

JEFFERY S. BURGH
AUDITOR-CONTROLLER

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



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July 26, 2022

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 for the Year Ended June 30, 2021, Corrective Action Plan, Summary Schedule of Prior Audit Findings, 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, 2021.
2. Receive and file the Auditor's Communication with Those Charged with Governance.

FISCAL/MANDATES IMPACT: None.

DISCUSSION:

Single Audit Report – Exhibit 1

The Single Audit Report for the year ended June 30, 2021 was issued by the County's external auditor, Eide Bailly LLP (EB), in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 will be filed with the Federal Audit Clearinghouse, the State Controller's Office, and the California Department of Transportation by July 29, 2022. The County's Single Audit is normally filed within nine months after the end of our June 30 fiscal year end (on or before March 31). However, due to the COVID-19 pandemic, an automatic extension of an additional six months was granted (due on or before September 30, 2022). The Single Audit will be timely filed within this extension period.

The Single Audit is designed to evaluate the financial management and accountability of the County's federal financial assistance programs (grants). The County complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. The audit opinion is unmodified for all major programs, which is the best opinion an auditor can provide.

EB also audited the County's basic financial statements and issued its unmodified opinion in a report dated March 11, 2022 which is included in the County's Annual Comprehensive Financial Report for the year ended June 30, 2021 (ACFR). The ACFR was presented to your Board on April 26, 2022. In planning and performing their audit of the County's financial statements, EB considered the County's internal control over financial reporting and identified certain deficiencies in internal control. Their report on internal controls over financial reporting is included in the Single Audit Report (beginning on page 1). Section II – Financial Statement Findings, beginning on page 25, identifies three findings summarized below. Two of these findings (2021-001 and 2021-002) are considered a material weakness in internal control, which is defined as a deficiency in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, detected, or corrected on a timely basis. The last finding (2021-003) is considered a significant deficiency in internal control, which is less severe than a material weakness, yet important enough to merit the attention to those charged with governance.

1. System Procedures Related to Patient Accounts and Patient Credits (2021-001) – The Medical System's Electronic Medical Records System (Cerner) did not consistently post contractual allowance adjustments correctly to patient accounts where there was a primary and secondary payor, in addition to the improper treatment of test data within Cerner.
2. Third Party Settlements and Reserves (2021-002) – The Medical System does not have formal policies or procedures to evaluate the accuracy of its third-party settlements.
3. Internal Controls Over the Changes of Rates in the Charge Description Master (2021-003) – The Medical System did not have adequate controls to timely identify, review and approve rate changes in the Charge Description Master.

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

The Single Audit includes a listing of the County's federal grants on the Schedule of Expenditures of Federal Awards beginning on page 6, totaling \$379,050,000, an increase of \$128,638,000 compared to the prior year. The increase in total awards is primarily due to the relief funding for the Coronavirus pandemic.

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, 2021 and requires the auditor to report any instance of noncompliance with those requirements. Section III – Federal Award Findings and Questioned Costs, beginning on page 29, identifies four findings summarized below. These findings (2021-004 through 2021-007) are considered a significant deficiency in internal control over compliance, which is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention to those charged with governance. There were no questioned costs identified.

1. Crime Victim Assistance Subrecipient Monitoring (2021-004) – Policies and procedures were not in place to ensure risk assessments are documented when a subrecipient contract is awarded; and required award information was not properly communicated to subrecipients at the time of subaward.
2. Airport Improvement Program Reporting (2021-005) – Internal controls were not in place to ensure the required reports were reviewed and approved prior to submittal.
3. WIC Special Supplemental Nutrition Program for Women, Infants, and Children Procurement and Suspension and Debarment (2021-006) – HCA Public Health did not document a compliance requirement for debarment on a procurement contract.
4. Medi-Cal Cluster Reporting (2021-007) – Internal controls were not in place to ensure the required reports were reviewed and approved prior to submittal.

The County's response and planned corrective action to these findings 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 or is in progress on all prior findings.

Auditor's Communication with Those Charged with Governance – Exhibit 4

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,



JEFFERY S. BURGH
Auditor-Controller

Exhibits:

- Exhibit 1 - Single Audit Report
- Exhibit 2 - Corrective Action Plan
- Exhibit 3 - Summary Schedule of Prior Audit Findings
- Exhibit 4 - Auditor's Communication with Those Charged with Governance

c: Sevet Johnson, Interim County Executive Officer
Tiffany N. North, County Counsel