

JEFFERY S. BURGH
AUDITOR-CONTROLLER

COUNTY OF VENTURA
800 SOUTH VICTORIA AVE.
VENTURA, CA 93009-1540



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April 9, 2019

Honorable Board of Supervisors
County Government Center
Hall of Administration
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File the County of Ventura Single Audit Report, Corrective Action Plan, Summary Schedule of Prior Audit Findings, Management Letter for the Audit of the Comprehensive Annual Financial Report, Independent Accountants' Reports on Agreed-Upon Procedures Applied to Appropriations Limit Calculation for the Year Ended June 30, 2018, and Auditor's Communication with Those Charged with Governance.

RECOMMENDATIONS:

1. Receive and file the Single Audit Report, the Corrective Action Plan, and the Summary Schedule of Prior Audit Findings for the year ended June 30, 2018.
2. Receive and file the Management Letter for the Audit of the Comprehensive Annual Financial Report for the year ended June 30, 2018.
3. Receive and file the Independent Accountants' Reports on Agreed-Upon Procedures applied to Appropriations Limit Calculation for the year ended June 30, 2018.
4. Receive and file the Auditor's Communication with Those Charged with Governance.

FISCAL/MANDATES IMPACT: None.

DISCUSSION:

Single Audit Report – Exhibit 1

The enclosed Single Audit Report for the year ended June 30, 2018, was issued by the County's external auditor, Vavrinek, Trine, Day & Co., LLP (VTD), in

accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit Report was filed with the State Controller's Office, the California Department of Transportation, and the Federal Audit Clearinghouse on March 28, 2019.

The report is designed to evaluate the financial management and accountability of the County's federal financial assistance programs (grants). The report lists the County's federal grants including the Schedule of Expenditures of Federal Awards in the amount of \$190,300,000, an increase of \$11,794,000 from the prior year. The total awards increased as compared to the prior year primarily due to inclusion of U.S. Department of Housing and Urban Development (HUD) loans with continuing compliance requirements from HOME Investment Partnerships and Neighborhood Stabilization Programs.

Pursuant to the Uniform Guidance, all federal agencies and departments, to the extent practicable, rely upon and use the audit work.

The Office of Management and Budget Compliance Supplement identifies compliance requirements that are applicable to each of its major federal programs for the year ended June 30, 2018 and requires the auditor to report any instance of noncompliance with those requirements. The Schedule of Findings and Questioned Costs, beginning on page 15 of Exhibit 1, identifies five significant deficiencies, summarized below, which are less severe than a material weakness, but important enough to merit the attention to those charged with governance.

1. System Procedures Related to Patient Accounts (2018-001): a) "test" data was observed in the Medical Center's Electronic Medical Records System (CERNER); and b) CERNER did not consistently post contractual allowance adjustments correctly to patient accounts where there was a primary and secondary payor.
2. Subrecipient Monitoring – There were two audit findings in this category (2018-002 and 2018-003): a) Risk assessment documentation was not maintained for subawards; and b) Subawards were missing required information.
3. Procurement and Suspension and Debarment (2018-004): Contracts relied on sole source justification from the initial procurement of the contract with the vendor and an evaluation of the sole source justification was not documented for the current contract term.
4. Activities Allowed or Unallowed and Allowable Costs/Cost Principles (2018-005) – Timecard was not approved by the supervisor.

The Agency's response and planned corrective action are detailed in the **Corrective Action Plan (Exhibit 2)**.

Summary Schedule of Prior Audit Findings – Exhibit 3

The Summary Schedule of Prior Audit Findings details the status of prior audit findings. Corrective action has been implemented on all prior findings.

Management Letter – Exhibit 4

In conjunction with the audit of the Comprehensive Annual Financial Report for the year ended June 30, 2018, (filed with your Board on February 12, 2019), VTD issued the enclosed Management Letter. The Management Letter includes an observation and recommendation to help improve internal control or other operating efficiencies.

The recommendation is for the Medical Center to review its current policies and formalize procedures related to the documentation requirements over its physician contracts and invoices. Management's response follows the recommendation and is included in the Management Letter.

Independent Accountants' Reports on Agreed-Upon Procedures Applied to Appropriations Limit Calculation – Exhibits 5-7


In conjunction with the audit of the Comprehensive Annual Financial Report for the year ended June 30, 2018, VTD reviewed the County's annual calculation of the Appropriations (Gann) Limit. The calculation is required under Article XIII B of the State Constitution. The limited review did not disclose any discrepancies for the County of Ventura, the County of Ventura Watershed Protection District Fund, or the County of Ventura Fire Protection District Fund.

Auditor's Communication with Those Charged with Governance – Exhibit 8

Auditing standards require that auditors communicate with those charged with governance certain significant matters related to the audit. Auditing standards use the term "those charged with governance" to refer to those with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the entity's financial reporting process. The attached report discloses those matters to the County's Board of Supervisors.

If you have any questions, please call me at (805) 654-3151.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Burgh', with a long horizontal stroke extending to the right.

JEFFERY S. BURGH
Auditor-Controller

Honorable Board of Supervisors

April 9, 2019

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Exhibits:

Exhibit 1 - Single Audit Report

Exhibit 2 - Corrective Action Plan

Exhibit 3 - Summary Schedule of Prior Audit Findings

Exhibit 4 - Management Letter

Exhibit 5 - Independent Accountants' Report on Agreed-Upon Procedures
Applied to Appropriations Limit Calculation – County of Ventura,
California

Exhibit 6 - Independent Accountants' Report on Agreed-Upon Procedures
Applied to Appropriations Limit Calculation – County of Ventura
Watershed Protection District Fund

Exhibit 7 - Independent Accountants' Report on Agreed-Upon Procedures
Applied to Appropriations Limit Calculation – County of Ventura Fire
Protection District Fund

Exhibit 8 - Auditor's Communication with Those Charged with Governance

c: Michael Powers, County Executive Officer

Leroy Smith, Esq., County Counsel

Jeff Pratt, Public Works Agency

Mark Lorenzen, Fire Protection District