



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2022

Ventura County  
Transportation Commission

Ventura County Transportation Commission

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June 30, 2022

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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 Commissioners  
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, 2022, 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 14, 2022.

**Report on 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 or significant deficiencies may exist that have not been identified.

## **Report on 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 result 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.

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Rancho Cucamonga, California  
November 14, 2022



**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 Commissioners  
Ventura County Transportation Commission  
Camarillo, California

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

***Opinion on Each Major Federal Program***

We have audited the Ventura County Transportation Commission’s (Commission) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Commission’s major federal program for the year ended June 30, 2022. 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.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission’s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Commission's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Commission's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other 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, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated November 14, 2022, 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 basic 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.

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

Rancho Cucamonga, California  
November 14, 2022



Ventura County Transportation Commission  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

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
<b>Department of Transportation</b>				
Direct Programs:				
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z055	\$ 59,189	\$ -
Formula Grants - Urbanized Area Formula Program	20.507	CA-90-Z151	49,222	10,844
Formula Grants - Urbanized Area Formula Program	20.507	CA-95-X196	238,162	238,162
Formula Grants - Urbanized Area Formula Program	20.507	CA-2016-028	192	192
Formula Grants - Urbanized Area Formula Program	20.507	CA-2016-060	219,405	219,405
Formula Grants - Urbanized Area Formula Program	20.507	CA-2017-037	18,998	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-2017-066	3,373	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-2018-003	84,680	84,680
Formula Grants - Urbanized Area Formula Program	20.507	CA-2018-076	402,020	276,014
Formula Grants - Urbanized Area Formula Program	20.507	CA-2018-088	86,039	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-2019-039	311,355	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-2019-099	1,159,350	291,617
Formula Grants - Urbanized Area Formula Program	20.507	CA-2020-012	208,619	-
Formula Grants - Urbanized Area Formula Program	20.507	CA-2020-076	1,116,088	36,768
Formula Grants - Urbanized Area Formula Program	20.507	CA-2021-186	1,570,839	542,516
COVID-19 - Formula Grants - Urbanized Area Formula Program	20.507	CA-2021-222	4,070,020	1,858,461
COVID-19 - Formula Grants - Urbanized Area Formula Program	20.507	CA-2021-106	310,855	110,855
COVID-19 - Formula Grants - Urbanized Area Formula Program	20.507	CA-2020-120	<u>3,492,025</u>	<u>2,771,844</u>
Total 20.507			<u>13,400,431</u>	<u>6,441,358</u>
Direct Programs:				
Buses and Bus Facilities Formula Program	20.526	CA-2016-082	97,373	-
Buses and Bus Facilities Formula Program	20.526	CA-2019-095	<u>258,887</u>	<u>-</u>
Total 20.526			<u>356,260</u>	<u>-</u>
Total Federal Transit Cluster			<u>13,756,691</u>	<u>6,441,358</u>
Passed Through the State of California - Department of Transportation				
Highway Planning and Construction	20.205	CMLG-6155(091)	125,436	-
Highway Planning and Construction	20.205	CMLG-6155(095)	87,166	-
Highway Planning and Construction	20.205	CMLG-6155(103)	72,177	-
Highway Planning and Construction	20.205	STPL-6155(090)	<u>1,274,512</u>	<u>-</u>
Total 20.205 - Highway Planning and Construction Cluster			<u>1,559,291</u>	<u>-</u>
Direct Programs:				
Capital Assistance Elderly and Disabled	20.513	CA-16-X071	10,062	10,062
Capital Assistance Elderly and Disabled	20.513	CA-2018-042	11,761	11,761
Capital Assistance Elderly and Disabled	20.513	CA-2019-118	162,329	136,736
Capital Assistance Elderly and Disabled	20.513	CA-2020-030	<u>53,436</u>	<u>7,226</u>
Total 20.513 - Transit Service Cluster			<u>237,588</u>	<u>165,785</u>
Total Department of Transportation			<u>15,553,570</u>	<u>6,607,143</u>
Total Federal Financial Assistance			<u>\$ 15,553,570</u>	<u>\$ 6,607,143</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, 2022. 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?	Yes

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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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**2022-001 Department of Transportation, Federal Assistance Listing - 20.507  
Grant Identification Number - CA-2020-076  
Formula Grants – Urbanized Area Formula Program**

**Compliance Requirement – Procurement, Suspension and Debarment  
Significant Deficiency in internal control over compliance and compliance**

***Criteria:***

Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326, including the micro-purchases and small purchase methods for procurements that meet the applicable criteria under 2 CFR sections 200.320(a) (1) and (2).

***Condition:***

As part of compiling the Commission’s population for procurements, from which a procurement sample would be selected, the Commission identified \$26,432 of expenditures charged to the grant that were erroneously included in SEFA, as the procurement methods were not eligible for federal expenditures. As a result, prior to us testing compliance related to procurement, the Commission reclassified the \$26,432 of expenditures from the federal grant, and removed from the SEFA, as of June 30, 2022.

***Cause:***

The Commission’s procedures did not allow for timely identification of the expenditures prior to including on the SEFA (and claiming for reimbursement).

***Effect:***

A journal entry was posted to correct the current year federal revenue balance as of June 30, 2022 in the amount of \$26,432. Further, the Commission has applied these expenditures to future draw downs in order to reverse the expenditures that were claimed.

***Questioned Costs:***

\$26,432 of expenditures for two vendors.

***Context/Sampling:***

The condition was identified during the Commission's preparation of the procurement population related to the grant for the year ended June 30, 2022.

***Repeat Finding from Prior Year:***

No

***Recommendation:***

We recommend that the Commission review its closing policies and procedures as well as its federal grant management procedures to ensure procurement methods are considered prior to claiming expenditures or reporting on the SEFA.

***Views of Responsible Official and Planned Corrective Actions:***

Management agrees. See separately issued Corrective Action Plan.

**Financial Statement Findings**

None identified.

**Federal Award Findings**

Finding No.	Area	CFDA No.	Compliance Requirements	Status of Corrective Action
2021-001	U.S. Department of Transportation	20.507 / 20.526	Subrecipient Monitoring	Implemented



## Section III – Federal Awards Findings and Questioned Costs

Compliance Requirement – Procurement, Suspension and Debarment  
Significant Deficiency in internal control over compliance and compliance

### Condition:

As part of compiling the Commission's population for procurements, from which a procurement sample would be selected, the Commission identified \$26,432 of expenditures charged to the grant that were erroneously included in the SEFA, as the procurement methods were not eligible for federal expenditures. As a result, prior to testing compliance related to procurement, the Commission reclassified the \$26,432 of expenditures from the federal grant and removed from the SEFA as of June 30, 2022.

### Cause:

The Commission's procedures did not allow for timely identification of the expenditures prior to including on the SEFA (and claiming reimbursement).

### Effect:

A journal entry was posted to correct current year federal revenue balance as of June 30, 2022 in the amount of \$26,432. Further, the Commission has applied these expenditures to future draw downs in order to reverse the expenditures that were claimed.

### Recommendation:

We recommend that the Commission review its closing policies and procedures as well as its federal grant management procedures to ensure procurement methods are considered prior to claiming expenditures or reporting on the SEFA.

### Commission Response:

Staff concurs with the recommendation and has reviewed and discussed procedures with finance and transit staff. The invoices are coded for expense and funding by project managers. The reimbursement of expenditures is requested based on this information. During this time period there was a shortage of staff both in the finance and transit departments. Funding requirements were reviewed with transit staff. Finance staff will strengthen the invoice process to verify project manager coding against invoicing to prevent and if necessary, timely correct funding errors. Project Managers will be responsible for reviewing monthly project manager reports that include expenditures and associated funding reimbursed.