



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Lincoln Bogard, Administrative Services Director
Lincoln Bogard, Administrative Services Director

MEETING DATE: August 27, 2024

SUBJECT: Consideration of Resolution 2024-138, Approving an Amendment No. 2 to the Professional Services Agreement (C00853) with Eide Bailly for External Audit Services for Fiscal Year 2022-23 Cost Overruns in the Amount of \$50,000 after 23 Percent Discount

RECOMMENDATION:

Adopt Resolution 2024-138.

BACKGROUND:

In accordance with the engagement letter for the fiscal year ended June 30, 2023, 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 has exceeded original estimates and initial amendment in multiple audit areas, including cash, capital assets (including right of use lease and subscription-based information technology arrangement assets), interfund balances, accounts payable, long-term debt (including right of use lease and subscription-based information technology arrangement liabilities), accrued expenses, self-insurance, net position/fund balance, receivables/revenue, expenditures, pensions/OPEB, and successor agency.

JUSTIFICATION:

Throughout the audit process we have coordinated with Audit staff, researched matters, and performed a much deeper dive including detailed transaction testing, which included the identification of mis recorded items dating back several years and now requiring a prior period restatement.

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 2021-22 audit and the upcoming implementation of said Standard.

FISCAL IMPACT:

\$50,000 in Fiscal Year 2023-24. 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 2024-138 and provide alternative direction to staff.

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. [Resolution 2024-138 - Amendment No. 2 to PSA for External Audit Services with Eide Bailly](#)
2. [Amendment No.2 to Auditing PSA.docx](#)