



**March 19, 2026**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director  
Internal Audit Department

**Subject:** Contracts with Mott MacDonald Group, Inc. for Program Management and Planning Support Services, Internal Audit Report No. 26-508

### **Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of the contracts with Mott MacDonald Group, Inc. for program management and planning support services. Based on the audit, procurements were handled in accordance with policies and procedures, and Mott MacDonald Group, Inc. is providing services in compliance with their contracts. However, recommendations have been made to recover consultant overbillings, enhance review of allowances, and strengthen requirements over consultant timesheets.

### **Recommendation**

Direct staff to implement the three recommendations provided in Contracts with Mott MacDonald Group, Inc. for Program Management and Planning Support Services, Internal Audit Report No. 26-508.

### **Background**

Effective September 24, 2023, the Orange County Transportation Authority (OCTA) entered into Agreement No. C-2-2855 with Mott MacDonald Group, Inc. (Mott MacDonald) for program management consultant services for Capital Programs (capital programs contract). The payment method is a specified rate of compensation basis, with an original maximum obligation of \$40,525,384, and a term through September 23, 2028, with a 24-month option term. Fourteen amendments added sub-consultants and changed functions, replaced key personnel and changed functions, added named personnel and other direct cost

items, added liability and indemnification supplemental terms, and added coastal rail projects to the scope of work. On November 24, 2025, the Board of Directors authorized the Chief Executive Officer to negotiate and execute Amendment No. 15 in the amount of \$38,774,000, for additional services primarily supporting the emergency coastal rail efforts.

Effective August 14, 2023, OCTA entered into Agreement No. C-3-2501 with Mott MacDonald for regional rail planning support. OCTA pays Mott MacDonald on a time-and-expense basis, with a \$250,000 maximum obligation and term through July 31, 2026. Amendment No. 1 revised key personnel and added a coastal permitting sub-consultant.

Effective March 4, 2024, OCTA entered into Agreement No. C-3-2949 with Mott MacDonald for transit planning support services. OCTA pays Mott MacDonald on a time-and-expense basis, with a \$250,000 maximum obligation term through February 28, 2027.

### ***Discussion***

Six consultant staff are being billed using office overhead rates, rather than field overhead rates, resulting in overbillings of \$233,958. Field overhead rates should be used to calculate labor billing rates when consultant employees work primarily from OCTA-provided offices or project sites. The Internal Audit Department (Internal Audit) recommended management recover the overbillings and establish a process to evaluate and enforce when consultant staff should be billed using a field overhead rate. Management agreed to recover \$224,765 related to five consultant staff and asserted that one consultant works primarily out of consultant offices. Management also agreed to monitor and enforce when consultant staff should utilize a field overhead rate.

Internal Audit identified overbillings totaling \$6,800.03, and questioned \$75 monthly cell phone allowances, as well as some per diem charges for day travel by a sub-consultant staff that did not appear to meet the 12-hour threshold required by federal rules. Internal Audit recommended, and management agreed, to recover the overbillings. Internal Audit also identified a \$1,100 monthly vehicle allowance for a principal project manager based primarily out of OCTA headquarters, and recommended management reconsider the necessity of this allowance versus providing mileage reimbursement. Management asserted that the vehicle is utilized by multiple individuals and is appropriate.

Mott MacDonald and several sub-consultants do not submit original, complete employee timesheets to support labor hours billed. Partial time sheets or time

reports are submitted with billings for the capital programs contract, and no employee timesheets are submitted with billings for the transit planning support services contract. Internal Audit recommended that management require consultants to submit original, complete employee timesheets that reflect all hours worked. Management agreed to require consultants to submit complete timesheets.

***Summary***

Internal Audit has completed an audit of the Mott MacDonald contracts for program management and planning support services and offered three recommendations for improvement.

***Attachment***

- A. Contracts with Mott MacDonald Group, Inc. for Program Management and Planning Support Services, Internal Audit Report No. 26-508

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