



CPAs & BUSINESS ADVISORS

COUNTY OF VENTURA

AU-C 260 Communication to those Charged with Governance – Single Audit
June 4, 2024

EIDE BAILLY AUDIT TEAM

David Showalter,
CPA

- Audit Partner

James Ramsey, CPA

- Technical and QC Reviewing
Audit Partner

Erika Partida, CPA

- Senior Audit Manager

Tommy Bowen, CPA

- Audit Manager

Layla Elsumeri, CPA

- Senior Audit Associate

AUDIT SCOPE

Perform the FY 2023 financial statement and compliance audit of the:

- Annual Comprehensive Financial Report (ACFR)
- 2 CFR 200 Single Audit

PLANNED SCOPE AND TIMING



OUR RESPONSIBILITY

U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*.

Express opinions about whether the financial statements that have been prepared by management are presented fairly, in all material respects, in conformity with generally accepted accounting principles:

- Reasonable, not absolute assurance;
- Audit does not relieve the management of its responsibilities.

For Single Audit, express an opinion on compliance applicable with each major federal program.



OUR RESPONSIBILITY

- Required Communications:
 - Ethics and independence
 - Qualitative aspects of accounting policies, accounting estimates and note disclosures
 - Difficulties encountered
 - Uncorrected and corrected misstatements
 - Disagreements with management
 - Management representations
 - Consultations with other accountants

SUMMARY OF AUDIT RESULTS

Financial Statement Audit

- Unmodified opinion

2 CFR 200 Single Audit

- Unmodified for all programs, except for 93.224 COVID-19 Health Center Program Cluster which was qualified for special tests and provisions

SUMMARY OF AUDIT RESULTS

Major Federal Programs –

- COVID-19 Coronavirus State and Local Fiscal Recovery Funds
- COVID-19 Aging Cluster
- COVID-19 Health Center Program Cluster
- Temporary Assistance for Needy Families (TANF)
- Child Support Enforcement

AUDITOR COMMUNICATIONS – FINANCIAL STATEMENT AUDIT FINDINGS

System Procedures Related to Patient Accounts and Patient Credits

- Finding No. 2023-001: We noted that the CERNER system was not consistently posting contractual allowance adjustments correctly to patient accounts where there was a primary and secondary payor. This incorrect posting resulted in certain patient accounts reflecting credit balances (i.e., negative accounts receivable balances). We also noted during FY 2023, the Medical System, through a manual process, also systematically wrote off patient accounts with negative credit balance without a documented review and approval for each adjustment.
- We recommend that the Medical System implement policies and procedures to ensure that all patient credit balances adjusted in this manual process are reviewed and approved prior to write-off.
- Management agreed with the finding and provided a response in the County's separately issued Corrective Action Plan (Exhibit 2).

AUDITOR COMMUNICATIONS – FINANCIAL STATEMENT AUDIT FINDINGS

Third Party Settlements and Reserves

- Finding No. 2023-002: As a result of our audit procedures, we noted that the Medical System, specifically Ambulatory Care, did not have adequate policies and internal controls in place to review and evaluate certain third-party settlements and reserves at the balance sheet date. We noted Ambulatory Care does not perform a formal analysis to support the estimated third-party settlement reserve balances; for example, a retrospective review of settlements recorded in prior years compared to amounts realized.
- We recommend that the Medical System, specifically Ambulatory Care, establish policies and procedures related to the review of third-party settlements and reserves.
- Management agreed with the finding and provided a response in the County's separately issued Corrective Action Plan (Exhibit 2).

AUDITOR COMMUNICATIONS – SINGLE AUDIT FINDINGS

COVID-19 – Aging Cluster – Subrecipient Monitoring

- Finding No. 2023-003: We noted 6 instances out of 6 where the County did not include in the subrecipient agreement the subrecipient's unique entity identifier and the subrecipient's Federal Award identification Number (FAN) in accordance with 2 CFR 200.332(a) of the Uniform Guidance. In addition, we noted 6 instances out of 6 where the County did not perform a risk assessment on the program's subrecipients for purposes of determining the appropriate subrecipient monitoring in accordance with 2 CFR 200.332(b) of the Uniform Guidance.
- We recommend that the County follow the implemented policies and procedures to ensure that all required award information and applicable requirements are communicated to subrecipients at the time of subaward in accordance with 2 CFR section 200.332(a) and that the required evaluation of the subrecipient's risk of noncompliance be documented in accordance with 2 CFR section 200.332(b).
- Management agreed with the finding and provided a response in the County's separately issued Corrective Action Plan (Exhibit 2).

AUDITOR COMMUNICATIONS – SINGLE AUDIT FINDINGS

COVID-19 - Health Center Program Cluster – Special Tests and Provisions

- Finding No. 2023-004: We noted 6 instances out of 93 where the County did not appropriately adjust patient charges based on the Health Center's sliding fee discount program schedules in accordance with 42 USC 254b(k)(3)(F). Discounts applied to patient charges were inconsistent with its sliding fee discount program schedules.
- We recommend that the County strengthen its established policies and procedures to ensure the sliding fee discount program schedules are applied to patient charges consistent with its sliding fee discount schedules and ensure that policies and procedures are strictly adhered to by County personnel.
- Management agreed with the finding and provided a response in the County's separately issued Corrective Action Plan (Exhibit 2).

QUESTIONS?

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.

THANK YOU

David Showalter, CPA
Partner
dshowalter@eidebailly.com



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