PROPOSAL FOR THE TREASURY INVESTMENT PERFORMANCE AUDIT FOR THE

County of Orange

RCA-017-26010029

Submitted by
Macias Gini and O'Connell LLP
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May 14, 2026

COVER LETTER

MGO.

May 14, 2026

County of Orange
Attn: David Mojarro, Senior Procurement Buyer
400 W. Civic Center Drive, 5th FL
Santa Ana, CA 92701
David.Mojarro@ceo.oc.gov

On behalf of Macias Gini and O'Connell LLP (MGO, a Limited Liability Partnership), I am pleased to present our quote to the County of Orange (County) in response to the scope of work to conduct a performance audit engagement of the County Treasury Investment Operations. Thank you for considering MGO to perform this engagement.

We have the resources, experience, reputation, and imagination to sustain an excellent working relationship and to perform the work requested in the best interests of the County. We are confident that, as you plan for future needs, you will be convinced that MGO is your best choice.

Relationship with the County

We have a long history of serving the County. We were the County's financial auditors from 1998 through 2007 and then from 2013 through 2017. In 2017 through 2018, we performed IT risk assessment consulting services. We conducted an examination of OC Animal Care's schedules of billings for Contract Cities for the fiscal year ended 2018 and again for fiscal year ended 2021. From 2021 through 2025, we conducted multiple performance audits, including audits of administrative functions for the County Executive Office.

Experience

MGO is a nationwide certified public accounting (CPA) and advisory services firm that provides auditing, consulting, and financial management-related services. Founded in 1987, MGO's State and Local Government practice is one of the largest in the U.S. and offers distinguished resources in serving this highly complex sector with professionals dedicated to year-round service.

Over the past 37 years, we have performed financial audits for more than 100 cities, 16 counties, and more than 200 special purpose units of government for state and local agencies in California, Hawaii, Nevada, Oregon, and Washington. We are currently the financial auditors for six (6) of the largest 10 cities and eight (8) of the largest 15 counties in California.

We also have extensive experience conducting performance and compliance audits of State and local governments, including County of Orange. In fact, MGO's State and Local Government Consulting team is comprised of broadly experienced practitioners and former government leaders – including a City Auditor, a County Auditor, an Auditor General, and multiple former CFO's of large governments and special districts.

As Partner and the designated representative for MGO, I have authority to act, contractually obligate, and negotiate on behalf of the firm. Thank you for your time reviewing our proposal. Please give me a call at +1 (818) 436-4196 or email KOrourke@mgocpa.com with any comments or questions.

Sincerely yours,

Kyle O'Rourke, MPA, CIA, CRMA, CGAP
Partner

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RESPONSE TO SOW

Requested information

We have evaluated the County's Scope of Work and are providing the following fee quote. Our cover letter on the previous page confirms our relevant experience.

Understanding your needs

MGO understands that the County is seeking a qualified, independent audit firm to conduct a comprehensive performance audit of its Treasury Investment Operations. Key elements of the County's needs include:

- **Strengthening Governance and Oversight**
  - Evaluate governance structures, roles, and reporting relationships across the Board, Investment Oversight Committee, CEO, and Auditor-Controller
  - Ensure decision-making processes are transparent, clearly defined, and aligned with the public interest
  - Assess alignment of the investment program with the County's updated oversight structure
- **Assessing Operational Efficiency and Effectiveness**
  - Review core investment processes (e.g., trade execution, settlement, reconciliation) for accuracy, timeliness, and compliance
  - Identify opportunities to improve workflows, reduce manual effort, and minimize operational bottlenecks
  - Evaluate the effectiveness of systems, tools, and automation supporting investment operations
- **Evaluating Risk Management Practices**
  - Assess processes for identifying, monitoring, and mitigating key risks, including market, credit, liquidity, operational, custodial, fraud, and compliance risks
  - Determine whether controls are sufficient to safeguard principal and maintain the stability of the investment pool
- **Reviewing Performance Measurement and Reporting**
  - Evaluate the use of performance metrics and key performance indicators to measure investment success relative to policy, benchmarks, and peers
  - Assess whether the County is achieving optimal returns while managing risk appropriately
  - Review the accuracy, completeness, and timeliness of management reporting used for oversight and decision-making
- **Assessing Staffing, Training, and Capacity**
  - Evaluate staffing levels, qualifications, certifications, and ongoing training of investment and compliance personnel
  - Determine whether resources and expertise are sufficient to support effective operations and regulatory compliance

Delivering a Structured, Standards-Based Audit

MGO will conduct the engagement in accordance with professional auditing standards promulgated under the International Professional Practices Framework. We will provide clear, well-supported deliverables, including an engagement work program, status reporting, and draft and final reports. We will communicate with IAD and applicable County management to properly develop and contextualize any audit findings. Finally, we will present findings categorized by risk level, along with practical, actionable recommendations, and integrate the management responses within the report.

Total cost for services in the attached SOW

Our fee philosophy is to foster long-term client relationships by offering fair and competitive pricing. It is our commitment to offer quality service at competitive and fair rates. We are sensitive to the County's needs to control and contain costs. We have developed a pricing model that allows us to provide a high level of experience, commitment, and quality for your engagement, without compromising quality.

Our proposed total cost for the services listed in the Scope of Work: $119,745.

Assumptions

Our proposed fees are based on our understanding of the services requested in the Scope of Work, as well as the following assumptions:

- The level of effort is estimated to take 505 hours.
- Interviews and data requests will be performed within the scheduled and agreed upon timelines.
- MGO will prepare one draft and one final report for the audit.

In addition, we recognize that this proposed audit topic is politically sensitive, and we anticipate there may be reluctance by some County officials to fully and timely participate in the audit process. We have, as much as possible, incorporated this assumption into our proposal.

Changes in these assumptions may alter our fee proposal. If we encounter difficulties because the necessary records and supporting documents are not readily available electronically or other problems arise, we will meet with the County to discuss the problems encountered and a potential fee adjustment before any additional work is incurred.

Please note, our ultimate acceptance of an agreement to perform the services described in this proposal is contingent upon the satisfactory completion of our investigatory client acceptance procedures.

Our proposed engagement rates by level are listed below.

MGO Hourly Rates	
Role	**Rate**
Partner	$ 395
Senior Manager	$ 295
Audit Manager/Manager	$ 285
Experienced or Senior Auditors	$ 190
Administrative Assistant	$ 100

Our fees for additional professional services would be based on our standard hourly rates in effect during the year when those services are requested, which vary according to the degree of responsibility involved and the experience level of the personnel assigned to the task.

Final word on fees

At MGO, we truly care about serving our clients and providing them with an extraordinary experience. If you're currently weighing your options and fees are a major concern, we are happy to discuss the scope of our services with you. Our team goes above and beyond to deliver exceptional results, and we believe that it's about more than just completing the job. Let's talk about how we can work together to achieve your goals.

Payment

We propose amending the payment terms defined in the Scope of Work to allow for monthly progress billing.

> Reason for proposed change: MGO's policy is to bill at least monthly for services provided, unless negotiated with a client. In the project timeline, the draft report will not be due until four months after the start of the project. Therefore, we believe it to be reasonable to request more frequent payment for percentage of completion. We would like the opportunity to negotiate an alternative payment arrangement.

Project approach

MGO will apply a structured, risk-based approach to evaluate the County's Treasury Investment Operations, aligning our methodology with professional auditing standards and the County's objectives. Our approach is designed to provide a comprehensive assessment of governance, operations, risk management, and performance while delivering practical, actionable recommendations.

Our approach includes the following key components:

Project Initiation and Planning

- Collaborate with the Internal Audit Department to confirm objectives, scope, and expectations
- Develop a detailed engagement work program outlining methodology, procedures, and areas of focus
- Conduct an entrance meeting to align stakeholders and establish communication protocols

Governance and Control Assessment

- Evaluate the adequacy of governance structures (e.g., Board, Investment Oversight Committee, CEO, and Auditor-Controller), policy frameworks, delegations, and reporting lines to ensure the County's investment program operates under a sound governance structure where responsibilities are clearly defined, oversight is effective, and decision-making is transparent and aligned with the public interest.

  MGO Approach: MGO will conduct the governance and control assessment through a combination of interviews, benchmarking, and analysis of state code and local ordinance. The interviews will be key to establishing the current state of practice for investment management in a fluid environment with significant changes over the past year. Benchmarking will help to assess the standard approach for California counties, especially large counties, and will also provide insight into how different counties have assessed the state code requirements governing investment management.

Efficiency and Effectiveness

- **Operational Efficiency and Effectiveness**
  - Analyze core investment processes, including trade execution, settlement, and reconciliation
  - Evaluate system utilization, automation, and workflows to identify inefficiencies and control gaps
  - Identify opportunities to streamline processes and reduce operational risk
- **Risk and Performance Evaluation**
  - Assess the County's framework for identifying, monitoring, and mitigating key investment risks
  - Determine whether controls are sufficient to safeguard principal and maintain the stability of the investment pool
- **Reviewing Performance Measurement and Reporting**
  - Evaluate performance metrics and benchmarks to determine whether investment objectives are being achieved
  - Review management reporting to ensure information is accurate, timely, and actionable for decision-makers

MGO Approach: MGO will assess efficiency and effectiveness by assessing best practices for investment management in local government, such as those promulgated by the Government Finance Officers Association. We will develop process flowcharts to assess the efficiency of and timeliness of processes to identify opportunities to streamlining without undue risk. We will evaluate whether the investment management team has developed an adequate process to assessed and identified risks inherent in investment management. We will use leading practices in investment management, developed through research, internal interviews, and interviews with third-party subject matter experts, to help determine whether risk management meets industry standards. Finally, we will assess not only whether performance metrics are being achieved but also whether the performance metrics are adequate to provide insight to management and those charged with governance.

Training and Capacity

- Review staffing levels, qualifications, certifications, and training programs
- Evaluate whether personnel and resources are sufficient to support compliant and effective operations

MGO Approach: MGO will assess training and capacity by creating an inventory of staff qualifications, certifications, experience, and ongoing training. We will compare to criteria identified through researching best practice sin investment management in local government, such as those promulgated by the Government Finance Officers Association. We will also assess the California State Code and other legal and regulatory requirements to gauge compliance. We will use internal interviews, process maps, and performance metrics to gain insight into whether additional resources are needed to support compliant and effective operations

Reporting and Continuous Engagement

- Provide biweekly status updates to communicate progress and preliminary observations
- Conduct an exit meeting to validate findings and discuss recommendations
- Deliver draft and final reports that include risk-ranked findings, recognition of strengths, and practical recommendations with management responses and corrective action plans

MGO Approach: MGO will develop the report outline during fieldwork to ensure that the correct report framing is achieved and to ensure adequate evidentiary support and findings that comply with audit standards. By developing the report draft while fieldwork continues, MGO will be able to achieve greater efficiency in report development, which will result in a more timely final report to management and the Audit Oversight Committee.

Deliverables

MGO understands that it will provide required deliverables to the Director and Deputy Director of IAD, the latter of whom will serve as the project officer. These deliverables will be:

- Bi-weekly status reports that provide updates on audit progress.
- A written detailed audit program to guide fieldwork.
- An audit engagement letter prior to the entrance conference

- A draft audit report containing findings classified as High-, Medium-, or Low-risk, as defined in the scope of work.
- A final audit report containing the following sections: a background; a scope, objective, and methodology section; results and conclusions for each objective, including findings and recommendations; and a management response with a corrective action plan.

In addition, MGO will conduct standard audit communication meetings with IAD and the auditee, as provided in the scope of work. This will include at minimum an audit entrance conference and audit exit conference, and may include update meetings for the auditee, as well as update meetings for Project Officer and other IAD officials as appropriate.

Timeline

MGO understands the timeline provided in the scope of work. Below is a sample of an audit timeframe that would allow MGO to meet the requirements as provided.

This sample is based on a contract award date of June 2, 2026, using a calendar day timeframe.

MGO Deliverable or Meeting	Required Timeframe	Sample Due Date
Provide Project Officer with available dates for Entrance Conference	5 days after contract award	June 7, 2026
Biweekly Status Reports	14 days after contract award and every subsequent 14 days until project completion.	Beginning June 16, 2026
Engagement Work Program	21 days after contract award	June 23, 2026
Engagement Letter	25 days after contract award	June 27, 2026
Entrance Meeting	35 days after contract award	July 7, 2026
Exit Meeting	90 days after Entrance Conference	October 5, 2026
Draft Report	100 days after Entrance Conference	October 15, 2026
Final Report	30 Days after Draft Report	November 14, 2026

Report Presentation

MGO will be available to attend a meeting of the County's Audit Oversight Committee, at the first meeting after the contract due date for the Final Audit Report, to share the results of the report. While such attendance is not a SoW requirement, MGO will discuss attendance at the meeting with IAD early in the audit process.

Proposed changes to the milestone dates listed

MGO does not propose any milestone date changes.

Meet Our Team

The following is an overview of the qualifications of the team members we've selected to serve the County. It is important to note that we have extensive internal audit and advisory experience specific to the County of Orange and to other governments like yours.

CORE TEAM MEMBERS
Kyle O'Rourke ENGAGEMENT PARTNER
Linda Hurley PARTNER
Chris Horton CONSULTING SENIOR MANAGER
Vicki Sun CONSULTING MANAGER

Kyle O'Rourke, MPA, CIA, CRMA, CGAP – Consulting Partner

Kyle O'Rourke brings more than a decade of public accounting and consulting experience focused on the public sector, with deep expertise in governance, internal controls, risk management, and operational improvement. He has partnered with municipalities, public utilities, Tribal governments, and nonprofits to deliver internal audit, enterprise risk management, and management consulting services tailored to each organization's strategic objectives and operational realities. His approach emphasizes collaboration with leadership and stakeholders to design practical, action-oriented solutions that strengthen accountability, efficiency, and organizational resilience.

Throughout his career, Kyle has supported a wide range of government entities, including state agencies, city and county governments, public utilities, and Tribal nations. His representative experience spans outsourced internal audit functions, risk management transformations, operational assessments, and process improvements for complex public organizations. This breadth of experience enables him to quickly understand client environments and deliver sustainable improvements aligned with best practices in public administration and government auditing.

Linda C. Hurley, CPA – Assurance and Consulting Partner

Linda Hurley has more than 29 years of experience providing auditing, accounting, and advisory services to government and public-interest entities. She has served as engagement partner for numerous large and complex California cities and counties, as well as state agencies across the western United States. Her work includes performance audits, agreed-upon procedures, compliance assessments, and technical assistance engagements, with particular depth in grant and contract compliance, single audits, and regulatory requirements affecting public agencies.

Linda has extensive consulting experience related to federal and state funding programs, including COVID-19 relief and recovery funds. Her services have included subrecipient monitoring, procurement and contracting assessments, compliance monitoring, audit readiness support, and internal control evaluations. She has led engagements for counties, cities, ports, hospital entities, and state agencies, delivering practical recommendations that improve compliance, operational effectiveness, and financial stewardship. Her experience allows her to guide public entities through complex regulatory environments while supporting strong governance and accountability.

Chris Horton, Ph.D., CIA, CGFM, CGAP, CRMA, CCSA – Senior Manager

Chris Horton has approximately 25 years of experience in risk management, compliance, audit, and accountability roles serving government organizations. He leads matrixed teams delivering performance audits and consulting services for state, local, school district, and federal clients. As a former county auditor, internal audit supervisor, and audit manager, he brings direct, hands-on experience with the operational and governance challenges faced by public entities and develops practical, standards-aligned solutions. Chris has also led an audit of the City and County of Denver's ethics program, which sparked a long-term interest in helping auditors conduct ethics audits and address ethical issues. Chris has conducted training on ethics audits and ethical decision-making for the Association of Local Government Auditors, chapters of the Institute of Internal Auditors and AGA, and the Oregon Secretary of State Audits Division.

Chris has been responsible for establishing and leading audit functions, including developing audit charters, audit committee structures, policies and procedures, audit plans, and budgets in accordance with audit standards. In addition, he has held leadership roles in professional associations such as AGA and ALGA, authored professional articles, and delivered presentations for government accountability organizations—demonstrating a strong commitment to advancing excellence in public-sector auditing and accountability.

Vicki Sun, CIA, PMP – Manager

Vicki Sun has approximately eight years of experience in audit, consulting, and advisory services serving state and local government organizations. She manages and leads engagements delivering performance audits, organizational and operational assessments, and strategic planning services for a range of public sector clients. As a Consulting Manager, she leads project strategy and coordinates delivery while working closely with client leadership to align project objectives with organizational priorities. As a former program performance auditor and policy advisor within city government, she brings direct experience with public sector operations and applies data-driven approaches and industry best practices to develop practical, actionable solutions.

Vicki has also led and contributed to a variety of projects including community development initiatives, staffing and operational reviews, and regional planning efforts for cities and public agencies. She has supported engagements involving organizational restructuring, federal funding compliance, and service delivery improvements, and has applied data analysis, peer benchmarking, and financial forecasting to inform recommendations. Vicki has served as a primary analyst and lead author on numerous reports and client deliverables, demonstrating her ability to translate complex information into clear, actionable insights for stakeholders and leadership.

Sample audit reports of a similar nature

Five sample audit reports have been provided as separate files in this response. You will find the following reports:

- Assessment Report on a transportation agency's Investment Program Controls
- Risk assessment for Orange County
- Procurement Governance report for Orange County
- Performance Audit Report of the Orange County Auditor-Controller's Office (Confidential)
- Performance Audit Report of Orange County's Child Support Services' Administration (Confidential)

MGO & You

We are excited to explore the opportunities.

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MGO.