

**FY 2019-2020 GRAND JURY FINAL REPORT
RESPONSES TO FINDINGS (F1) AND RECOMMENDATIONS (R)**

Report Number Respondents (& Date)	Report Title (With F1, C and R#)
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REPORT NO. 01 April 2, 2020

Title: Financial Relationship Between Ventura County Medical Center and Ventura County General Fund

Required Respondent: **Board of Supervisors (Joint response with the Health Care Agency)
(C-01, C-02, C-03, C-04, C-05, C-06, C-07, R-02 and R-03)**

Requested Respondent: **Ventura County Health Care Agency (Joint response with Board of Supervisors)
(C-01, C-03, C-04, C-05, C-06, C-07, and R-03)**

Response to Grand Jury Report Form

Report Title: Financial Relationship Between Ventura County Medical Center and Ventura County General Fund

Report Date: April 2, 2020

Response by: Robert J. Bravo Title: Deputy Executive Officer, CEO

CONCLUSIONS

- I (we) agree with the findings numbered: C-01 and C-07
- I (we) disagree wholly or partially with the findings numbered: C-02, C-03, C-04, C-05 and C-06

RECOMMENDATIONS

- Recommendations numbered _____ have been implemented.
(Attach a summary describing the implemented actions.)
- Recommendations numbered _____ have not yet been implemented but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered _____ require further analysis.
(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.)
- Recommendations numbered R-02 and R-03 will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date: 9/11/2020 Signed: [Signature]

Number of pages attached 2

Response to Grand Jury Report Form

Report Title: Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund

Report Date: April 2, 2020

Response by: Robert J. Bravo Title: Deputy Executive Officer Date: September 1, 2020

FINDINGS/CONCLUSIONS

C-01. The Grand Jury concluded the State's lengthy process to make full payment of the amounts owed to the Medical Center under the Medi-Cal incentive programs has been the underlying factor in creating the need for advances from the General Fund.

Response: Agree – The State and federal governments' lengthy process to make full payments to Ventura County Medical System is one of the underlying factors creating the need for advances from the General Fund. The current policies that govern the funding of public health systems and safety net hospitals require a lengthy review process by the State Department of Health Care Services as well as from the federal department for the Center of Medicare and Medicaid Services. As a result, approval for payment and the receipt of funds for reimbursement have been significantly delayed.

C-02. The Grand Jury concluded the CAFR is unclear as to whether the advances to the Medical Center are reciprocal or nonreciprocal.

Response: Disagree – With respect to the County of Ventura's Comprehensive Annual Financial Report (CAFR), the Ventura County Auditor-Controller along with the County's external independent auditor provide the required leadership and guidance with this document and its contents. As such, we support the Auditor-Controller's position that the June 30, 2019 County of Ventura CAFR properly, accurately, and clearly reflects the Reciprocal Interfund Activity of an Interfund Loan (Advance) between the County Medical Center Enterprise Fund and the General Fund.

C-03. The Grand Jury concluded that the funds advanced from the General Fund to the Medical Center do not require the payment of interest and there is no specific requirement of repayment. Advances are repaid by the Medical Center to the General Fund only when cash flow permits.

Response: Agree – That no payment of interest is required of the funds advanced from the General Fund to the Medical Center. However, we disagree that there is no specific requirement of repayment. As outlined in the June 30, 2019 County of Ventura CAFR, "repayment is expected when available cash is in excess of that needed for operations." Therefore, Cash Flow projections provided by the Medical Center Enterprise Fund are used to establish anticipated repayment.

C-04. The Grand Jury concluded that advances from the General Fund to the Medical Center are not a "loan".

Response: Disagree – With respect to the Interfund Loan between the General Fund and Medical Center Enterprise Fund, the use of the terms "loan" or "advance" are interchangeable.

C-05. The Grand Jury concluded references to the advances from the General Fund to the Medical Center as loans creates unfounded expectations with respect to repayment of the advances and interest thereon.

Response: Disagree – The County of Ventura's June 30, 2019 CAFR accurately presents the Reciprocal Interfund Activity (Interfund Loan/Advance) between the General Fund and Medical Center Enterprise Fund in conformity with GAAP accounting. Additionally, the use of the term "advances" does not create any unfounded or additional expectations of repayment of the of the advances and interest thereon.

C-06. The Grand Jury concluded the failure of VCHCA and the Auditor-Controller's Office to communicate and coordinate their public statements regarding the Medical Center's financial performance creates the perception the two agencies are providing conflicting statements.

Response: Disagree – We disagree with the conclusion made by the Grand Jury regarding the communication and coordination between the VCHCA and Auditor-Controller's Office. The Health Care Agency works effectively with the Auditor-Controller's Office and the County Executive Office in the preparation and the communication of the financial status for the Medical Center.

C-07. The Grand Jury concluded the Medical Center is taking appropriate actions to obtain full reimbursement of Medi-Cal incentive program fund owed from the State.

Response: Agree – We agree with the Grand Jury's conclusion.

RECOMMENDATIONS

R-02. The Grand Jury recommends the Board not refer to the General Fund transfers to the Medical Center as "loans" rather than "advances."

Response: Disagree – With respect to the Interfund Loan between the General Fund and Medical Center Enterprise Fund, the use of the terms "loan" or "advance" are interchangeable; and therefore, the use of either term would be appropriate.

R-03. The Grand Jury recommends the Board adopt a written policy/procedure requiring an enterprise fund, such as the Medical Center, to consult with the Auditor-Controller's Office before disclosure of any projected financial information.

Response: Partially Agree – We believe that clear and transparent communication and collaboration are essential for communicating accurate financial information to the public. This type of communication and collaboration currently works effectively between County departments and ensures the delivery of clear and accurate information. As such, we do not believe such a policy or procedure is necessary at this time.



BOARD MINUTES
BOARD OF SUPERVISORS, COUNTY OF VENTURA, STATE OF CALIFORNIA

SUPERVISORS STEVE BENNETT, LINDA PARKS,
KELLY LONG, ROBERT O. HUBER AND JOHN C. ZARAGOZA
September 15, 2020 at 8:30 a.m.

COUNTY EXECUTIVE OFFICE - Approval of Responses to the 2019-2020 Ventura Grand Jury Reports, Entitled Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund, Human Trafficking in Ventura County, for Submittal to the Presiding Judge of the Superior Court.

- (X) All Board members are present.
- (X) The following person is heard: Robert Bravo.
- (X) The following documents are submitted to the Board for consideration:
 - (X) Board letter
 - (X) Approval of responses Exhibit 1 - Financial Relationship btw VCMC and GF
 - (X) Approval of responses Exhibit 2 - Human Trafficking in VC
 - (X) ACO responses Exhibit 3 - Financial Relationship btw VCMC and GF
 - (X) DA responses Exhibit 4 - Human Trafficking in VC
 - (X) Sheriff (Human Trafficking Task Force) responses -- Exhibit 5 -- Human Trafficking in VC.
- (X) Upon motion of Supervisor Zaragoza, seconded by Supervisor Huber, and duly carried, the Board hereby approves recommendations as stated in the Board letter.

I hereby certify that the annexed instrument is a true and correct copy of the document which is on file in this office.

Dated: 9/22/20 MICHAEL POWERS
Clerk of the Board of Supervisors
County of Ventura, State of California

By: Lori Key
Deputy Clerk of the Board

By: Lori Key
Lori Key
Deputy Clerk of the Board



September 15, 2020

County of Ventura
Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Approval of Responses to the 2019-2020 Ventura Grand Jury Reports, Entitled "Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund", "Human Trafficking in Ventura County", for Submittal to the Presiding Judge of the Superior Court.

RECOMMENDATIONS

It is recommended that your Board approve Responses to the 2019-2020 Ventura County Grand Jury Reports, entitled "Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund" (Exhibit 1) and "Human Trafficking in Ventura County" (Exhibit 2), pertaining to County Government under your Board's control for submittal to the Presiding Judge of the Superior Court in accordance with State Statute

DISCUSSION

Penal Code §933.05 requires that your Board comment on the Findings and Recommendations of the Grand Jury pertaining to County Government under your authority.

The 2019-2020 Grand Jury issued a report on April 2, 2020 entitled "Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund." The Grand Jury required responses from your Board, and from the Auditor-Controller and Health Care Agency. The response from your Board was prepared by the County Executive Office and the Health Care Agency for your Board's approval and are attached as Exhibit 1. The Auditor-Controller, as an elected official, is required to submit a response directly to the Presiding Judge and the response is provided here only for informational purposes as your Board's approval is not required. This response is also attached as Exhibit 3.

The 2019-2020 Grand Jury also issued a report on April 8, 2020 entitled "Human Trafficking in Ventura County." The Grand Jury required a response from your Board

which was prepared on your behalf by the County Executive Office (CEO) for your approval. Responses were also required from the Ventura County District Attorney, the Environmental Health Division of the Ventura County Resource Management Agency (RMA), Ventura County Human Trafficking Task Force (Chaired by the Ventura County Sheriff), and all the ten cities in the county. The response from your Board was prepared by the County Executive Office and RMA for your Board's approval and are attached as Exhibit 2. The District Attorney and Sheriff, as elected officials, are required to submit a response directly to the Presiding Judge and the response is provided here only for informational purposes as your Board's approval is not required. These responses are attached as Exhibit 4 and 5. The ten cities' responses were also required to be submitted directly to the Presiding Judge and do not require your Board's approval and were not available to be included.

The responses pertaining to County government under your control will serve as your Board's response to the subject 2019-2020 Grand Jury Report to be filed as indicated in the recommended action along with any additional comments your Board may wish to make.

If your Board elects to amend a response prepared on your behalf to the subject reports before you for approval, then CEO staff, at your direction, will make such changes or additions prior to submitting the response to the Presiding Judge.

This letter was reviewed by County Executive Office, Auditor-Controller's Office and County Counsel. Should you have any questions or require additional information, please contact Mike Pettit at (805) 654-8264 or Robert Bravo at (805) 662-6868.

Sincerely,



Michael Powers
County Executive Officer

Attachment:

- Exhibit 1 – Response to Grand Jury Report "Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund"
- Exhibit 2 – Responses to Grand Jury Report "Human Trafficking in Ventura County"
- Exhibit 3 – Auditor-Controller's Response to Grand Jury Report "Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund"
- Exhibit 4 – District Attorney's Response to Grand Jury Report "Human Trafficking in Ventura County"
- Exhibit 5 – Ventura County's Human Trafficking Taskforce's Response to Grand Jury Report "Human Trafficking in Ventura County"

September 28, 2020

Sent Via E-mail

Mike Pettit
Assistant County Executive Officer

Kaye Mand
County Chief Financial Officer

Shawn Atin
Assistant County Executive Officer/
Human Resources Director
Labor Relations

Honorable Bruce A. Young
Presiding Judge of the Superior Court
Superior Court of California, Ventura County
800 South Victoria Avenue
Ventura, CA 93009



RECEIVED



SEP 29 2020



Ventura County
Grand Jury

Subject: Approval of Responses to the 2019-2020 Ventura Grand Jury Reports, Entitled "Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund", "Human Trafficking in Ventura County", for Submittal to the Presiding Judge of the Superior Court

Honorable Judge Young:

In accordance with State requirements, the responses from the Ventura County Board of Supervisors to the 2019-2020 Ventura Grand Jury reports referenced above are hereby submitted along with copies of the respective board letter and minute order for each.

By way of this email, copies of the responses to the subject reports (Exhibits 1 and 2), Minute Order and the September 15, 2020 board letter were provided to the Ventura County Clerk, to Superior Court Jury Services, and to the Foreperson of the 2020-2021 Ventura County Grand Jury. As has been the usual practice in past years, Jury Services will provide copies of the responses to the State Archives.

Should you have any questions, please call me at 654-2864.

Respectfully submitted,

Mike Pettit
Assistant County Executive Officer

Attachments: Board of Supervisors' Responses to 2019-2020 Ventura Grand Jury Reports on:

- Financial Relationship Between Ventura County Medical Center and the Ventura County General Fund (Exhibit 1)
- Human Trafficking in Ventura County (Exhibit 2)
- Minute Order
- Board Letter dated September 15, 2020

Copies:

- County Executive Officer, Michael Powers
- County Clerk, Mark Lunn
- 2020-2021 Ventura County Grand Jury Foreperson, Richard Boehmer
- Jury Services Manager, Nan Richardson