ACELA CAR PURCHASE: Questioned Costs Identified in Price Proposal

Report Summary
Because this report may contain contractor proprietary or confidential data subject to a nondisclosure agreement, we are providing a summary of the report only.
Date:    December 4, 2012

Subject:  Acela Car Purchase: Questioned Costs Identified in Price Proposal
          (Summary Report No. OIG-A-2013-002)

On February 27, 2012, Amtrak received a price proposal to deliver 40 Acela coach cars. Given the high dollar value and Amtrak’s plan to award a sole-source contract, we initiated a review of the price proposal to determine whether it was based on well-supported and reasonable cost and pricing data.

SUMMARY OF RESULTS

The price proposal contained amounts that, in some cases, were not based on well-supported and/or reasonable cost data. As a result, we questioned those costs.

The price proposal included Comments to the General Provisions and to the Supplementary General Provisions. We did not analyze these comments to determine their impact upon the pricing, but observed that the comments suggested modifications to significant terms and conditions in the request for proposal, including the audit provision.

RECOMMENDATIONS

We recommended that Amtrak’s Chief Logistics Officer

1. use the information in the report to help negotiate a lower contract price, and

2. retain the audit provision set forth in the request for proposal in the terms and conditions of the final contract.
MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, Amtrak’s Chief Logistics Officer agreed with our recommendations. In October 2012, Amtrak decided to forgo purchasing the additional Acela coach cars. As a result, Amtrak has avoided all costs associated with this purchase. Based on this information, a portion of Amtrak’s cost avoidance is attributable to our report.

OIG TEAM MEMBERS

David R. Warren, Assistant Inspector General, Audits

Edward Stulginsky, Deputy Assistant Inspector General, Audits

Matthew Simber, Senior Director

Michael Kennedy, Senior Director

David Burrell, Senior Auditor

John Flynn, Senior Auditor

Roslyn Kessler, Senior Auditor

Ed Fontaine, Contractor

Wiesam Sheikhi, Contractor

Michael P. Fruitman, Principal Communications Officer
Amtrak Office of Inspector General
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- promote economy, effectiveness, and efficiency within Amtrak;

- prevent and detect fraud, waste, and abuse in Amtrak's programs and operations; and

- review and make recommendations regarding existing and proposed legislation and regulations relating to Amtrak's programs and operations.

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Congressional and Public Relations
E. Bret Coulson, Senior Director
Congressional and Public Affairs

Mail: Amtrak OIG
10 G Street, N.E., 3W-300
Washington, D.C. 20002

Phone: 202-906-4134
E-mail: bret.coulson@amtrakoig.gov