SUPPLEMENTAL AGENDA ITEM
AGENDA STAFF REPORT

Control: 26001718

MEETING DATE:	08/25/2026
LEGAL ENTITY TAKING ACTION:	Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S):	All Districts
SUBMITTING AGENCY/DEPARTMENT:	Internal Audit
DEPARTMENT CONTACT PERSON(S):	Aggie Alonso, 714-834-5442 Jose A. Olivo, 714-834-5509

REASON ITEM IS SUPPLEMENTAL: In order to satisfy procurement requirements associated with this contract, this Agenda Staff Report and attachments were finalized after the filing deadline of the Clerk of the Board.

JUSTIFICATION: This item cannot be moved to another date due to the urgency in starting the audit of the County's Treasury Investment Operations. Recent changes to investment authority and oversight have introduced new risks and complexities that should be evaluated promptly. This performance audit supports the County's commitment to strengthen governance, mitigate risk, and improve the operational performance of its Treasury Investment Operations.

SUBJECT: Approval of Treasury Investment Operations Performance Audit Contract

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approve agreement to form	DISCUSSION 3 Votes Board Majority

Budgeted: Yes	**Current Year Cost:** 119,745	**Annual Cost:** N/A
Staffing Impact: No		**Sole Source:** No
Current Fiscal Year Revenue: N/A	**Funding Source:** General Fund: 100%	**County Audit in Last 3 years:** No
Levine Act Review Completed? Yes		
Prior Board Action: N/A		

RECOMMENDED ACTION(S):

Authorize the County Procurement Officer or Deputized designee to execute contract MA-079-26011371 with Macias Gini & O'Connell LLP to conduct a performance audit of the County's Treasury Investment Operations, effective upon execution of all necessary signatures, through August 24, 2027, in an amount not to exceed $119,745.

SUMMARY:

Approval of the contract with Macias Gini & O'Connell LLP will allow the Internal Audit Department to outsource a performance audit of the County's Treasury Investment Operations, in accordance with the Fiscal Year 2026-27 Audit Plan approved by the Board of Supervisors at its March 24, 2026 meeting.

BACKGROUND INFORMATION:

On March 24, 2026, the Board of Supervisors (Board) approved the Internal Audit Department's (IAD) Fiscal Year (FY) 2026-27 Audit Plan, which is a comprehensive plan that details audits to be completed in the upcoming fiscal year, and included a performance audit of the County's Treasury Investment Operations. This audit would evaluate the efficiency, effectiveness, and management of investments, which supports the County's commitment to strengthen governance, mitigate risk, and improve organizational performance. It is anticipated that the audit will cover various county departments including the Treasurer-Tax Collector, the County Executive Office, and the Auditor-Controller. Due to staffing limitations and other high-priority audits including Board-directed audits, IAD identified the need to outsource the performance audit of the County's Treasury Investment operations.

In 2025, IAD collaborated with the County Procurement Office (CPO) to conduct a formal Request for Proposals solicitation to evaluate audit firms and establish Regional Cooperative Agreements (RCAs) with qualified firms for audit services. The resulting RCAs were executed under Deputized Procurement Agent authority. IAD solicited quotes from the firms qualified under the RCAs to conduct a performance audit of the County's Treasury Investment Operations and received proposals from Baker Tilly Advisory Group LP, MGT Impact Solutions LLC, UHY Advisors Mid-Atlantic Inc., Weaver and Tidwell LLP, and Macias Gini & O'Connell (MGO) LLP. After evaluating the five proposals, IAD determined that MGO submitted the most responsive quote that best meets the County's needs. MGO is a reputable CPA firm that has familiarity with County operations and risk assessment expertise, and has provided services to the County in the areas of financial audits, IT risk assessment consulting, and performance audits. See Attachment A for IAD's subordinate contract with MGO, and Attachment B for their respective quote.

IAD now requests Board approval of the contract with MGO (Attachment C), effective upon execution of all necessary signatures, through August 24, 2027, for the amount of $119,745, as noted in the Recommended Action. The proposed service contract requires Board approval because during FY 2025-26, MGO was awarded contracts that cumulatively exceeded the $200,000 annual threshold that the Board can delegate to the purchasing agent, in accordance with Government Code Section 25502.5.

The Orange County Preference Policy is not applicable to this contract award, and the contract does not include subcontractors or pass through to other providers. An analysis was completed to verify the contract provides the County with persons specially trained, experienced, expert, and competent to perform the special services in accordance with the law. See Attachment D for the Contract Summary.

The IAD has collaborated with CPO to verify there are no concerns that must be addressed with respect to MGO's ownership/name, litigation status or conflicts with County interests. The IAD has also collaborated with CPO to conduct a due diligence check as required by the Contract Policy Manual.

FINANCIAL IMPACT:

Appropriations for this Contract are included in Budget Control 079 FY 2026-27 Budget.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:
N/A

ATTACHMENTS:
Attachment A - RCA-017-26010029 with Macias Gini & O'Connell
Attachment B - Macias Gini & O'Connell Quote for Performance Audit of Treasury Investment Operations
Attachment C - Contract No. MA-079-26011371 with Macias Gini & O'Connell
Attachment D - Contract Summary Form