's responsibilities and accountability measures.
9. Evaluate the ACA's workload and the Account Clerk II's workload and determine whether the part-time classification accurately reflects the scope of responsibilities. Notably, increasing efficiencies in other areas of the program or

realigning responsibilities may impact classification. Consideration should be given to the effectiveness of creating an administrative (or legal) assistant position within the Conflict Counsel program to redistribute the workload from ACA and the Account Clerk II.

10. Cross train to ensure continuity of operations during absences, turnover, or peak workload periods. Additionally, develop documented procedures to support knowledge transfer and reduce dependency on a single individual.
11. Assess Conflict Counsel oversight and monitoring to identify opportunities for improved alignment. Consideration should be given to having the ACA report to the Chief Financial Officer (CFO), with the Account Clerk II periodically meeting with the CFO to promote cohesive processes and ensure consistency across the program's distinct functions.

### **Vendor and Contract Management Not Effectively Utilized; Take Immediate Action to Implement Professional Services Agreements with Attorneys**

The County maintains Professional Services Agreements for all persons providing the County with a contracted service overseen by the Comptroller's Purchasing Division. These agreements are intended to provide formal framework for managing vendor relationships, ensuring consistent service delivery, compliance with contractual terms, and appropriate oversight of payments and expenses.

Historically, once an attorney has qualified to accept Conflict Counsel cases by the Appointed Counsel Administrator (ACA), the ACA sends a welcome email and provides supporting documentation, including how to submit an invoice to the County, vendor application, W-9 form, sample invoice (if requested), how to request evaluations, list of County approved providers, fee matrix, and the draw down for invoices spreadsheet.

#### **What We Found**

- Based on discussions with County staff and a review of the County's Professional Services Agreements, Conflict Counsel attorneys have not signed the agreements prior to providing services. The absence of executed contracts increases the County's risk of noncompliance with contractual requirements, reduces enforceability of key terms such as billing, service expectations, and may expose the County to potential liability. Additionally, without signed agreements, there is limited ability to hold attorneys accountable for adherence to County policies, fee structures, and reporting requirements, which can result in inconsistent practices, unapproved expenditures, and challenges in program oversight.

- County staff discussed the potential use of formal contracts for mental health, competency, and psychological evaluations as a way to standardize costs across vendors. They also considered applying contracts to Conflict Counsel attorneys and moving away from the hourly rate model. Implementing such contracts could promote consistent pricing, reduce the risk of overpayment, improve budgeting and forecasting, and strengthen oversight and accountability. Without standardized agreements in place, costs and billing practices remain variable, increasing the potential for inequitable payments, inefficiencies, and reduced control over program expenditures.
- Internal auditors were informed that there is a breakdown in communication between Conflict Counsel attorneys, the Appointed Counsel Administrator (ACA), and the Office of the County Manager. This lack of clear and consistent communication can lead to misunderstandings regarding billing practices, approval processes, and program expectations, increasing the risk of inconsistent service delivery, delayed approvals, and potential noncompliance with County policies and contractual requirements.

### Why It Matters

The absence of executed Professional Services Agreements for Conflict Counsel attorneys, coupled with the lack of standardized contracts for evaluations and inconsistent billing practices, creates significant financial, operational, and compliance risks for the County. Without signed agreements, the County has limited ability to enforce key terms, monitor adherence to fee structures, or hold attorneys accountable for program requirements, increasing the potential for unapproved expenditures and inconsistent service delivery. Additionally, variability in costs and billing practices across vendors reduces predictability for budgeting and forecasting, while the breakdown in communication between attorneys, the ACA, and the Office of the County Manager exacerbates these risks by creating uncertainty around program expectations and approval processes. Strengthening contract management and improving communication is essential to ensure accountability, consistent service delivery, and effective oversight of County funds.

### Recommendations

12. Require that all Conflict Counsel attorneys sign the County's Professional Services Agreement prior to providing anymore services.
13. When considering contracts for mental health, competency, and psychological evaluations, weigh potential cost savings against the risk of compromising the quality of legal representation. Standardizing vendors may create efficiencies and reduce expenses, but it could also limit attorney choice and flexibility, potentially

impacting the adequacy of defense services if attorneys are required to use the same resources as others.

14. When considering limited contracts for Conflict Counsel attorneys and transitioning away from the hourly rate model, it is important to reference nationwide best practices and guidance from the American Bar Association. Flat-rate contracts are generally not recommended, as they may incentivize underperformance, limit flexibility for complex cases, complicate monitoring of workload and hours, and potentially lead to challenges regarding the adequacy of representation. These arrangements also carry reputational risk and may result in under-compensation for services performed.
15. Conduct an analysis to compare hourly rate model versus flat-rate or contract-based approaches for attorneys and evaluations to determine which provides greater cost predictability and administrative efficiency but maintains client's rights are adequately represented.
16. Establish formal communication protocols between Conflict Counsel attorneys, the ACA, and the Office of the County Manager. Implement regular check-ins, updates, or newsletters to maintain consistent communication.

### **Ineffective Use of Case Management System; Enhancements to System Processes and Support Are Necessary**

Once a defendant has been determined to be eligible for the defense at public expense, the case information is manually entered into the Karpel case management system (CMS). This system is utilized by the District Attorney's Office, Public Defender's Office, Alternate Public Defender's Office, and the Conflict Counsel program.

As a case is conflicted out of each successive office, the defendant's file is forwarded to the appropriate next department, ultimately reaching the Appointed Counsel Administrator (ACA). In theory, the ACA will manually enter in the necessary demographic and case information into Karpel case tracking purposes, after which the information should be transmitted within the system to the assigned Conflict Counsel attorney. The Karpel CMS is designed to store demographic information, case data, and discovery materials. However, in practice, the system is inconsistently utilized by the ACA and functions primarily as a case tracking tool rather than as a fully integrated case management platform.

The Karpel case management system can support digital and automated workflows within its own platform; however, automation stops when interacting with external systems such as Odyssey eFile or eFlex, requiring manual uploads. While Karpel connects to Axon through the Referral Tab Report Number, the integration is limited, and users must access discovery materials directly in Axon. Karpel operates as an event-based system where

users initiate actions such as generating documents or creating court dates. Data exchanges occur between the District Attorney, Public Defender, Alternate Public Defender, and Conflict Counsel databases, but differences in design and coding prevent full synchronization. As a result, many entries, such as person profiles, case attachments, and data categories that must be manually created or updated. Ongoing customization and Karpel updates further contribute to manual maintenance needs across databases, document templates, and user access settings.

### What We Found

- Based on interviews and a review of information contained within the Karpel CMS, the data appears to be compromised. Numerous duplicate defendant profiles were identified, along with cases that remain open despite resolution, and inaccurate or incomplete demographic information. These conditions suggest weakness in data entry controls and system oversight.
- Discussions with County staff indicated that the Karpel CMS is a complex platform designed to function most effectively when managed by a dedicated team. The system's breadth and configuration are not optimal for operation by only one or two individuals, as is currently the case within portions of the program.
- The ACA does not currently utilize the Karpel CMS as intended; resulting in Conflict Counsel attorneys not being established as users within the system. Consequently, these attorneys do not have access to information maintained in Karpel, including discovery materials, defendant demographics, and case data.
- Although County staff have discussed the potential use of Karpel's billing functionality, it has not been implemented. Internal Audit's discussions with Technology Services revealed that the current billing module within Karpel remains largely manual and lacks the ability to standardize processes or establish predefined parameters (i.e., preset hours for services). Additionally, full use of the billing module would require each Conflict Counsel attorney to have individual system access burdening the Technology Services department who does not have the bandwidth to take on support.
- Interviews with County staff confirmed that extensive manual data entry occurs at each point of case transfer. This process increases the potential for data inconsistency, duplication, and human error.

### Why It Matters

Effective use of the Karpel case management system (CMS) is critical to ensuring accurate, complete, and reliable case data across all offices involved in indigent defense services. When system data are inaccurate or incomplete undermines the County's ability to

maintain the integrity of case records, track outcomes, and ensure appropriate oversight of defense services provided at public expense.

Additionally, the limited use of the Karpel CMS by the Appointed Counsel Administrator (ACA) and Conflict Counsel attorneys creates operational inefficiencies and restricts information sharing between departments. Without consistent system utilization, attorneys may not have timely access to discovery materials or case data, potentially delaying case preparation and undermining service quality.

The absence of a standardized billing process within Karpel also prevents the County from leveraging available technology to improve workflow efficiency and oversight of Conflict County expenditures. Continued reliance on manual processes increases the potential for data entry errors, inconsistent information, and administrative delays.

Collectively, these weaknesses in technology hinder the County's ability to ensure data integrity, efficient case management, and transparent oversight of indigent defense. Strengthening utilization of technology would enhance coordination, improve data accuracy, and promote operational efficiency across all offices involved in the Conflict Counsel program.

### Recommendations

17. Determine if Karpel is the best CMS to be utilized by the Conflict Counsel program. If so, implement procedures to identify and resolve duplicate profiles, unclosed cases, and inaccurate demographic information within Karpel. Regular system audits or automated validations checks could help ensure data accuracy and completeness across all offices.
18. If Karpel is continued to be utilized as the Conflict Counsel's CMS, provide access to the Conflict Counsel attorneys. Provide training and access for attorneys to use the Karpel CMS for case tracking discovery, and demographic information. Encourage full utilization of the system by the ACA to ensure case information is centralized and consistently updated.
19. Create a standardized invoicing form to be utilized by Conflict Counsel attorneys. For example, creating a Seamless Docs invoice with the required information or utilizing the newly implemented SAP Concur for vendor invoice processing.
20. Explore opportunities and training to utilize Karpel's digital and automated workflow features, such as document generation, OCR, and event-triggering notifications, to minimize repetitive manual tasks, and ensure accurate information flows between offices and attorneys.
21. Establish routine monitoring to verify the accuracy and completeness of data entered into Karpel. Assign responsibility for oversight to ensure system utilization

aligns with intended processes, promotes accountability, and supports the effective management of the Conflict Counsel program.

### **Overall Internal Controls Are Weak; Compliance with Existing Billing Policies Inconsistent; Implement Structure to Increase Consistency**

According to the Model Plan, the Appointed Counsel Administrator (ACA) is required to assign cases to Conflict Counsel attorneys using an authorized list on rotational basis. Under this approach, cases should be distributed sequentially among approved attorneys (i.e., Attorney A receives Case 1, Attorney B receives Case 2, Attorney C receives Case 3, and the rotation restarts once the list is exhausted).

In practice, however, the ACA assigns cases to any attorney willing and available to accept them. While the ACA references the authorized list, it has been informally expanded over time by the ACA. The ACA typically initiates assignments by emailing attorneys to determine availability; once an attorney agrees to accept a case, the ACA forwards all relevant materials to that attorney. If no attorney accepts the case during the initial outreach, the ACA relies on professional contacts within the legal community to identify an available and willing attorney.

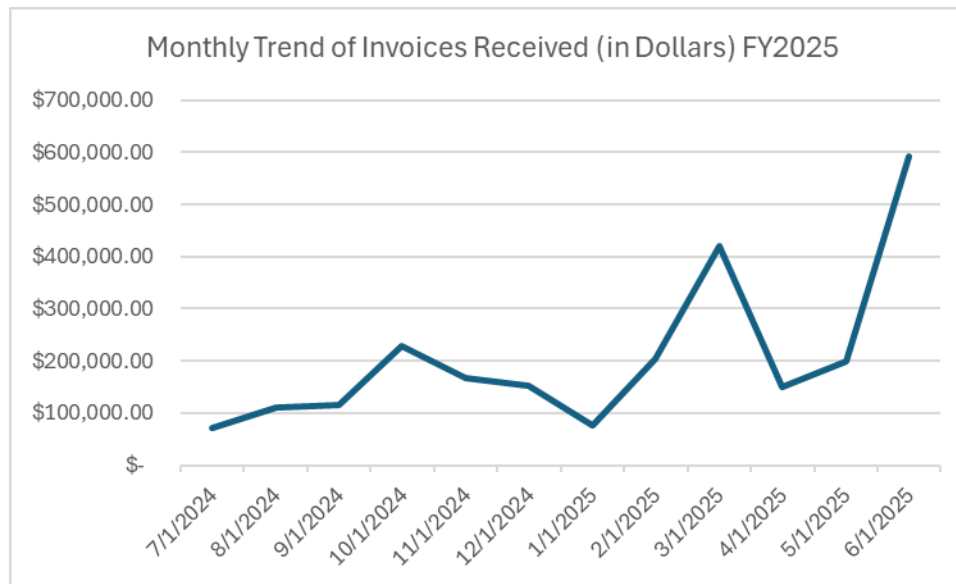
#### **What We Found**

- Discussions with County staff revealed that there are no formal standard operating procedures (SOPs) or internal control standards governing the Conflict Counsel program beyond what is outlined in the Model Plan and the established fee matrix. Refer to Appendix A for a copy of the most recently approved Model Plan.
- The Comptroller's Department maintains the *Washoe County Accounts Payable Manual* (updated May 2024), which governs the process of vendor invoicing; however, staff involved in the Conflict Counsel processes were not consistently familiar with or applying procedures outlined in this manual. Additionally, the preferred invoice workflow, where the Accounts Payable team receives the invoice prior to departmental review, is not clearly defined within the County policy.
- The absence of robust, documented processes has resulted in multiple variations in how tasks are completed to achieve the same outcome. This lack of standardization contributes to inefficiencies, inconsistent practices, and weakened internal controls that reduce the County's ability to prevent or detect potential errors or fraud. Additionally, the lack of a defined business flow results in misplaced or forgotten invoices and inconsistent recordkeeping.
- Discussions with County staff revealed that the County and attorney preferences for billing structure (contract versus hourly) are misaligned, and no unified policy has been adopted to standardized compensation practices. It appears that the County



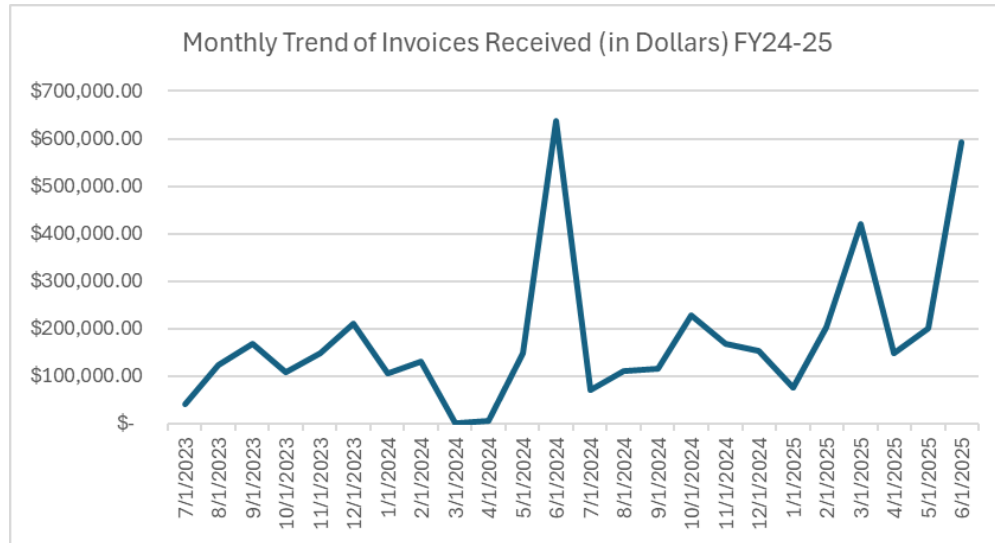
would prefer a flat-rate or contract-based approach, while the Conflict Counsel attorneys find it more advantageous for hourly billing. This lack of standardization complicates budgeting, oversight, and comparison of case costs, and increases the risk of inequitable payments for similar work performed.

- A review of the expenses for *Court Appointed Attorneys* for the last fiscal year reveals a significant year-end surge. For fiscal year 2025, over \$792,000, roughly 33% of the annual amount, of invoices were submitted during the final 60 days of the fiscal year, resulting in nearly \$400,000 in unanticipated budget overruns. Consequently, County staff were required to make critical decisions regarding funding sources to prevent the program from exceeding its budget. The charts demonstrates the monthly invoicing trends by month for fiscal year 2025.





The next chart demonstrates the monthly invoicing trends by month for fiscal year 2024 and 2025.



The charts illustrate invoice amounts fluctuate throughout the fiscal year, with noticeable spikes in the last 60 days of the fiscal year. These irregular billing patterns indicate inconsistent submission practices amongst attorneys, which can complicate budgeting and forecasting.

### Why It Matters

Weak internal controls and inconsistent compliance with billing policies create significant operational and financial risks for the County. Without standardized processes for case assignment and invoice submission, there is an increased likelihood of errors, duplicate or misplaced invoices, and non-compliance with the established fee structure. Inconsistent practices also hinder the County's ability to accurately track expenses, forecast budgets, and ensure equitable payments to Conflict Counsel attorneys. The year-end surge in invoices, resulting in unanticipated budget overruns, underscores the financial impact of these gaps. Strengthening internal controls, documenting standard operating procedures, and implementing consistent billing and assignment practices are critical to enhancing transparency, accountability, and efficiency within the Conflict Counsel program.

### Recommendations

22. Develop and implement formal standard operating procedures (SOPs) for the Conflict Counsel program, including case assignment, approval, and payment processes in addition to what is outlined by the Model Plan. Ensure SOPs clearly define responsibilities for ACA, Account Clerk II, and other involved staff, including escalation procedures for disputes. Once complete, train all employees involved in

the program to ensure awareness and consistent application of SOPs. If necessary, put Conflict Counsel attorneys on notice of the procedures applicable.

23. Reinforce the use of authorized attorney list and rotational assignment procedure as outlined in the Model Plan. Document all case assignments, including attempts to contact attorneys and final assignment decisions, to provide transparency and accountability.
24. Establish a standardized invoice approval process, in addition to adhering to the Comptroller's *Accounts Payable Policy*, including clear steps for ACA review, required supporting documentation, and method of approval (i.e., electronic signature through Adobe or approval through SAP rather than informal email).
25. Update the Comptroller's *Accounts Payable Policy* to include the preferred method of invoicing (i.e., all invoices are submitted directly to the AP team then processed by the department).

### **Invoice Inaccuracies and Incompleteness Evident; Necessary Process Improvements and Stronger Controls**

Once assigned, each Conflict Counsel attorney is responsible for submitting invoices to the County for services rendered. Billing frequency varies among attorneys – some invoicing monthly, while others submit invoice upon case completion. Invoices are sent via email to the Appointed Counsel Administrator (ACA) through a Gmail account, either individually or in batches. The ACA is supposed to review each invoice for completeness and compliance, verifying expenses aligned with approved limits and eligible cost categories, ensuring inclusion of required details, such as case category, case number, dates of service, defendant name, hours worked, etc.

After review and approval, the ACA forwards invoices to the Account Clerk II, who uploads the invoices into SAP (the County's accounting software) for payment processing. The Account Clerk II performs a secondary review to confirm invoice accuracy and verify that requested expenses align within approved limits and eligible cost categories. Any discrepancies are resolved by the ACA or the Account Clerk II and the attorney prior to payment.

If a Conflict Counsel attorney disputes a decision made by the ACA, the matter may be escalated to the Assistant County Manager for review. In cases where resolution is not achieved, or when the disputed amount exceeds established fee limits, the issue may be referred to the presiding judge for final determination.

### What We Found

- A review of the invoices and supporting documentation revealed that the ACA indicates approval by sending an email to the Account Clerk II with invoices attached. This can occur in a bulk or batch approval with several invoices or individually; it is not consistent approval process. This email serves as the primary evidence of ACA approval. To assess the consistency and adequacy of the approval process, multiple testing procedures were performed. The results are summarized in Table 1: Invoices Missing Evidence of ACA Approval below, showing the number and percentage of invoices missing ACA approval.

Table 1: Invoices Missing Evidence of ACA Approval

Testing Procedure Performed	# of Invoices Missing ACA Approval/Total Invoices in Sample	Percentage of Tested Invoices Missing Approval (rounded)
Round Testing	1/44	2%
Top 1% Testing	4/14	29%
Benford's Law Analysis (Digit 5)	14/123	11%
Benford's Law Analysis (Digit 7)	14/91	25%
Benford's Law Analysis (Digit 8)	16/47	34%

*\*Source: Internal Auditors testing of Conflict Counsel invoices.*

The testing results indicate inconsistent documentation of ACA approval, with a higher percentage of missing approvals observed in the Benford's Law samples compared to the other testing methods.

- Invoicing practices are inconsistent due to differing approaches among Conflict Counsel attorneys, with some submitting individual invoices and others batching multiple invoices together. Conflicting guidance has contributed to this inconsistency: the Assistant County Manager directed single-invoice submissions for approval, while the Appointed Counsel Administrator (ACA) instructed that invoices be batched in a single email. This has led to irregular compliance, processing delays, and confusion for County staff when processing payments, increasing the risk of errors and inefficiencies in the Conflict Counsel program.
- Policies defining reimbursable versus non-reimbursable expenses are either outdated or not formally documented, leading to inconsistent treatment of claims across attorneys and cases. For example, while some attorneys bill for supplemental items such as subpoena fees, postage, mileage, etc. others do not include these costs in their invoices.

A document delineating reimbursable versus non-reimbursable expenses could not be provided to auditors upon request. Based on discussion with County staff, items generally considered reimbursable include postage, subpoena fees, expert fees, psychological evaluations, and risk assessments. Mileage was cited as an example of non-reimbursable expense. The absence of a formally documented and approved policy contributes to inconsistent interpretation and application of reimbursable expense rules.

To evaluate the consistency of billing practices, testing procedures were performed as summarized in the table below.

Testing Procedure Performed	# of Invoices with Additional Expenses/Total Invoices in Sample	Percentage of Tested Invoices with Additional Expenses (rounded)
Top 1% Testing	3/14	21%
Benford's Law Analysis (Digit 5)	10/123	8%
Benford's Law Analysis (Digit 7)	5/91	5%
Benford's Law Analysis (Digit 8)	1/47	2%

*\*Source: Internal Auditors testing of Conflict Counsel invoices.*

The testing results indicate that most of the instances of additional billing were submitted by the same attorney, with only one occurrence involving a different attorney. This pattern suggests the absence of clear guidance and consistent enforcement regarding allowable expenses, which increases the risk of inequitable reimbursements and inconsistent application of County funds.

- Discussions with County staff and a review of the supporting documentation revealed that financial limits for each case category, as outlined in Table 2: Case Caps by Category below, are not consistently tracked or reconciled. In addition, supporting documentation accompanying invoices is frequently incomplete or contains inaccuracies.

Case Category	Case Caps
Category A	\$40,000
Category B	\$20,000
Category C, D, E, Gross Misdemeanor	\$5,000
Investigators	\$1,000
Evaluations (substance abuse, mental health)	\$3,000

*\* Source: Conflict Counsel Fee Matrix*

To facilitate monitoring, the Account Clerk II developed a *Conflict Counsel Invoice Draw Down for All Payments* form (reference Appendix B for sample). This form is intended to allow Conflict Counsel attorneys to track payments and remaining balances for each case. However, the form is not consistently utilized or included as supporting documentation for a majority of invoices reviewed. The lack of consistent tracking and documentation limits the County's ability to monitor cumulative costs, ensure compliance with established financial limits, and identify potential overpayments.

- In addition to the financial limits being exceeded, testing identified multiple instances where hourly billing rates deviated from established Conflict Counsel Fee Matrix without documented justification or approval. The deviations included both undercharges and overcharges, as well as the use of mixed or flat rates inconsistent with approved standards. Examples are summarized in the table below.

Transaction Identifier	Case Category	Rate Charged	Fee Schedule Rate	Variance
<b>Round Dollar Testing</b>				
813	Psychological Evaluation	\$5,000	\$3,000	Overcharged
<b>Top 1% Testing</b>				
709	A	\$150/hr	\$300/hr	Undercharged
710	B	\$150/hr	\$200/hr	Undercharged
<b>Benford's Law Analysis (Digit 5)</b>				
58	Juvenile	\$100/hr	\$150/hr	Mixed Rate
62	Juvenile	\$100/hr	\$150/hr	Undercharged
309	Juvenile	\$500 (flat rate)	\$150/hr	Unknown Impact
312	Juvenile	\$500 (flat rate)	\$150/hr	Unknown Impact
314	Juvenile	\$500 (flat rate)	\$150/hr	Unknown Impact
319	Juvenile	\$500 (flat rate)	\$150/hr	Unknown Impact
497	A	\$300/hr, \$150/hr	\$300/hr	Mixed Rates
668	A	\$200/hr	\$300/hr	Undercharged
767	A	\$200/hr	\$300/hr	Undercharged
924	B	\$500/hr	\$200/hr	Overcharged
934	A	\$200/hr	\$300/hr	Undercharged

973	B	\$500/hr	\$200/hr	Overcharged
1254	B	\$300/hr, \$200/hr	\$200/hr	Mixed Rates
<b>Benford's Law Analysis (Digit 7)</b>				
514	A	\$200/hr	\$300/hr	Undercharged
527	A	\$200/hr	\$300/hr	Undercharged
707	A	\$150/hr	\$300/hr	Undercharged

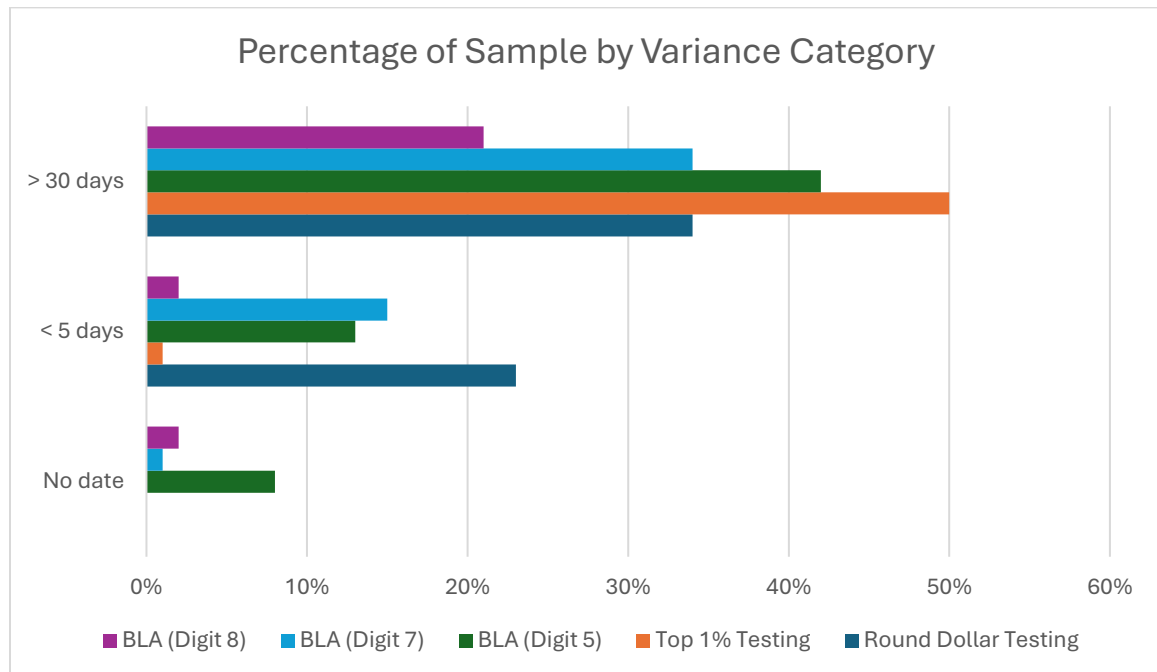
*\*Source: Internal Auditors testing of Conflict Counsel invoices.*

Audit testing revealed that rate discrepancies occurred in both directions; some attorneys billed below the established rates, while others exceeded approved limits or applied flat rates. In several cases, multiple rates were charged within the same invoice, suggesting a lack of standardized review or documentation requirements. The absence of justification for these deviations indicates that rate approvals are not being consistently monitored, verified, or enforced by staff. Inconsistent application of billing rates increases the risk of inequitable payments to attorneys, inaccurate expenditure reporting, and non-compliance with County policy. Overcharges lead to excess County spending, while undercharges may obscure the true cost of case representation and affect budget projections.

- Additionally, analysis of invoices reviewed under Benford's Law testing revealed inconsistencies in the rate charged for comparable services, including mental health assessments, competency and psychological evaluations. The amounts billed for these services varied significantly, ranging from approximately \$800 to \$3,000, without documented justification for the differences.
- Discussions with County staff indicated uncertainty regarding whether Conflict Counsel attorneys are required to comply with the County's Travel Policy or adhere to federal GSA reimbursement rates. As a result, travel expense approvals and reimbursement practices vary among Conflict Counsel attorneys. The lack of clear guidance increases the risk of inconsistent reimbursements and potential noncompliance with County policies or fiscal standards.
- Internal auditors observed that billing submission practices among Conflict Counsel attorneys lack consistency. While some attorneys bill monthly, aligning with the County's preferred method that is compliant with GAAP, other submit invoices only at case conclusion, which can occur years after services have been performed. This inconsistency creates irregular expense patterns, complicated budgeting forecasting, and issues with GAAP compliant reporting on the financial statements.

Audit testing revealed substantial variability in the timing of invoice submissions, with some invoice submitted quickly after services (as low 0 or 1 day), and others significantly delayed (up to 383 days). In addition, certain attorneys submit invoices in batches, resulting in bulk approvals that further contribute to unpredictable expense patterns.

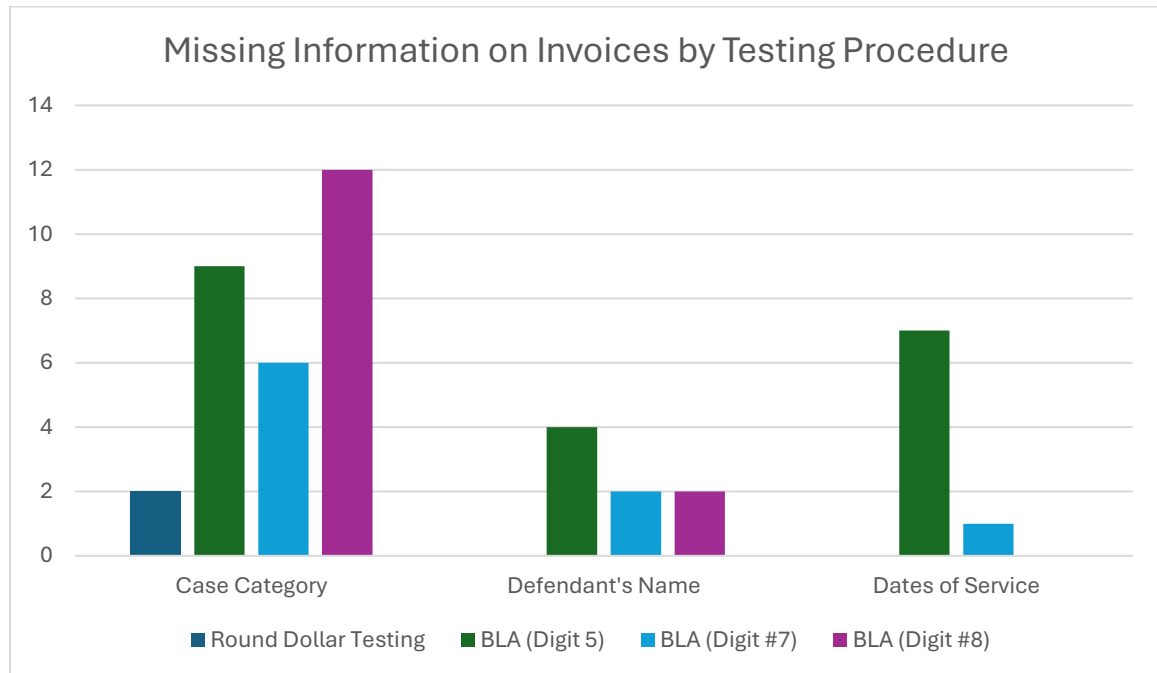
The chart below summarizes the differences between the dates services were performed and the dates invoices were submitted, broken out by testing procedure:



*\*Source: Internal Auditors testing of Conflict Counsel invoices.*

- A review of selected invoices during Internal Audit testing identified missing key information, including case category, defendant name, and dates of service. The absence of this information limits the County's ability to verify the accuracy, appropriateness, and compliance of billed charges with the established fee structure. The lack of a standardized invoice template or clearly defined billing requirements appears to contribute to these omissions. Additionally, the Appointed Counsel Administrator's (ACA) review process does not consistently identify or return incomplete invoices for correction prior to approval. Inconsistency in the format and level of detail provided on invoices, including a few instances of handwritten submissions, also increases the amount of time required for the ACA to review and verify submissions, reducing efficiency and diverting attention from higher-value oversight activities. Missing or incomplete invoice data hinders the County's ability to confirm that services billed were actually rendered, increasing the risk of payment errors or payments for ineligible services. These documentation

gaps also reduce transparency, impede auditability, and weaken compliance with County billing policies and the Model Plan. County policy and financial management best practices require that invoices contain sufficient detail to support the nature, timing, and purpose of billed services. The chart below summarizes the frequency and type of missing information identified during testing.



*\*Source: Internal audit testing of Conflict Counsel invoices.*

The chart illustrates the recurring issues in invoice submissions, highlighting areas where documentation is incomplete.

- Internal audit testing identified instances where invoices were incorrectly coded, resulting in charges being posted to the wrong general ledger subsidiary accounts. While these miscoding errors did not impact the overall budget totals, accurate coding is best practice and essential for reliable financial reporting. Inaccurate coding can distort expense tracking, hinder effective budgeting, and reduce accuracy of future forecasting.
- Discussions with County staff indicated that the Account Clerk II is responsible for coding invoices and processing billing for the Conflict Counsel, Public Defender's Office, and Alternate Public Defender's Office related to mental health, competency, physical evaluations, and transcript services as the budget authority for these services resides in the Conflict Counsel budget. Additionally, internal auditors noted during testing that billing for these services is inconsistent; some



invoices are submitted through the attorney, while others are received directly from the vendor providing the service. Resulting in variability in processing and oversight.

- Discussions with County staff and a review of invoices during Internal Audit testing identified instances where Conflict Counsel attorneys utilized a second chair or “co-chair” on cases other than Category A, where such use is permitted, without obtaining direct written approval from the County. There does not appear to be a clearly defined policy on this practice beyond the guidance outlined in the fee matrix. The lack of formal authorization and clear policy creates the potential for inconsistent application, unauthorized billing, and increased program costs, as well as challenges in ensuring compliance with established fee structures and oversight procedures.

### Why It Matters

The issues identified in Conflict Counsel invoicing and billing practices present significant operational, financial, and compliance risks for the County. Inconsistent submission formats, missing key information, and incomplete supporting documentation reduce the County’s ability to verify the accuracy, appropriateness, and eligibility of expenses. Variability in billing practices, including differing submission schedules, batch approvals, and inconsistent application of rates, creates unpredictable expense patterns that complicate budgeting, forecasting, and GAAP-compliant financial reporting. Inaccurate coding of invoices and inconsistent use of second chair services further increase the risk of errors, unauthorized payments, and inequitable reimbursements. The absence of standardized templates, clearly defined policies, and formal approval processes results in inefficiencies and diverts staff time from higher-value oversight activities. Strengthening internal controls, implementing consistent billing standards, and formalizing approval and documentation requirements are critical to ensure financial accuracy, compliance with established fee structures, and effective program oversight.

### Recommendations

26. Require that all invoices include necessary details (case category, case number, defendant name, hours worked, and expense categories) and that ACA approval is consistently documented (i.e., on each invoice directly vs. an email approval). Require all Conflict Counsel attorneys to submit invoices in a standardized format, using a County-approved template (Seamless Docs or SAP Concur) that captures all required information (case category, case number, defendant name, dates of service, hours worked, etc.). Prohibit handwritten submissions except in rare, documented circumstances.
27. Develop and formally document a clear policy defining reimbursable and non-reimbursable expenses for Conflict Counsel, including examples of common

allowable and unallowable items. Additionally, clearly define the travel policy applicable to Conflict Counsel attorneys and allowable reimbursements related to travel. Communicate these policies to all Conflict Counsel attorneys and require adherence as part of the submission process.

28. Require the consistent use of the *Conflict Counsel Invoice Draw Down for All Payments* form or a comparable tracking system to monitor expenditures against case category limits. Reconcile draw-down records regularly against invoices to ensure compliance with established caps and detect potential overpayments.
29. Develop guidance clarifying billing instructions (i.e., batching vs. individual submissions) to eliminate conflicting directives and ensure uniform practice across all attorneys. Document the guidance within a policy that is communicated to Conflict Counsel attorneys.
30. Require periodic reconciliation and variance reporting of billed rates versus approved fee schedules to identify outliers and ensure compliance with County policy.
31. Require documented justification and formal approval for any rate deviations (overcharges, undercharges, or mixed rates).
32. Ensure all invoices are correctly coded to the appropriate general ledger or subsidiary accounts. Provide training to the Account Clerk II, if necessary.
33. Require written County authorization for second chair usage outside Category A cases. Clearly define in the policy when second chair services are permitted and the approval process for exceptions.
34. Minimize ACA review time by standardizing invoice formats and implementing automated or semi-automated review tools where feasible. Ensure a single, consistent method for invoice submission and approval to reduce processing delays.

## Miscellaneous Observations and General Findings

During the audit, miscellaneous observations were identified that, while not directly tied to the primary areas of review, are important for program administration and oversight. These include procedural issues, outdated information, and factors affecting the predictability of Conflict Counsel workload and resource needs. Addressing these observations can help strengthen overall program efficiency, compliance, and communication.

### What We Found

- A review of the Nevada Department of Indigent Defense Services (DIDS) website indicated that *Application to Washoe County Indigent Defense Contract* is directed to Marc Picker, who is no longer employed by Washoe County

### Why It Matters

Outdated or inaccurate information, such as directing applications to a former employee, can create confusion for potential vendors and delay the onboarding of qualified Conflict Counsel attorneys. Failure to address these issues may result in administrative inefficiencies, delays in service delivery, and challenges in resource planning, ultimately impacting the County's ability to effectively manage the Conflict Counsel program.

### Recommendations

35. Update the application to reflect the current Alternate Public Defender (Kate Hickman) or revise the language to use a more general designation, ensuring the document remains accurate and avoids the need for future updates.

### Overall Internal Audit Conclusion

The internal audit identified multiple areas where the Conflict Counsel program could improve oversight, internal controls, and operational efficiency. While the program continues to provide constitutionally required legal representation, weaknesses in case assignment processes, organizational structure, billing practices, technology utilization, and contract management create financial, operational, and compliance risks.

Implementation of the recommendations provided in this report will strengthen governance, improve consistency and accountability, enhance financial controls, and ensure the program operates in alignment with the Model Plan and best practices. Management engagement and follow-up will be critical to achieving these improvements.

## Audit Background

The Internal Audit Division is responsible for providing: (a) an independent assessment of County operations to ensure policies and procedures, including those related to purchasing and contracting, are established and followed; (b) accurate and reliable information for decision-making; (c) assurance that assets are properly recorded and safeguarded; (d) assurance that risks are identified and mitigated; and (e) assurance that resources are used economically and efficiently, and that County objectives are effectively achieved.

### Auditing Standards

This internal audit was conducted in accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework. These standards require auditors to plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and recommendations aligned with the audit objectives. Guidance from best practices outlined by the Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants (AICPA) was also considered. The internal auditors believe that the evidence obtained provides a reasonable and reliable basis for the conclusions and recommendations presented. Audit fieldwork was conducted from August 2025 through October 2025.

### Management Responsibility

County management is responsible for ensuring that resources are appropriately managed and utilized in compliance with applicable laws and regulations, that programs achieve their intended objectives, and that services are delivered efficiently, effectively, and economically.

### Objectives, Scope, and Methodology

The Conflict Counsel program was included in the Audit Committee and Board of County Commissioners' approved annual audit schedule for fiscal year 2026. The audit objective was to provide management, the Audit Committee, and the Board with assurance that risks and areas for improvement have been identified, that internal controls are operating effectively and efficiently, and to provide recommendations for strengthening the control environment of the Conflict Counsel program.

To obtain background information, auditors reviewed recent similar audits from other cities and counties, as well as federal guidance and industry best practices related to internal controls for recordkeeping and minute-taking procedures. The Division also observed internal control policies, procedures, and processes to identify potential weaknesses or

gaps and ensure compliance with applicable laws, regulations, and statutes for the period July 1, 2024, through June 30, 2025 (Fiscal Year 2025).

A risk-based approach was employed to evaluate Conflict Counsel program procedures, focusing on significant risks and assessing the adequacy, effectiveness, and efficiency of controls designed to mitigate those risks. The review included employee interviews, observations of operational processes, and examination of relevant records. Throughout the audit, due professional care and heightened auditor skepticism were applied. However, absolute assurance cannot be provided, as testing was limited to sample substantive testing, trend analysis, and selected tests of details of internal controls and compliance.

## **Appendix A: The Model Plan (ADKT 411)**

Follow the link to the most recent version of the [Model Plan](#) (ADKT 411) as posted on the Nevada Department of Indigent Defense Services website.

## Appendix B: Conflict Counsel Draw Down Spreadsheet (effective March 27, 2025)

	<b>VENDOR/ATTORNEY:</b>				
	<b>DEFENDANT:</b>				
	<b>CASE #:</b>				
	<b>DATE CASE ASSIGNED:</b>				
	<b>CASE CATEGORY TYPE:</b>				
	<b>COUNTY MATRIX MAX AMOUNT:</b>	\$	-		
	<b>COURT APPROVAL (IF OVER MATRIX AMT):</b>	\$	-		<b>TOTAL SPENT ON CASE:</b>
	<b>TOTAL AMOUNT AVAILABLE FOR CASE:</b>	\$	-		-
	<b>Date Submitted for Payment</b>	<b>Invoice Date</b>	<b>Invoice #</b>	<b>Invoice Amount</b>	<b>Remaining Balance</b>
1				-	-
2				-	-
3				-	-
4				-	-
5				-	-
6				-	-
7				-	-
8				-	-
9				-	-
10				-	-
11				-	-
12				-	-
13				-	-
14				-	-
15				-	-
16				-	-
17				-	-
18				-	-
19				-	-
20				-	-

## Appendix C: Substantive Internal Audit Testing Results

To assess the integrity and reasonableness of transactional data, the Internal Audit Division applied a series of data analytical procedures, including round-dollar testing, analysis of the top 1% highest-value transactions, Benford's Law distribution, and z-score testing. These techniques were selected to identify anomalies, unusual patterns, or potential indicators of fraud, error, or manipulation within the dataset. Round-dollar testing helped isolate potentially manipulated amounts, while highest-value transactions analysis focused on high-risk, high-impact entries. Benford's Law was used to detect deviations from expected digit frequencies, while z-score analysis allowed us to highlight statistical outliers relative to the dataset of the Benford's Law analysis. The results of these procedures provided a risk-based foundation for targeted substantive testing.

### Round-Dollar Testing

As part of the internal audit procedures regarding conflict counsel billing, the Internal Audit Division conducted round-dollar testing to identify potentially unusual or non-routine transactions. This testing focused on invoices with round dollar amounts equal to or greater than \$1,000, as such amounts may indicate standardized billing, invoice splitting, or other practices warranting further scrutiny.

A sample of 44 transactions were selected for review. The invoices ranged from \$1,000 - \$20,000, with the most common amount being \$1,000, which appeared in 30 out of 44 entries. All transactions were review in context of invoice amount, service dates, case categorization, and payment timing.

### Key Observations from Round-Dollar Testing

- **Consistent Use of Round Figures:** Every invoice tested reflected a round dollar amount. The significant number of \$1,000 charges raises the possibility of invoice splitting, particularly in cases where multiple invoices were submitted on the same or consecutive dates.
- **Timing Variances:** The Internal Audit Division analyzed the number of days between the last date of service performed and the date of payment. The variance ranged from 0 to 107 days.
  - Fifteen (15) transactions exhibited variances greater than 30 days.
  - Nine (9) transactions exhibited variances greater than 60 days.
  - Examples include:
    - Unique Transaction Identifier 548 (107-day variance)
    - Unique Transaction Identifier 563 (87-day variance)
    - Unique Transaction Identifier 593 (99-day variance)



- Conversely, ten (10) invoices had payment variances of 5 days or less, suggesting automated or expediated billing.
- An examination of Unique Transaction Identifier 813 itemized charges for a psychological evaluation totaling \$5,000, exceeding the pre-established limit of \$3,000. Additionally, the supporting documentation did not provide written approval from the Appointed Counsel Administrator for the transaction, nor any approval for exceeding the \$3,000 maximum.
- Invoice Missing Information: Two (2) invoices were missing the case category (i.e., A, B, C, etc.). Although it is not required by the Model Plan (ADKT 411), Washoe County does require it for processing the invoice, however there is no formal policy denoting this requirement.

#### Follow-Up into Key Observations from Round-Dollar Testing

- Consistent Use of Round Figures: The Internal Audit Division conducted further investigation into the quantity of round-dollar amounts used on invoices and determined that the fee matrix utilized for billing purposes are round dollar amounts (i.e., \$200/hour most common). If the conflict counsel is billing in whole hour increments, it would equate to numerous round-dollar invoices.
- Significant Number of \$1,000 Invoices: Further investigation noted twenty-six (26) total invoices for \$1,000 each. Sixteen (16) of those invoices were from a single attorney (W974). It was noted on the fee matrix, provided by Washoe County, that attorney W974 has negotiated a flat rate fee of \$1,000 for family court cases. The remaining ten (10) invoices were various attorneys charging 5 hours at \$200/hour. It should also be noted that invoices for attorney W974 noted that invoices are not itemized, partially hand-written and difficult to read.
- Timing Variances: Discussions with Washoe County staff disclosed that attorneys have discretion on when invoicing is completed. Some attorneys invoice monthly, while others choose to wait until the case has been completed. As such, this contributes to the large discrepancies in timing.

#### Conclusion for Round-Dollar Testing

After further investigations into the exceptions noted during sampling, no evidence of fraud, material error, or financial misstatement were found. While several transactions exhibited delayed or expediated payments, these were determined to be a result of the process inefficiencies rather than intentional misconduct or control breaches.

#### Top 1% Transaction Testing

Consistent with internal audit methodology, the Internal Audit Division assessed the transactions representing the top 1% by invoice amount (i.e., those exceeding \$17,840.40)

were selected for targeted review. The purpose of this testing was to assess whether high-value payments were properly authorized, accurately recorded, and aligned with services performed. A total of fourteen (14) transactions were reviewed, covering invoice amounts between \$17,895.00 and \$31,255.76.

#### Key Observations for Top 1% Testing

- **Variances Between Service and Payment Dates:** Several transactions exhibited notable delays between the last date of service performed and the date of payment.
  - Examples include:
    - Unique Transaction Identifier 156 (337-day variance)
    - Unique Transaction Identifier 158 (267-day variance)
    - Unique Transaction Identifier 1119 (59-day variance)
    - Unique Transaction Identifier 1125 (52-day variance)
  - Seven (7) transactions exhibited variances greater than 30 days.
  - One (1) transaction exhibited a variance of zero (0) days.
- **Hourly Rate Not Consistent with Fee Matrix:** An examination of Unique Transaction Identifier 709 and 710, disclosed that an hourly rate of \$150 was used instead of \$300 per hour for a Category A case and \$200 per hour for a Category B case.
- **Missing ACA Approval:** Four (4) invoices are missing the ACA's approval email in the supporting documentation.
  - Examples are:
    - Unique Transaction Identifier 156
    - Unique Transaction Identifier 158
    - Unique Transaction Identifier 709
    - Unique Transaction Identifier 871
- **Attorney Charging for Non-Legal Expenses:** A review of the invoices noted that one (1) attorney (O181) charges the County for miscellaneous expenses such as printing, transcription of interviews, and Veritext services.

#### Follow-Up into Key Observations for Top 1% Testing

- **Variances Between Service and Payment Dates:** Discussions with Washoe County staff disclosed that attorneys have discretion on when invoicing is completed. Some attorneys invoice monthly, while others choose to wait until the case has been completed. As such, this contributes to the large discrepancies in timing.
- **Hourly Rate Not Consistent with Fee Matrix:** A discussion with County staff disclosed that during the transition period of the old fee structure and the new few

matrix, not all attorneys elected to make the changes to the new rates for the older cases. As such, there's discrepancies based on attorney discretion.

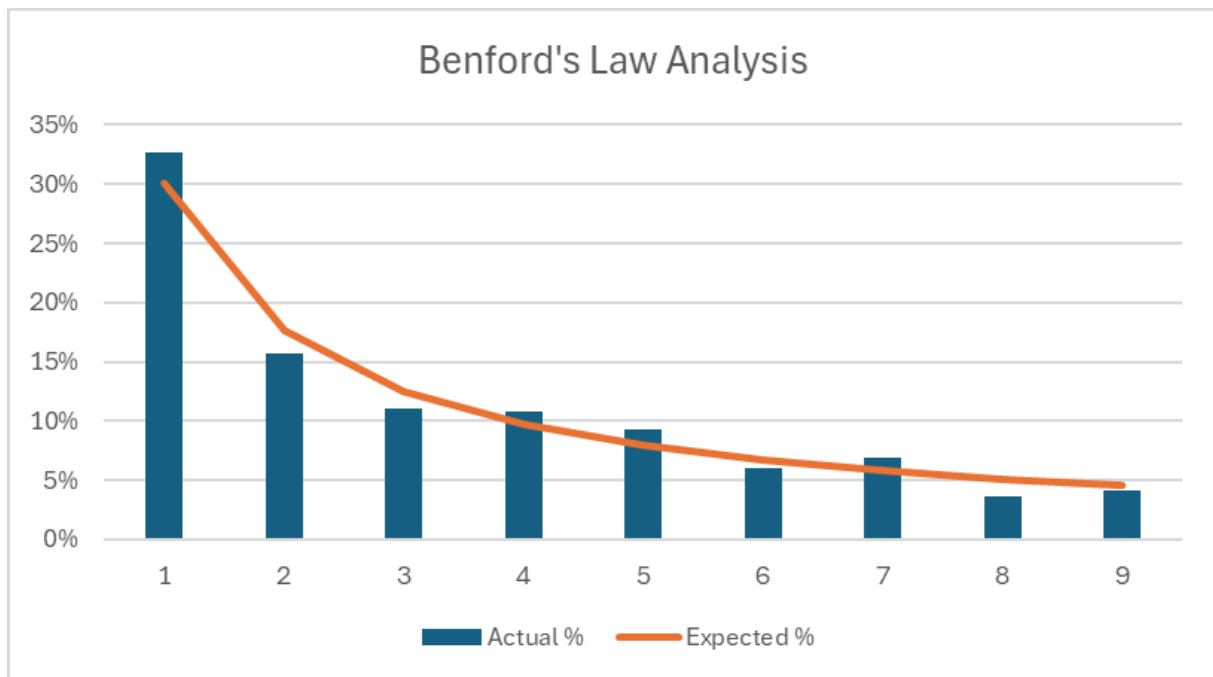
- **Missing ACA Approval:** Further investigation by the internal auditors, noted that two (2) of the invoices, Unique Transaction Identifier 156 and 158 had a court order signed by a Judge. The remaining two invoices were still missing ACA approval. A discussion with County staff noted that if an invoice was court ordered, the ACA does not review or approve the invoice prior to payment.
- **Attorney Charging for Non-Legal Expenses:** Charges are inconsistent amongst the conflict counsel attorneys. It appears only one attorney is charging for additional services, while the rest do not. The County has limited what services can be reimbursed such as transcriptions of interviews, expert witnesses, investigators. The County has also stated that it will not reimburse travel to/from court, clothing, other transcripts, legal secretary or staff time. However, these allowable and disallowable expenses are not denoted in a policy or manual.

### Conclusion for Top 1% Testing

After further investigation identified during sampling, no evidence of fraud, material misstatement, or error was found. While several transactions showed high variances in timing or lacked appropriate documented approvals, these issues were determined to stem from process inefficiencies and compliance rather than intentional misconduct or deliberate control overrides. The observed deficiencies highlight opportunities to strengthen approval tracking and reinforce compliance with internal processes and procedures, but do not indicate systemic risk of financial misstatement or fraudulent activity at this time.

### Benford's Law Analysis

In alignment with recognized internal audit procedures, the Internal Audit Division conducted a Benford's Law Analysis on the on the dataset comprising the entire population of 1,329 by invoice amounts. The purpose of this testing was to evaluate the natural distribution of leading digits in invoice amounts to detect any anomalies that may indicate data manipulation or irregularities. Reference the graph *Benford's Law Analysis* for the distribution.



### Key Observations of Benford's Law Analysis

- Digit 1: Slightly high compared to the expected distribution, but not alarming based on the fee structure and type of billing.
- Digit 2, 3, 6, 8, and 9: Slightly lower than expected, but deemed acceptable.
- Digit 4: Slightly higher than the expected distribution, but not alarming.
- Digit 5: Noticeably higher than expected and will require further investigation.
- Digit 7: Above the expected distribution, will require further investigation.

### Follow-Up Into Key Observations

- Digit 5: A total of 123 invoices beginning with the digit "5" were identified and reviewed for accuracy, justification, and supporting documentation. The following exceptions were noted:
  - Variances Between Last of Service Performed and Payment Dates: A notable amount of transactions had significant variances in dates ranging from zero (0) days to 220 days.
    - 34% of the sample had variances greater than thirty (30) days.
    - 11% of the sample had variances less than five (5) days.
    - 7% of the sample did not include a last date of service, as such a variance could not be calculated.
  - Lacking ACA Approval: 11% of the sample did not include documentation to support approval from the ACA.

- Hourly Rate Not Consistent with Fee Schedule: The following data points noted variances between the fee schedule and what was charged on the invoice:
  - Unique Transaction Identifier 58 – charged \$100 instead of \$150 for a family/juvenile case
  - Unique Transaction Identifier 62 – charged \$100 instead of \$150 for a family/juvenile case
  - Attorney (C347) charging a flat rate of \$500 for juvenile or misdemeanor cases 309, 312, 314, 319 320, 321
  - Unique Transaction Identifier 497 – charged \$300 for some hours and \$150 for other hours on a category A case
  - Unique Transaction Identifier 668 – charged \$200 per hour on a category A case
  - Unique Transaction Identifier 767 – charged \$200 per hour on a category A case
  - Unique Transaction Identifier 924 – charged \$500 per hour for a small amount of time for a category B case
  - Unique Transaction Identifier 934 – charged \$200 per hour on a category A case
  - Unique Transaction Identifier 973 – charged \$500 per hour for a small amount of time for a category B case
  - Unique Transaction Identifier 1254 – charged \$300 for some hours and \$200 for other hours on a category B case
- Attorney Charging for Non-Legal Expenses: A review of the invoices noted that one (1) attorney (O181) charges the County for miscellaneous expenses such as printing, postage, audio recordings of court hearings, and subpoena fees.
- Invoice Missing Information: Although it is not required by the Model Plan (ADKT 411), Washoe County does require at least the name of the defendant and the case category on the invoice for processing, however there is no formal policy denoting this requirement.
  - There were four (4) instances where invoices were missing the name of the defendant.
  - There were twelve (12) instances where invoices were missing the case category.
- An examination of the invoice and supporting documentation for Unique Transaction Identifier 1253 revealed that there was a line item entry dated

9/24/2025 for “Draft + file Reply to Pretrial Writ”, but the invoice was paid on 3/2/2025.

- Digit 7: A total of 91 invoices beginning with the digit “7” were identified and reviewed for accuracy, justification, and supporting documentation. The following exceptions were noted:
  - Variances Between Last of Service Performed and Payment Dates: A notable amount of transactions had significant variances in dates ranging from zero (0) days to 383 days.
    - 34% of the sample had variances greater than thirty (30) days.
      - Examples include 130 days, 147 days, 220 days, and 383 days
    - 15% of the sample had variances less than five (5) days.
    - 1% of the sample did not include a last date of service, as such a variance could not be calculated.
  - Lacking ACA Approval: 15% of the sample did not include documentation to support approval from the ACA.
  - Invoice Missing Information: Although it is not required by the Model Plan (ADKT 411), Washoe County does require at least the name of the defendant and the case category on the invoice for processing, however there is no formal policy denoting this requirement.
    - There were two (2) instances where invoices were missing the name of the defendant.
    - There were six (6) instances where invoices were missing the case category.
  - An examination of the invoice and supporting documentation for Unique Transaction Identifier 350 revealed that there was a line item entry dated 7/1/2025, but the invoice was paid on 6/30/2025.
  - Hourly Rate Not Consistent with Fee Schedule: The following data points noted variances between the fee schedule and what was charged on the invoice:
    - Unique Transaction Identifier 514 – charged \$200 instead of \$300 per hour for a category A case
    - Unique Transaction Identifier 527 – charged \$200 instead of \$300 per hour for a category A case
    - Unique Transaction Identifier 707 – charged \$150 instead of \$300 per hour for a category A case
  - Attorney Charging for Non-Legal Expenses: A review of the invoices noted that one (1) attorney (O181) charges the County for miscellaneous expenses such as printing, postage, audio recordings of court hearings, and subpoena

fees and two other attorneys (Z211 and L516) charged the County for mileage to and from the courthouse.

- Digit 8: A total of 47 invoices beginning with the digit “8” were identified and reviewed for accuracy, justification, and supporting documentation. The following exceptions were noted:
  - Variances Between Last of Service Performed and Payment Dates: A notable amount of transactions had significant variances in dates ranging from zero (0) days to 369 days.
    - 45% of the sample had variances greater than thirty (30) days.
    - 4% of the sample had variances less than five (5) days.
    - 4% of the sample did not include a last date of service, as such a variance could not be calculated.
  - Lacking ACA Approval: 34% of the sample did not include documentation to support approval from the ACA.
  - Invoice Missing Information: Although it is not required by the Model Plan (ADKT 411), Washoe County does require at least the name of the defendant and the case category on the invoice for processing, however there is no formal policy denoting this requirement.
    - There were three (3) instances where invoices were missing the name of the defendant.
    - There were twelve (12) instances where invoices were missing the case category.
    - There were two (2) instances where the invoice or supporting documentation was missing.
  - Incorrect Entries: Invoices related to competency and psychological evaluations were mistakenly recorded in the general ledger account for Court Appointed Attorneys, rather than in the more appropriate account designated for Psychiatric Evaluations.

### Conclusion for Benford’s Law Analysis

The Benford’s Law analysis performed revealed notable deviations in the frequency distribution of invoice amounts, particularly those beginning with the digits 5 and 7, prompting further detailed review. While the findings do not indicate systemic fraud, error, or misstatement, it does highlight the weaknesses in invoice review controls, inconsistencies in documentation requirements, and potential noncompliance with billing policies. Invoices missing critical data, lacking proper approvals, or exhibiting rate discrepancies increase the County’s exposure to financial misstatements and inefficient use of public funds.