



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

---

**Agenda Date:** 5/21/2024

---

**To:** Sonoma County Board of Supervisors

**Department or Agency Name(s):** Auditor-Controller-Treasurer-Tax Collector

**Staff Name and Phone Number:** Jennifer Calderon, 707-565-3289

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

Fourth Amendment to Eide Bailly LLP Auditing Services Agreement

**Recommended Action:**

Delegate authority to the Auditor-Controller-Treasurer-Tax Collector to execute the Fourth Amendment, in a form approved by County Counsel, to add requested provisions related to mediation, limited indemnity, limitation of liability and time limitation.

**Executive Summary:**

This item requests delegated authority for the Auditor-Controller-Treasurer-Tax Collector (ACTTC) to execute an amendment to the current agreement with Eide Bailly, LLP for the audit of Sonoma County's financial statements, which is required by state law.

The amendment includes requested language that are standard provisions in Eide Bailly's audit engagement letter, which is required to be signed by the County annually prior to the audit being conducted. The amendment will not change the scope of work, term, or the cost of services provided under the current agreement.

Staff requests the Board delegate authority to the ACTTC to execute the amendment.

**Discussion:**

California Government Code sections 25250 and 25253 require the Board of Supervisors to provide for regular audits of County accounts and records, maintenance of financial transaction records in compliance with Generally Accepted Accounting Principles, and preparation and publishing of annual financial reports. In addition, Single Audit requirements for Federal Awards mandate reports on the compliance on each of the major federal programs included in the County's financial statements and County submission of those audited statements.

Following a competitive RFP Process, the current audit services contract with Eide Bailly LLP, executed November 13, 2019, is for the audit of the financial statements of the Fiscal Years Ending June 30, 2020, 2021, 2022, 2023 and 2024 for a total amount of \$828,289, and authorized the Auditor-Controller-Treasurer-Tax Collector (ACTTC) to approve amendments up to 10% of the contract amount for additional work resulting

from any future changes in audit requirements. The contract includes two one-year extensions to audit the County's financial statements for subsequent fiscal years ending June 30, 2025 and 2026.

The First Amendment, dated August 27, 2020 and approved by the ACTTC, authorized a maximum of \$7,000 annually for extra work required for the agreed upon procedures related to the Ordinance No. 6238 (Parks Measure M Sales Tax Measure).

The Second Amendment, dated February 3, 2022 and approved by the ACTTC, authorized a maximum of \$9,270 for each Fiscal Year Ending June 30, 2021, 2022, 2023, and 2024, for extra work, if required to test one additional major program for the Single Audit of the County of Sonoma.

The Third Amendment, dated April 4, 2023 and approved by the Board of Supervisors, increased the contract by \$30,000 annually to expand the scope of work for the additional cost associated with auditing requirements of three additional major programs as part of the Single Audit, increased the ACTTC contingency authority to 15% of the contract, as amended, and delegated authority to the ACTTC to approve the two one-year extensions.

The Fourth Amendment will add language requested by Eide Bailly that is generally included in their standard audit engagement letter. The County is required to sign this letter for each audit engagement conducted. Provisions that do not conflict with the existing Agreement are being brought to the Board for recommended approval. The proposed clauses to be added are standard provisions required by most auditing firms. The additional clauses include a requirement for mediation prior to filing a lawsuit; that the County will indemnify and hold harmless Eide Bailly only in the event of misstatements in the County's financial statements as a result of misrepresentation or concealment by the County, with an exception for if the services are not performed in accordance with professional standards; a limitation of liability provision that caps damages and a time limitation in which a lawsuit may be brought against Eide Bailly.

ACTTC and County Counsel reviewed the requested language and have determined that it reasonable given the scope of work Eide Bailly is performing. Staff is therefore requesting the Board approve and authorize the ACTTC to execute this Fourth Amendment.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

4/18/2023. Board approved the execution of the Third Amendment to the Eide Bailly LLP contract to increase the contract by \$30,000 annually, increase the ACTTC contingency authority to 15% of the contract, as amended, and delegate authority to the ACTTC to approve the two one-year extensions to audit the County's financial statements for fiscal years ending June 30, 2025 and 2026.

11/19/2019. Board approved the execution of the five-year contract for audit services with Eide Bailly LLP for a total amount of \$828,289 and amendments up to 10% of the contract amount for additional work resulting

---

**Agenda Date:** 5/21/2024

---

from any future changes in audit requirements.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY25-26 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

N/A

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Attachment A: Fourth Amendment to Eide Bailly LLP Auditing Services Agreement

**Related Items "On File" with the Clerk of the Board:**

Original Services Agreement