



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: February 27, 2024

SUBJECT: Presentation by GHJ Advisors on the Results of the Forensic Investigation of the Electric Department for the Period of 01/01/2018 through 06/30/2023

RECOMMENDATION:

Receive and file presentation by and report from GHJ Advisors on the results of the Forensic Investigation of the Electric Department for the period of 01/01/2018 through 06/30/2023.

BACKGROUND:

The Administrative Services Director requested a forensic investigation of the Electric Enterprise beginning in May 2023 and received approval from the City Manager in July 2023. The City Attorney's office engaged a forensic auditor, GHJ Advisors, to conduct Phases 1, 2, and 3 forensic investigation services. Phase 1 forensic investigation services included the performance of forensic accounting and investigative procedures to identify (1) areas of concern and (2) funds, accounts, and/or transactions for testing. The Phase 1 forensic investigation services assisted staff in the determination of cash flows and management of the Electric Enterprise. Phase 2 forensic services assisted in quantifying any potential losses or accounting irregularities that may have occurred, if any. Phase 3 investigations were based on the Council's request for additional investigations. The Council authorized additional Phase 3 investigation services by minute order during the January 9, 2024 regular City Council meeting.

JUSTIFICATION:

Staff recommended, and Council agreed, that transparency to the public is in the City's best interest. GHJ Advisors will present a report on the forensic investigation of the Electric Enterprise and their overall findings and recommendations from the investigation. The overall findings stated in the report are consistent with the vast majority of the conclusions reported to Council by the Administrative Services Director during the special City Council meeting held on August 15, 2023.

FISCAL IMPACT:

The Council has previously approved the forensic investigation of the Electric Enterprise by GHJ Advisors in an amount not-to-exceed \$153,000.

ALTERNATIVES:

Receive and file a presentation by and report from GHJ Advisors on the results of the forensic investigation of the Electric Enterprise for the period of 01/01/2018 through 06/30/2023.

ATTACHMENTS:

1. [GHJ Draft Report - Public Report 02212024.pdf](#)

