



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 Council of Governments
Ventura, 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 and the general fund of the Ventura Council of Governments (Council), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements and have issued our report thereon dated June 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of finding and response as item 2021-001 that we considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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*.

Response to Findings

The Council's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
June 17, 2022

Finding 2021-001

FINANCIAL REPORTING

CRITERIA:

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein and for the fair presentation of the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP). This requires management to work through the financial reporting process to accumulate, reconcile, and summarize information for inclusion in the annual financial statements.

CONDITION:

Material Weakness – The Council maintains its books and records on the cash basis of accounting and did not prepare entries to reflect the accrual/modified accrual basis of accounting. In addition, opening equity did not agree with the prior year audited financial statements. During the audit, we identified the following adjustments which was corrected by management:

- \$1,997 accrual for services performed during the year ended June 30, 2021 but paid for subsequent to year end and not included in FY21 ending accounts payable balance.
- \$7,200 understatement of the beginning net position balance.

CONTEXT:

The condition noted above was identified during the testing of the Council’s year-end liabilities and during our testing of beginning net position.

EFFECT:

Audit adjustments were necessary to fairly present the Council’s beginning net position and year-end balances.

CAUSE:

The Council’s year-end closing procedures and financial reporting process did not accurately capture the beginning and year-end balances.

RECOMMENDATION:

We recommend that the Council review their opening, closing and financial reporting process to ensure that the financial statements are reviewed for accuracy and completeness, and financial activities are presented in accordance with GAAP.

View of Responsible Official and Planned Corrective Actions:

VCOG Staff will review VCOG's opening, closing and financial reporting process with the VCOG Admin Committee periodically to ensure that the financial statements are reviewed for accuracy and completeness, and financial activities are presented in accordance with GAAP.