



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Jennifer Terry, Finance Director
Jennifer Terry, Finance Director

MEETING DATE: June 23, 2026

SUBJECT: Consideration of Resolution 2026-83 for Approving the First Amendment to the Lance, Soll, Lunghard, LLP (LSL) Agreement for Professional Accounting Services and Ratifying Certain Services Performed in Excess of the Agreement Amount.

STAFF RECOMMENDATION:

Adopt Resolution 2026-83

BACKGROUND:

The City has lacked current, reliable, and up-to-date financial information for Fiscal Years 2024/25 and 2025/26. This deficiency has impacted day-to-day operations and limits the City's ability to accurately assess its overall financial position. The situation stems from the departure of several key Finance Department employees, resulting in a loss of institutional knowledge and continuity that is critical to maintaining accurate and timely financial records. Due to a lack of City staff and the extreme backlog of work, the City needed to quickly procure financial expertise. In accordance with Section 13 (Emergency Purchases) of the City's Purchasing Rules and Procedures, staff informally solicited and interviewed two qualified Certified Public Accounting firms experienced in municipal accounting recovery to address this urgent need.

Following this informal procurement process, staff selected LSL, an accounting and consulting firm with extensive experience assisting California cities with financial reconciliation and prior familiarity with Banning's accounting systems and practices, as the most qualified. The City Council approved the Agreement with LSL on October 14, 2025.

Some of the mandatory assignments performed by LSL included bank reconciliations, year-end closing schedules and journal entries, assistance with bond trustee statement reconciliations, and other audit-related endeavors. LSL helped the City significantly by completing the previously mentioned tasks for FY 2024/25 and several for FY 2025/26.

With permanent Finance Department staff in place, city staff are resuming the tasks that were performed by LSL. While LSL's assistance will wind down, their Agreement needs to be amended. Work was performed by LSL that exceeded the amount specified in the Agreement. Staff seeks to amend the Agreement to increase the not-to-exceed amount to \$415,000. This is an increase of \$105,000, which will fund the existing services previously performed and authorized by City staff. This amount covers

billed but unpaid invoices for work completed to date, as well as the estimated cost to complete LSL's remaining in-process tasks to facilitate hand-off to City staff.

JUSTIFICATION:

During the recruitment and onboarding of vital accounting staff and the Finance Director positions, LSL provided support with bank reconciliations and preparation of various Fiscal Year 2024/25 year-end close tasks and comprehensive audit schedules. Responsibilities are now being transitioned back to City staff.

The City acknowledges that the use of external consulting services represents a significant cost; however, this support was essential to completing numerous backlog items. The agreement will conclude once all functions have been successfully transferred to City staff. The City will be responsible for only the services rendered.

FISCAL IMPACT:

No additional funding is necessary as this amendment will be funded by salary savings from vacant positions in Fiscal Year 2025/26.

ATTACHMENTS:

1. [LSL_1st_Amendment \(2\).docx](#)
2. [LSL Original Reso.docx](#)
3. [V2 LSL Consulting Proposal](#)
4. [LSL_New_Resolution_2026-83 JT.docx](#)
5. [LSL_1st_Amendment__JT](#)