



County Executive Office

Memorandum

September 17, 2025

To: Clerk of the Board of Supervisors
From: Michelle Aguirre, County Executive Officer *MAguirre*
Subject: Supplemental Request According to Board Rule 21

Digitally signed by
Michelle Aguirre
Date: 2025.09.18
13:48:36 -07'00'

CLERK OF THE BOARD
COUNTY OF ORANGE
BOARD OF SUPERVISORS

2025 SEP 18 PM 2:39

RECEIVED

S34B

The County Executive Office is requesting a Supplemental Agenda Staff Report for the September 23, 2025, Board Hearing.

Agency: Internal Audit Department
Subject: Approve Sole Source Contract for Independent Risk Assessment
Districts: All Districts

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 predetermined deadline directed by the Board of Supervisors. Timely receipt of the independent risk assessment results is critical for the Internal Audit Department to update its Fiscal Year 2025-26 Audit Plan and initiate audits addressing newly identified high-risk areas. Therefore, the contract must be presented as timely as possible to the Board.

Concur:

Doug Chaffee

Doug Chaffee, Chair of the Board of Supervisors

cc: Board of Supervisors
County Executive Office
County Counsel



**SUPPLEMENTAL AGENDA ITEM
 AGENDA STAFF REPORT**

RECEIVED
 2025 SEP 18 PM 2:39
 CLERK OF THE BOARD
 COUNTY OF ORANGE
 BOARD OF SUPERVISORS

MEETING DATE: 09/23/25
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): All Districts
SUBMITTING AGENCY/DEPARTMENT: Internal Audit Department
DEPARTMENT HEAD REVIEW:

Digitally signed by Agripino Alonso
 Date: 2025.09.16 14:27:17 -07'00'

Department Head Signature

DEPARTMENT CONTACT PERSON(S): Aggie Alonso (714) 834-5442
 Jose A. Olivo (714) 834-5509

SUBJECT: Approve Sole Source Contract for Independent Risk Assessment

<p>CEO CONCUR</p> <p><i>Michelle Aguirre</i> Digitally signed by Michelle Aguirre Date: 2025.09.18 13:49:31 -07'00'</p> <p>CEO Signature</p>	<p>COUNTY COUNSEL REVIEW</p> <p>APPROVED AGREEMENT TO FORM</p> <p>DocuSigned by: <i>Action</i> <i>Ronnie Magsaysay</i> County Counsel Signature</p>	<p>CLERK OF THE BOARD</p> <p>Discussion</p> <p>3 Votes Board Majority</p>
---	--	--

Budgeted: Yes **Current Year Cost:** \$129,500 **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** N/A **Sole Source:** Yes

Current Fiscal Year Revenue: N/A

Funding Source: GF: 100% **County Audit in last 3 years:** No

Levine Act Review Completed: N/A

Prior Board Action: N/A

RECOMMENDED ACTION(S):

Authorize the County Procurement Officer or Deputized designee to execute a sole source contract with Macias Gini & O'Connell LLP to conduct an independent risk assessment for use in modifying the Fiscal Year 2025-26 Audit Plan to incorporate audits of high-risk areas identified and for use in developing the Fiscal Year 2026-27 Audit Plan, effective upon execution of all necessary signatures through April 30, 2026, in an amount not to exceed \$129,500.

SUMMARY:

Approval of the sole source contract with Macias Gini & O'Connell LLP will allow the Internal Audit Department to incorporate audits of high-risk areas identified by the Contractor's risk assessment to update their FY 2025-26 Audit Plan and develop their FY 2026-27 Audit Plan, as recommended by the Audit Oversight Committee and directed by the Board of Supervisors at its June 24, 2025 meeting.

BACKGROUND INFORMATION:

The Internal Audit Department (IAD) supports and assists the Board of Supervisors (Board) and County management in the realization of their business goals and objectives by testing and reporting on the effectiveness of County internal control systems and efficiency of business processes. To accomplish this, IAD prepares an Annual Risk Assessment and Audit Plan (Audit Plan), which is a comprehensive plan that details audits to be completed in the upcoming fiscal year. The FY 2025-26 Audit Plan consisted of 63% of carryover audits from the previous year that IAD did not conduct as planned due to Board directives that far exceeded budgeted reserves for unplanned/special assignments and unfilled vacancies. These carryover audits limited IAD's capacity to add new audits to the FY 2025-26 Audit Plan and as a result, IAD performed a modified Countywide risk assessment.

At the Audit Oversight Committee's (AOC) meeting on May 15, 2025, the AOC approved IAD's FY 2025-26 Audit Plan, and recommended for IAD to contract with a reputable Certified Public Accounting (CPA) firm that was already approved by County procurement, to conduct an independent risk assessment by October 31, 2025. The independent risk assessment would be used to modify the FY 2025-26 Audit Plan to incorporate audits of high-risk areas and develop the FY 2026-27 Audit Plan. On June 24, 2025, the Board approved IAD's FY 2025-26 Audit Plan and AOC's recommendation (Attachment C).

IAD selected Macias Gini & O'Connell LLP (MGO) from the County Procurement Office's (CPO's) approved slate of audit services contractors. However, the CPO later advised that we could not use their slate of contractors because it had expired. Due to the Board's directive and deadline for the risk assessment, IAD obtained a quote from MGO. The proposed contract is a sole source contract. 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. These factors are critical for the timely and appropriate assessment of the County's high-risk areas.

IAD now requests Board approval of the sole source contract with MGO (Attachment A), effective through April 30, 2026, for the amount of \$129,500, as noted in the Recommended Action. This contract requires Board approval as it exceeds the annual \$75,000 approval threshold for sole source contracts.

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. See Attachment B for the Contract Summary.

The IAD has verified 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 revised 2024 Contract Policy Manual.

FINANCIAL IMPACT:

Appropriations for this Contract are included in Internal Audit Department, Budget Control 079, Fiscal Year 2025-26 Budget.

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A – Contract CT-017-26010208

Attachment B – Contract Summary Form

Attachment C – Board Directive from June 24, 2025