



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2021

# Ventura County Transportation Commission

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June 30, 2021

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Ventura County Transportation Commission  
Camarillo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ventura County Transportation Commission (Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated November 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission 's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
November 15, 2021



**Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors  
Ventura County Transportation Commission  
Camarillo, California

**Report on Compliance for Each Major Federal Program**

We have audited the Ventura County Transportation Commission (Commission)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2021. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

### **Opinion on the Major Federal Program**

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion the major federal program is not modified with respect to these matters.

The Commission's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The Commission's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated November 15, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Rancho Cucamonga, California  
November 15, 2021

Ventura County Transportation Commission  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
Department of Transportation				
Direct Programs:				
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Y858	\$ 36,269	\$ 36,269
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z055	250,413	76,376
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z151	10,077	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z240	248,911	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z266	21,460	21,460
Formula Grants - Urbanized Area Formula Program	20.507	CA-95-X044	36,255	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-95-X196	14,843	14,843
Formula Grants - Urbanized Area Formula Program	20.507	CA-2016-028	92	92
Formula Grants - Urbanized Area Formula Program	20.507	CA-2016-060	121,705	121,705
Formula Grants - Urbanized Area Formula Program	20.507	CA-2017-037	643,443	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-2017-066	87,785	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-2018-003	152,330	48,990
Formula Grants - Urbanized Area Formula Program	20.507	CA-2018-076	1,483,886	1,473,723
Formula Grants - Urbanized Area Formula Program	20.507	CA-2018-088	158,130	5,577
Formula Grants - Urbanized Area Formula Program	20.507	CA-2019-039	22,133	22,133
Formula Grants - Urbanized Area Formula Program	20.507	CA-2019-099	422,513	49,242
Formula Grants - Urbanized Area Formula Program	20.507	CA-2020-012	388,994	227,638
Formula Grants - Urbanized Area Formula Program	20.507	CA-2020-076	1,271,998	59,274
COVID-19 - Formula Grants - Urbanized Area Formula Program	20.507	CA-2020-120	<u>12,025,080</u>	<u>4,819,929</u>
Total 20.507			<u>17,396,317</u>	<u>6,977,251</u>
Direct Programs:				
Buses and Bus Facilities Formula Program	20.526	CA-2016-082	13,269	-
Buses and Bus Facilities Formula Program	20.526	CA-2019-095	<u>85,278</u>	<u>-</u>
Total 20.526			<u>98,547</u>	<u>-</u>
Total Federal Transit Cluster			<u>17,494,864</u>	<u>6,977,251</u>
Passed Through the State of California - Department of Transportation				
Highway Planning and Construction	20.205	CMLG-6155(091)	83,422	-
Highway Planning and Construction	20.205	CMLG-6155(095)	114,698	-
Highway Planning and Construction	20.205	CMLG-6155(103)	67,980	-
Highway Planning and Construction	20.205	STPL-6155(090)	<u>4,369,273</u>	<u>-</u>
Total 20.205 - Highway Planning and Construction Cluster			<u>4,635,373</u>	<u>-</u>
Direct Programs:				
Capital Assistance Elderly and Disabled	20.513	CA-2018-042	28,239	28,239
Capital Assistance Elderly and Disabled	20.513	CA-2019-118	29,044	29,044
Capital Assistance Elderly and Disabled	20.513	CA-2020-030	<u>25,000</u>	<u>25,000</u>
Total 20.513 - Transit Service Cluster			<u>82,283</u>	<u>82,283</u>
Total Department of Transportation			<u>22,212,520</u>	<u>7,059,534</u>
Total Federal Financial Assistance			<u>\$ 22,212,520</u>	<u>\$ 7,059,534</u>



**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Ventura County Transportation Commission (Commission) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the Commission.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on a cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

The Organization has not elected to use the 10% de minimis cost rate.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

**Identification of major programs:**

Name of Federal Program	Federal Financial Assistance Listing/CFDA Number
Federal Transit Cluster	20.507, 20.526
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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None Reported.

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**Section III – Federal Award Findings and Questioned Costs**

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The following findings represent significant deficiencies, and/or instances of non-compliance, including questioned costs, required to be reported in accordance with 2 CFR 200, Subpart F.

**2021-001**      **Program Name:** Federal Transit Cluster  
**CFDA No.:** 20.507 / 20.526  
**Federal Grantor:** U.S. Department of Transportation  
**Award No. and Year:** Various

**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Significant Deficiency in Internal Control and Instance of Non-compliance

**Criteria:**

*2 CFR section 200.332, Requirements for Pass-Through Entities*, states that pass-through entities must verify that every subrecipient is audited when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in *2 CFR section 200.501, Audit Requirements*. Furthermore, the pass-through entity must follow up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to federal awards provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

**Condition:**

During our testing of the Commission's monitoring procedures, we noted that for four of four subrecipients selected, the required verification of whether the subrecipient received an audit was not performed or documented.

**Cause:**

The Commission did not adhere to established policies and procedures relating to the continued monitoring over subrecipients.

**Effect:**

There is an increased risk that the monitoring procedures performed may not address the subrecipient's risk of noncompliance.

***Questioned Costs:***

No questioned costs were identified as a result of our procedures.

***Context/Sampling:***

A nonstatistical sample of 4 out of 8 subrecipients were selected for subrecipient monitoring testing. The condition above was identified during our testwork over the Commission's subrecipient monitoring procedures.

***Repeat Finding from Prior Year(s):***

No

***Recommendation:***

We recommend the Commission incorporate monitoring and subrecipient audit follow-up into their monitoring procedures. Although staffing constraints may continue into future periods, this is a critical area for monitoring subrecipient activity, and required by Uniform Guidance.

***Views of Responsible Officials:***

See separate corrective action plan.

None Reported.



# Ventura County Transportation Commission

Management's Response to Auditor's Findings:

Corrective Action Plan June 30, 2021

Prepared by Management of Ventura County Transportation Commission

***Finding 2021-001***

***Federal Agency Name:*** U.S. Department of Transportation

***Program Name:*** Federal Transit Cluster

***CFDA:*** #20.507 / #20.526

***Finding Summary:*** During testing of the Commission's monitoring procedures performed by Eide Bailly LLP, for four of four subrecipients selected, it was noted that the required verification of whether the subrecipient received an audit was not performed or documented. Eide Bailly has recommended that the Commission incorporate monitoring and subrecipient audit follow-up into its monitoring procedures.

***Responsible Individuals:*** Mark Watkins, Interim Executive Director

***Corrective Action Plan:*** During Fiscal Year 2020/2021, the sub-recipient monitoring procedures for federal single audits was not performed and, therefore, review and follow-up of applicable any deficiencies did not occur. This occurred because of programming staff turnover, additional workload due to the COVID additional relief grants, and multiple competing completion deadlines related to COVID. The Programming Department Director head made the determination that since all of VCTC subrecipients received a substantial amount of other federal funding from non-VCTC sources (and therefore be subject to other audit oversight), their single audits would be a lower priority due to minimal risk; therefore, this single audit monitoring procedure was deferred until Fiscal Year 2021/2022. The Grant Management Procedure is being revised to include a section for sub-recipient single audit monitoring with instructions to obtain, review and follow-up on any findings as necessary, with the necessary documentation. The anticipated completion date of the revised procedure is November 30, 2021.