



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Robert Fisher, Acting City Manager

PREPARED BY: Barbara Mason, Chief Procurement Officer
Michelle Green, Interim Administrative Services Director

MEETING DATE: April 22, 2025

SUBJECT: Consideration of Resolution 2025-51, Approving an Amendment No. 3 to the Professional Services Agreement (C00853) with Eide Bailly for External Audit Services for Fiscal Year 2023-24 Cost Overruns in the Amount of \$99,500 after 23 Percent Discount.

RECOMMENDATION:

Adopt Resolution 2025-51

BACKGROUND:

In accordance with the engagement letter for the fiscal year ended June 30, 2024, if unexpected circumstances arose during the audit, Eide Bailly would discuss them with the City and arrive at a new fee estimate. During the current year audit, the time incurred to perform required audit procedures, combined with an increased risk relating to prior year material weaknesses and audit findings, has exceeded original estimates in multiple audit areas, including inventory, capital assets, interfund balances, long-term debt, receivables/revenue, expenditures and pensions/OPEB.

JUSTIFICATION:

Throughout the audit process we have coordinated with Audit staff. They have allowed the City to research matters and revise year-end schedules, reviewed support and modified their procedures. As the City continues to research and address items, modifications to the overall timeline are noted, and more detailed assistance has been required from higher level engagement team staff; Government Accounting Standard 100 – Accounting Changes and Error Corrections will be effective for the Fiscal Year 2023-24 audit and staff requested a more thorough review by the auditors in its first contract year due to prior financial misstatement items identified by Finance staff during the Fiscal Year 2023-24 audit and the upcoming implementation of said Standard.

FISCAL IMPACT:

\$99,500 in Fiscal Year 2024-25. Some savings are likely to be realized in future years of the contract. This will be appropriated and paid out of general ledger account 705-4500-412.33-11 for Professional Services.

ALTERNATIVES:

Do not adopt Resolution 2025-51 and provide alternative direction to staff.

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. [CC Resolution No. 2023-128.pdf](#)
2. [CC Resolution No. 2024-072.pdf](#)
3. [CC_Resolution_No._2024-138.pdf](#)
4. [Proposal.pdf](#)
5. [Amendment No.3 to Auditing PSA.docx](#)
6. [Banning_-_CC_Resolution_2025-51_Amendment_No._3_to_PSA_for_External_Audit_Services_with_Eide_Baill.docx](#)