



February 28, 2025

Ventura County Medical System Oversight Committee

Subject: Urgent Need for Follow-Up Audit and Improved Financial Oversight

Dear Members of the Oversight Committee,

We are writing to express our deep concern regarding management's failure to implement a key audit recommendation from 2018 and the apparent lack of accountability from the Oversight Committee in ensuring financial transparency.

The internal controls audit from 2018 identified 42 weaknesses that, if left unaddressed, could result in significant financial and budgetary reporting failures.

One of the most critical findings, Audit Finding 3.12, explicitly stated that management had failed to comply with standard industry practice requiring the completion of monthly financial statements (Income Statement, Balance Sheet, and Cash Flow Statement) within 10 to 20 days following the end of each month.

Management agreed with this recommendation and assured the Oversight Committee that, by July 1, 2019, they would produce, review, and publish financial statements by the 20th working day of each month. However, as of today—five years after that commitment—this promise remains largely unfulfilled.

The current state of financial reporting is wholly inadequate. Income statements are published inconsistently and always beyond the promised deadline. Even more concerning is that the Oversight Committee only receives a balance sheet once a year—six months after the fact—and never receives a cash-flow statement. Incomplete and late reporting is a glaring deficiency in financial oversight, for a \$700 million hospital system.

It is unacceptable that management has disregarded a fundamental audit recommendation for half a decade, and it is even more concerning that the Oversight Committee has not held them accountable. This raises serious questions about the status of the other internal control weaknesses identified in 2018. Were they all ignored? How many persist today?

The only reasonable course of action is for the Oversight Committee to authorize the Auditor-Controller to conduct a follow-up audit to determine whether management has implemented the necessary internal controls. Additionally, the Oversight Committee must take its fiduciary responsibilities more seriously by requiring management to produce and submit complete, timely, and accurate financial statements every month.

Failure to act on these issues would be a disservice to the taxpayers and undermine confidence in the integrity of financial oversight within the Ventura County Medical System.

We urge you to take immediate corrective action.

Don Brodt
Board Chair
Ventura County Taxpayers Association

Bill Frank
Board Chair
Ventura County Taxpayers Foundation