



Management Advisory Report

GOVERNANCE: Profile of Timesheet Data of Agreement Employees for Calendar Year 2014

Certain information in this report has been redacted due to its sensitive nature

Report No. OIG-MAR-2015-011 | June 18, 2015

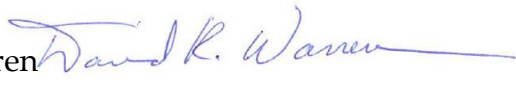


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Memorandum

To: William H. Herrmann
Vice President, Managing Deputy General Counsel

From: David R. Warren 
Assistant Inspector General, Audits

Date: June 18, 2015

Subject: *Governance: Profile of Timesheet Data of Agreement Employees for Calendar Year 2014* (Management Advisory Report OIG-MAR-2015-011)

One of Amtrak's (the company's) major expenses is labor. In Calendar Year (CY) 2014, the company paid more than \$1.2 billion in total wages to employees covered by collective bargaining agreements (union agreements)—about 29 percent of total annual expenses. Regular wages paid totaled \$829 million, and overtime wages totaled \$199 million.¹

During CY 2014, the company employed personnel belonging to 14 unions. The company and these unions have entered into 23 bargaining agreements, representing crafts such as locomotive engineers, onboard service crew members, maintenance of way crews, coach cleaners, and police department employees. Each agreement includes specific rules for calculating an employee's time charges and associated pay. The company uses six timekeeping systems to process timesheets and calculate wage payments.

Our reporting objective was to analyze timesheet data to identify trends and patterns that could be useful in detecting fraud, waste, and abuse. Using a specialized data-analysis software tool, we analyzed 100 percent of the hours recorded on more than 4.5 million daily timesheets submitted by and paid to approximately 19,300 agreement-covered

¹ The remainder of payroll costs included \$47 million for guarantee pay (for example, time spent as layover or deadheading), \$118 million for time paid not worked (holidays, vacation time and sick leave), and \$39 million for allowances (lump sum payments for travel, meals, lodging, etc.).

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employees in CY 2014.² For a discussion of our audit scope and methodology, see Appendix A.

Summary of Results

CY 2014 timesheet data revealed trends and patterns that indicate potential fraud, waste, and abuse in the reporting of overtime and regular time. Some of these trends and patterns may be justified because of the complexity of union agreement rules, the nature of jobs, and the functions employees perform. However, our prior investigative work has shown instances in which employees have fraudulently reported hours not worked. We believe that these trends and patterns merit further analysis and, if appropriate, action by management. For detailed results of our work, see Appendix B. We identified a number of trends and patterns, including:

- Employees reported working 2,381 weeks with at least 40 overtime hours in addition to their 40 regular hours (Appendix B, Figure 3). Five employees reported 22 or more weeks in which they worked at least 40 overtime hours in addition to 40 regular hours (Appendix B, Figure 4). Some employees reported working 74 or more overtime hours in a week in addition to 40 regular hours (Appendix B, Figure 4).
- Employees reported working 957 weeks with overtime hours but no regular hours (Appendix B, Figure 5). In nine instances, employees reported more than 100 hours of overtime³ (Appendix B, Figure 6). Some employees repeatedly reported working overtime but no regular hours, including five employees who reported at least five weeks with overtime but no regular hours (Appendix B, Figure 6).
- Employees reported 1,357 days in which they worked more than 24 regular and overtime hours (Appendix B, Figure 7). Ten employees reported working at least 40 hours in a day (Appendix B, Figure 8).

² Because employees of the American Railway and Airway Supervisors Association—On Board Services receive salaries rather than hourly pay, they were not included in our analysis.

³ These employees all belonged to the Amtrak Service Workers Council. Under the company's agreement with this union, work in excess of 185 hours in any month is considered overtime and paid at time and a half.

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- Employees reported 280 instances in which they worked 31 or more consecutive days (Appendix B, Figure 9). Eight employees reported working 100 or more consecutive days (Appendix B, Figure 10).

Moreover, although 57 percent of agreement-covered employees earned \$40,000 to \$80,000, 46 employees earned more than \$160,000 in 2014 (Appendix B, Figure 11) compared to 32 employees in 2013. This includes 18 employees who earned more than \$160,000 in both 2013 and 2014.

We previously briefed you on that information, and we agreed to provide you with this report for your use in further analyzing this data. As discussed, you will alert us to any cases that appear to involve fraud.

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Appendix A**SCOPE AND METHODOLOGY**

This management advisory report provides information on trends and patterns in timesheet data for agreement employees. We focused the scope of our work on analyzing timesheets paid in CY 2014. We analyzed the records of agreement-covered employees maintained in SAP⁴; performed a limited review of the company's payroll policies and labor-union agreements; and met with officials and staff from the Law, Finance, and Human Capital departments. We performed our work from June 2014 to May 2015 in Washington, DC. Certain information in this report has been redacted due to its sensitive nature.

Using an Audit Command Language (ACL) data-analysis tool, we performed 16 tests to analyze the timesheet data. Our methodology included:

- **Grouping codes into categories.** We grouped 179 unique timekeeping absence and attendance codes and 35 unique lump-sum payment codes into five pay categories:
 - **Regular.** Attendance codes such as Regular, Straight, Training, and Overtime paid as straight time.
 - **Overtime.** Attendance codes that showed employees were paid at higher than the established hourly rate for the position, including Overtime paid at 1.5 or 2 times the hourly rate, Backfill, Late Train, and Holiday Coverage.
 - **Guarantee.** Attendance codes such as Daily Guarantee, Deadhead, Layover, Travel Time, and Trip Guarantee.
 - **Time Paid Not Worked.** Absence codes such as Sick (Paid), Vacation, Holiday, Bereavement, and Military Leave.
 - **Allowances.** Lump-sum payment codes such as Travel, Meals, Lodging, Differentials, Extra Board Guarantee, and License/Certification.

⁴ SAP (ERP) software processes enterprise-wide data from various business areas such as finance, procurement, payroll, and sales and distribution.

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- **Capturing complete CY 2014 data.** Union employees are paid within 12 days after their work-week ends. To analyze all the timesheets paid in CY 2014, we captured certain time records in December 2013. We analyzed 100 percent of the timesheet transactions from December 9, 2013, through December 7, 2014.
- **Developing a metric for a standard work-week.** The work-week for agreement employees varied. To analyze the data by week, we developed a metric for a uniform work-week. For all employees, we defined a work-week as running from Monday through Sunday, and we defined Week 1 as starting on December 9, 2013, and ending on December 15, 2013. We defined Week 52 as starting on December 1, 2014, and ending on December 7, 2014.⁵

We conducted this analysis in accordance with standards we developed for alternative products.

Internal Controls

Because our focus was on identifying and analyzing trends, we did not assess the internal controls for the timesheet data.

Use of Computer-Processed Data

To achieve our objective, we relied on computer-processed data contained in the company's payroll system, SAP. We analyzed that data using ACL software and programs. To validate the results of our analysis, we compared the hours our analysis identified for 56 employees and the gross wages identified for 25 employees to the source SAP payroll system. Discrepancies were largely explained by retroactive pay adjustments that our calculations did not include. Based on this test, we concluded that the data are sufficiently reliable to be used in meeting our objectives.

⁵ Before July 2014, some agreement employees were paid bi-weekly, and some were paid weekly. Beginning in July 2014, all agreement employees were paid bi-weekly.

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Prior Reports

We reviewed the following Amtrak OIG reports:

- *Management Advisory Report–Governance: Employee Time Charges Trend Data for Calendar Year 2013* (OIG-MAR-2014-011, September 26, 2014)
- *Management of Overtime–Best Practice Controls can Help in Developing Needed Policies and Procedures* (OIG-A-2013-009, March 26, 2013)
- *FRAUD: Overtime Fraud and Abuse by Amtrak’s Mid-Atlantic Communications and Signals Department Employees* (OIG-I-2012-018, September 5, 2012)
- *Audit of Overtime Wages* (Audit Report No. 05-2007, January 8, 2008)

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Appendix B

BRIEFING

The following briefing was shared with the company's Vice President/Managing Deputy General Counsel on May 26, 2015.

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Appendix B

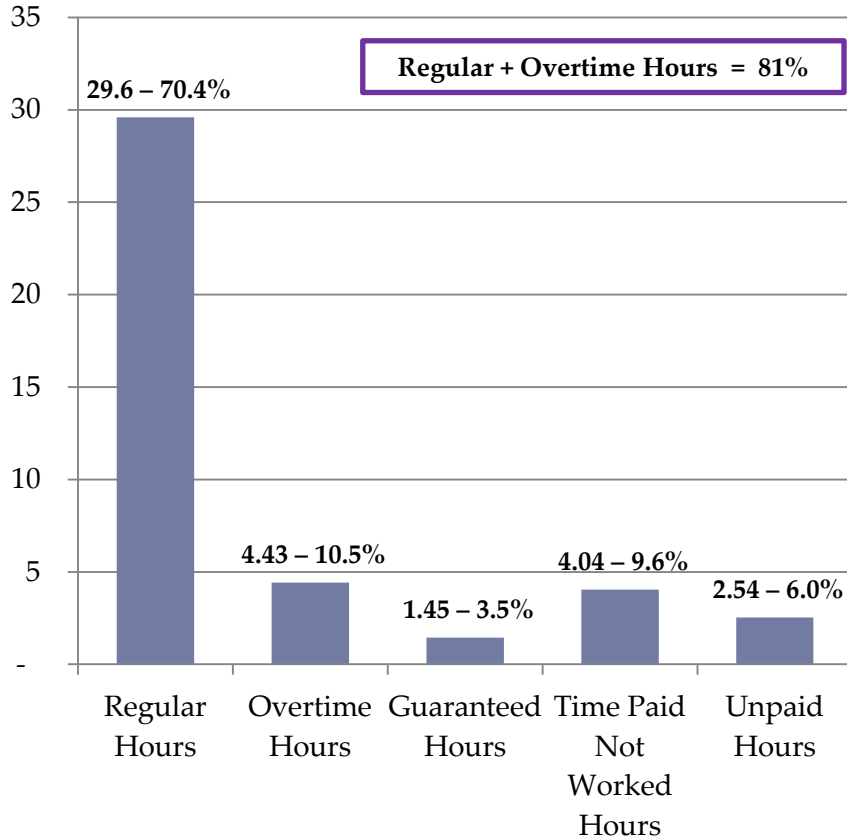
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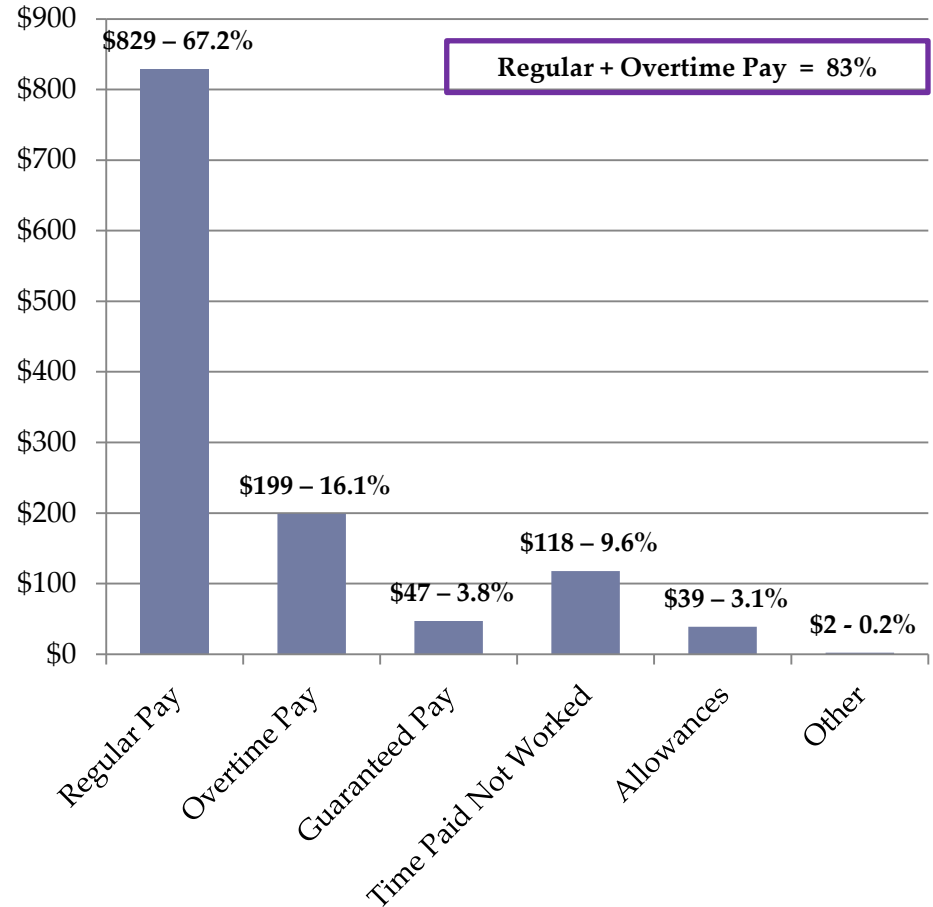


Figure 1: Summary of Hours and Pay for CY 2014

Total Hours in CY 2014 – in Millions

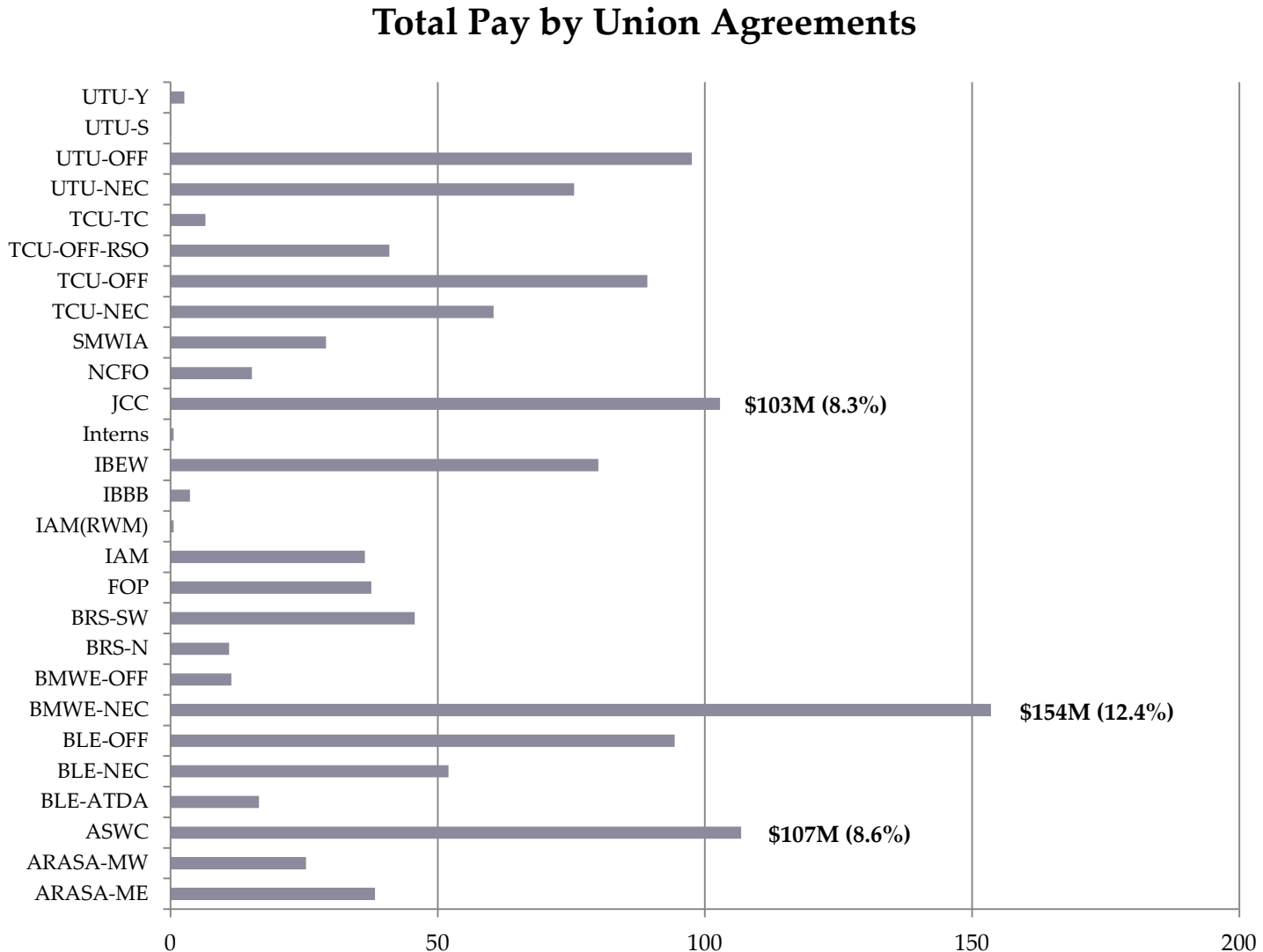


Total Pay in CY 2014 – in Millions



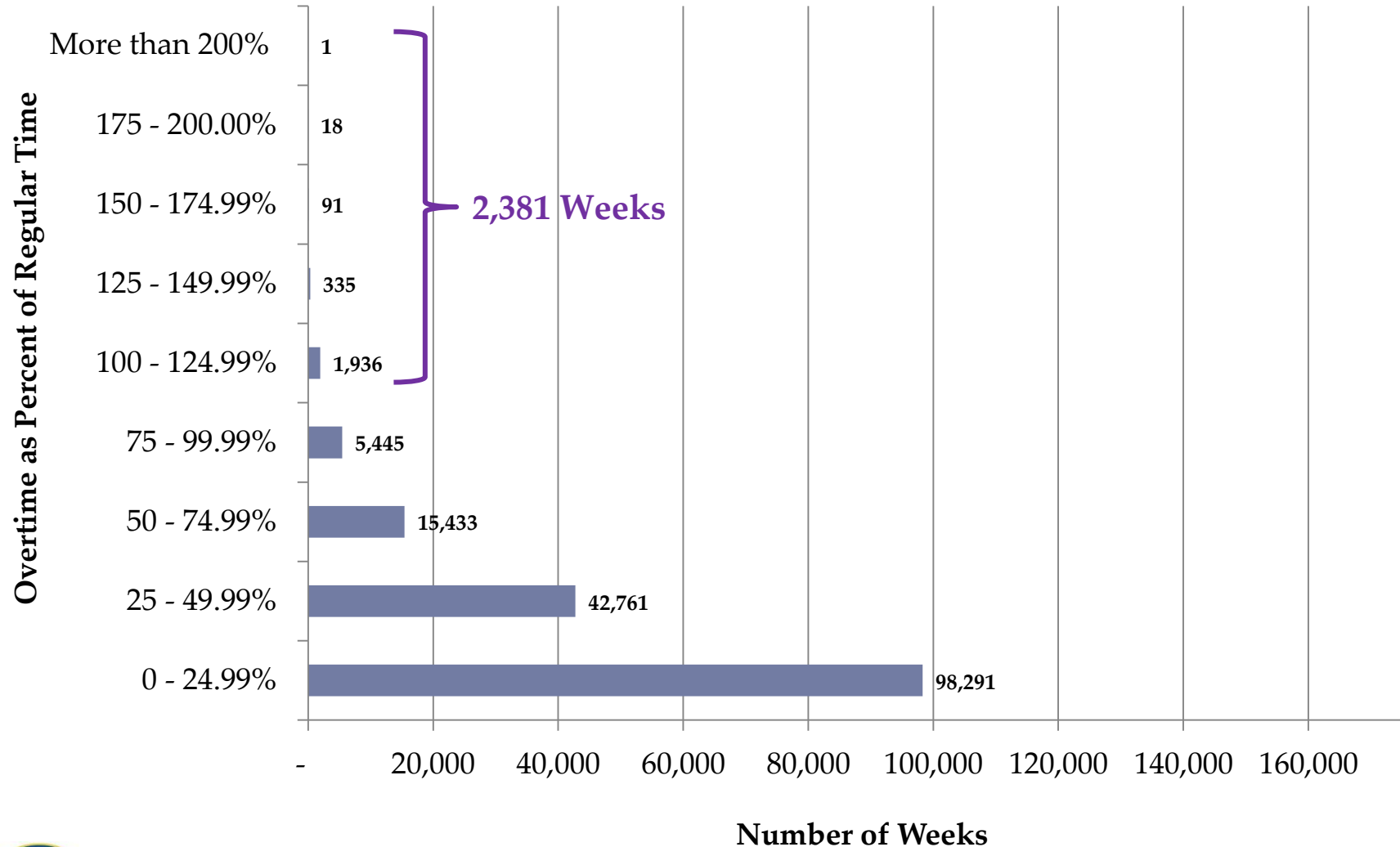
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Figure 2: Summary of CY 2014 Payroll Costs by Unions (M=\$ in Millions)



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Figure 3: Summary of Weekly Overtime as Percent of Regular Time



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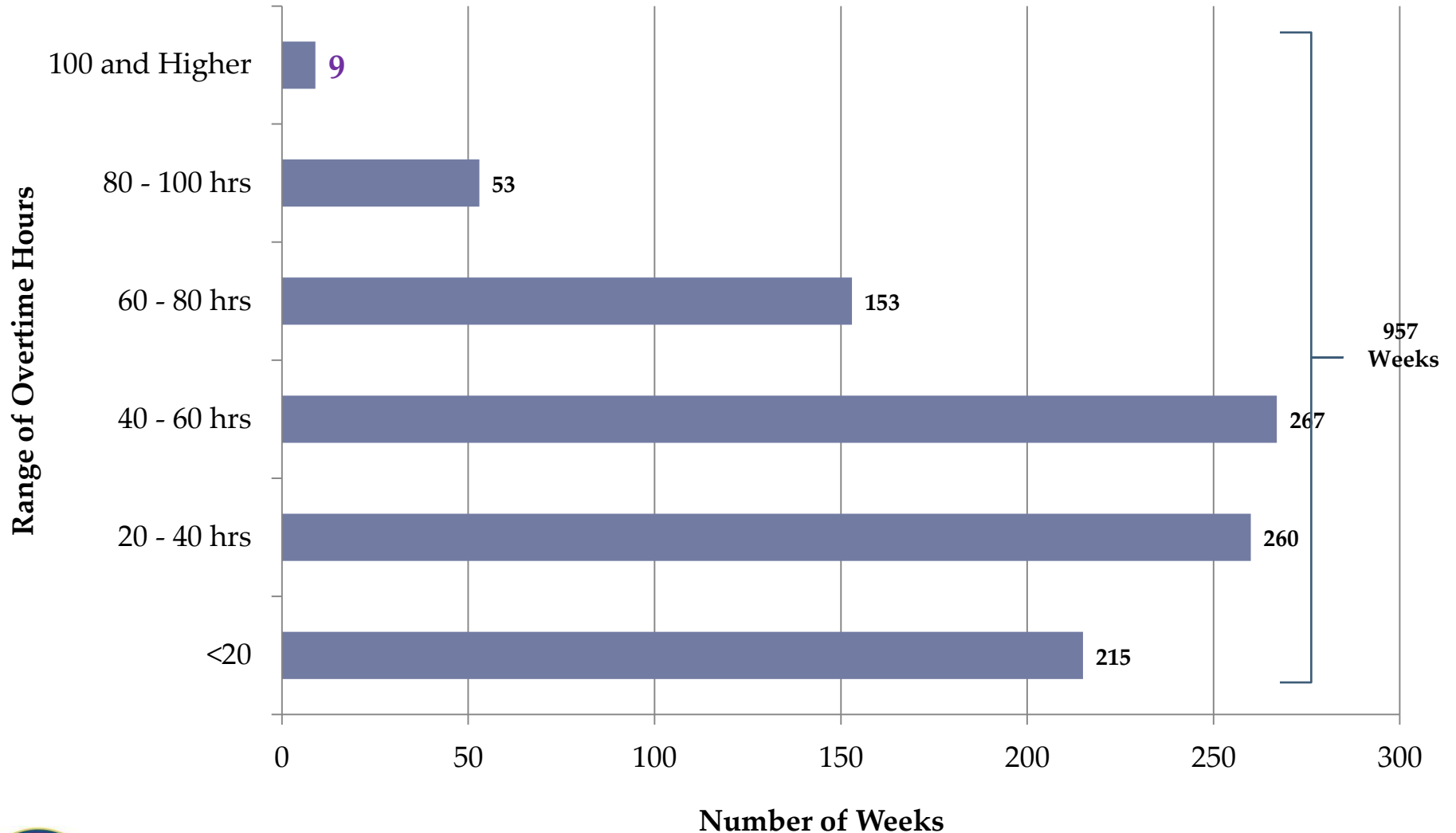
Figure 4: Summary of Weekly Overtime as Percent of Regular Time

Top 10 Weekly Overtime Over Regular Time Hours							Top 5 Employees Repeatedly Reporting Overtime More Than 100% of Regular Time			
SAP ID	Job Title	Union	Payroll Week	Regular Time	Over Time	OT % of RT	SAP ID	Job Title	Union	Weeks
[REDACTED]	TCHNICIAN-LOCOMTVE	IBEW	2014/10/13-2014/10/19	40	90	225	A	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	SERGEANT	FOP	2014/01/27-2014/02/02	40	80	200	[REDACTED]	FOREMAN-NY	BRS-SW	25
[REDACTED]	ON-CORRIDOR ENGINEER TRAINEE	BLE-NEC	2014/01/27-2014/02/02	40	78	195	[REDACTED]	MAINTAINER SD	BRS-SW	25
[REDACTED]	CARMENLD	JCC	2014/10/20-2014/10/26	40	76	190	[REDACTED]	B+B INSPECTOR SD	BMWE-NEC	24
[REDACTED]	CARMENLD	JCC	2014/10/27-2014/11/02	40	76	190	[REDACTED]	FOREMAN-NY	BRS-SW	22
[REDACTED]	CARMEN WELDER	JCC	2014/10/20-2014/10/26	40	76	190				
[REDACTED]	POLICE OFFICER	FOP	2014/01/27-2014/02/02	40	76	190				
[REDACTED]	MAINTAINER SD	BRS-SW	2014/03/17-2014/03/23	40	74	185				
[REDACTED]	FOREMAN-NY	BRS-SW	2014/04/21-2014/04/27	40	74	185				
[REDACTED]	FOREMAN-NY	BRS-SW	2014/04/21-2014/04/27	40	74	185				

Information on employee with SAP ID "A" has been redacted for investigative purposes.



Figure 5: Summary of Weeks with Overtime But No Regular Time



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Figure 6: Summary of Weeks with Overtime But No Regular Time

Top Overtime Hours in Weeks with No Regular Time					
SAP ID	Job Title	Union	Payroll Week	Regular Time	Over Time
[REDACTED]	TRAIN ATTENDANT - SLEEPER	ASWC	2014/08/25-2014/08/31	0	110.56
[REDACTED]	TRAIN ATTENDANT - SLEEPER	ASWC	2014/07/21-2014/07/27	0	108.4
B	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	FOOD SPECIALIST	ASWC	2014/08/25-2014/08/31	0	104.01
[REDACTED]	SERVICE ATTENDANT (TIP)	ASWC	2014/08/18-2014/08/24	0	103.69
[REDACTED]	TRAIN ATTENDANT - SLEEPER	ASWC	2014/07/21-2014/07/27	0	101.74
[REDACTED]	LD SEVR ATTN CLUB CAR	ASWC	2014/07/21-2014/07/27	0	101.71
[REDACTED]	TRAIN ATTENDANT - SLEEPER	ASWC	2014/09/22-2014/09/28	0	101.28
[REDACTED]	TRAIN ATTENDANT - SLEEPER	ASWC	2014/07/21-2014/07/27	0	100.64

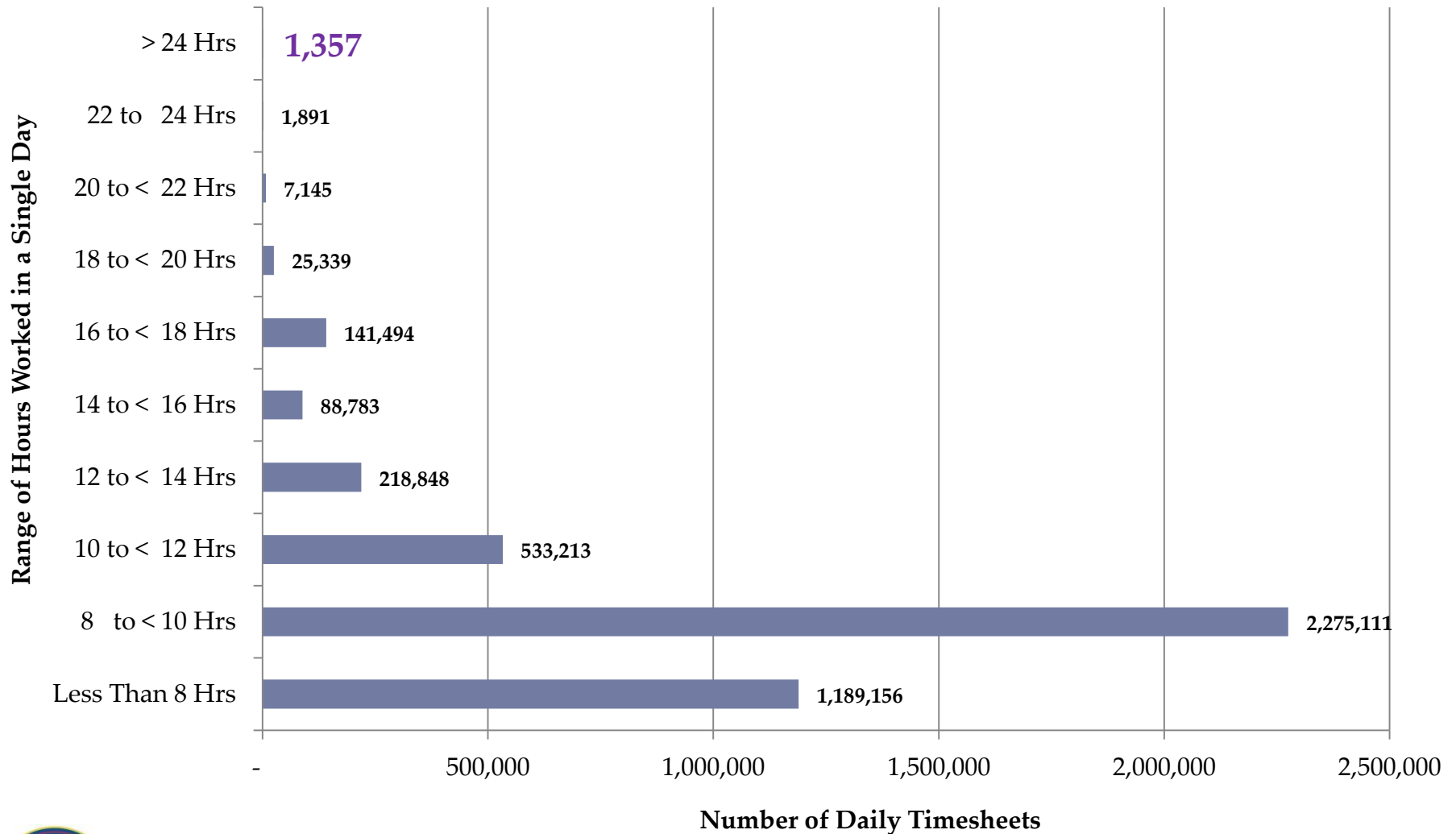
Top 5 Employees Repeatedly Reporting Overtime Hours without Regular Time					
SAP ID	Job Title	Union	Regular Time	Over Time *	Weeks
[REDACTED]	LD SERV ATTN CLUB CAR	ASWC	0	769.65	9
[REDACTED]	TRAIN ATTENDANT - COACH	ASWC	0	361.09	6
[REDACTED]	LSA DINER (TIP)	ASWC	0	451.71	6
[REDACTED]	TRAIN ATTENDANT - COACH	ASWC	0	378.12	6
[REDACTED]	YARD POSITION	ASWC	0	395.84	5

* Total overtime hours for weeks without regular time

Information on employee with SAP ID "B" has been redacted for investigative purposes.



Figure 7: Summary of Regular and Overtime Hours Reported in Daily Timesheets



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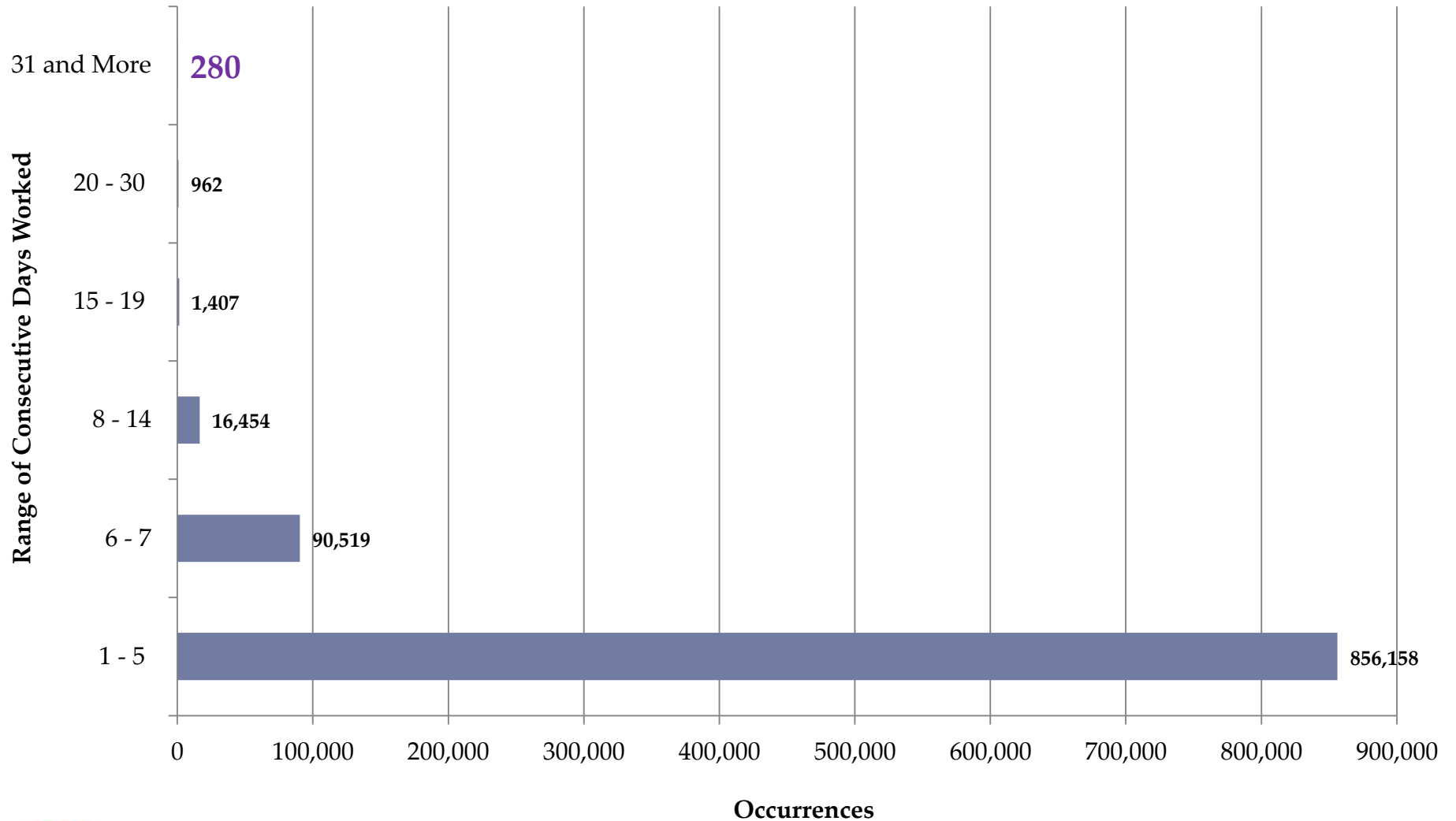
Figure 8: Summary of Regular and Overtime Hours Reported in Daily Timesheets

Top 10 Employees Reporting 24 or More Hours Worked in a Single Day						
SAP ID	Job Title	Union	Work Date	Regular Time	Over Time	Total Hours Worked
██████	LD SERV ATTN CAFÉ/LNG	ASWC	9/25/2014	16.94	31.01	47.95
██████	OFF-CORRIDOR CONDUCTOR	UTU-OFF	3/3/2014	32	10.26	42.26
██████	TRAIN ATTENDANT - SLEEPER	ASWC	8/8/2014	42.25	0	42.25
██████	LD SERV ATTN CAFÉ/LNG	ASWC	4/1/2014	42.22	0	42.22
██████	LD SERV ATTN CAFÉ/LNG	ASWC	5/22/2014	42.12	0	42.12
██████	LD SERV ATTN CAFÉ/LNG	ASWC	3/4/2014	41.71	0	41.71
██████	TRAIN ATTENDANT - COACH	ASWC	3/7/2014	41.68	0	41.68
██████	ON-CORRIDOR YARD ENGINEER	BLE-NEC	9/26/2014	32	9.48	41.48
██████	PENNINSULA ENGINEER	BLE-OFF	12/25/2013	0	40.53	40.53
██████	OFF-CORRIDOR CONDUCTOR	UTU-OFF	1/6/2014	16	24.45	40.45
██████	OFF-CORRIDOR CONDUCTOR	UTU-OFF	12/12/2013	8	32.08	40.08



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Figure 9: Summary of Consecutive Days Worked



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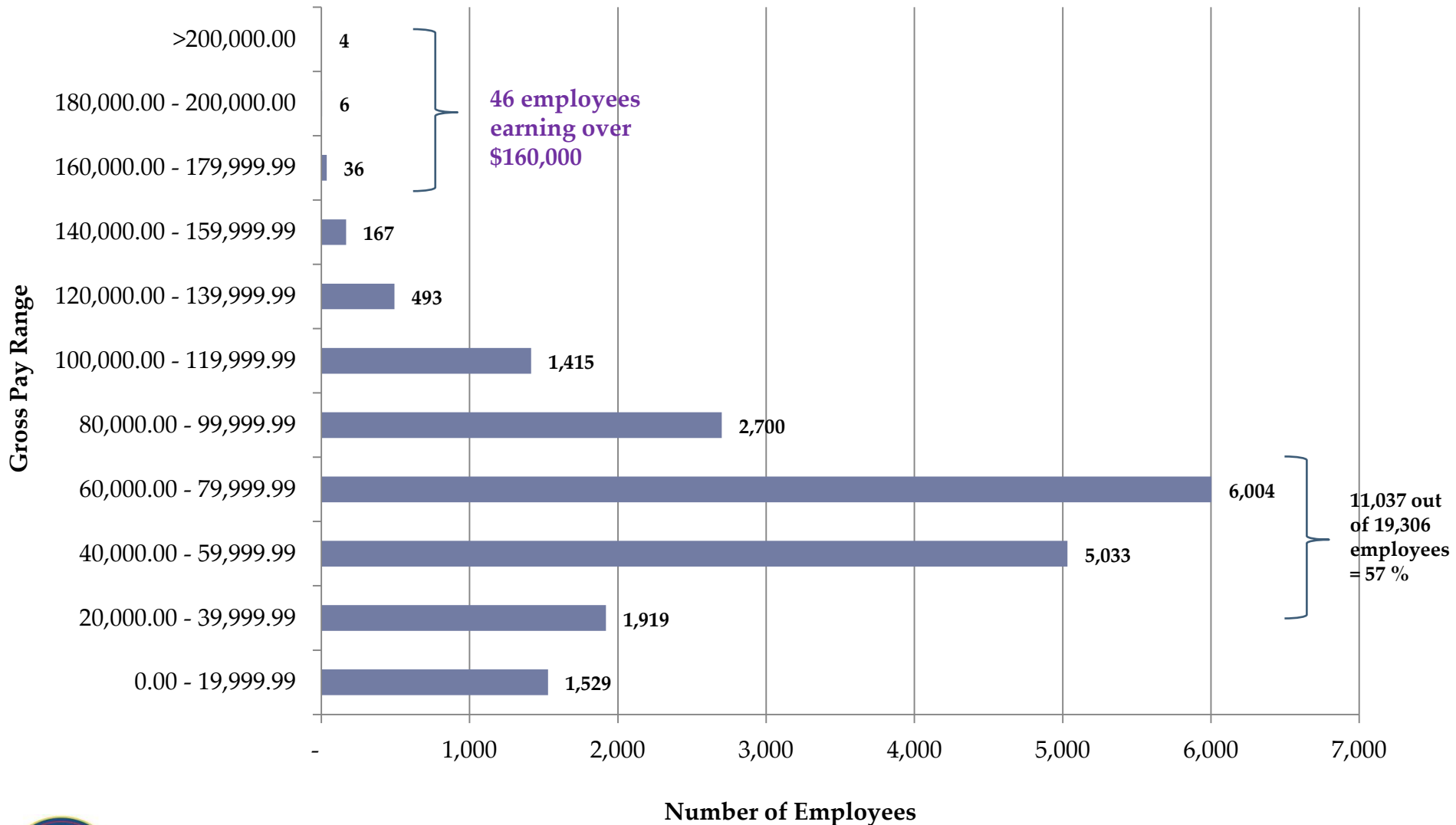
Figure 10: Summary of Consecutive Days Worked

Top Occurrences – Consecutive Days Worked						Top 5 Employees Repeatedly Reporting 31 or More Days of Continuous Work			
SAP ID	Job Title	Union	Start Date	End Date	Days Worked	SAP ID	Job Title	Union	Occurrences
█	MAINTAINER SD	BRS-SW	12/19/2013	5/14/2014	147	█	ELCTRONIC SPLIST SD	BRS-SW	5
█	AGENT TICKET CLK FC	TCU-OFF	4/30/2014	9/8/2014	132	█	R & I CLERKF	TCU-OFF-RSO	5
█	MAINTAINER SD	BRS-SW	12/26/2013	5/1/2014	127	█	FOREMAN-NY	BRS-SW	4
█	MAINTAINER SD	BRS-SW	2/20/2014	6/18/2014	119	█	MAINTAINER SD	BRS-SW	4
█	COACH CLEANER	JCC	3/2/2014	6/17/2014	108	█	TRACK-SWITCH INSP NY ZN 6	BMWE-NEC	4
C	█	█	█	█	█				
█	TICKET/ACCTNG CLERK	TCU-OFF	6/4/2014	9/15/2014	104				
█	ENG WORK EQUIP SD B	BMWE-NEC	6/24/2014	10/1/2014	100				

Information on employee with SAP ID "C" has been redacted for investigative purposes.

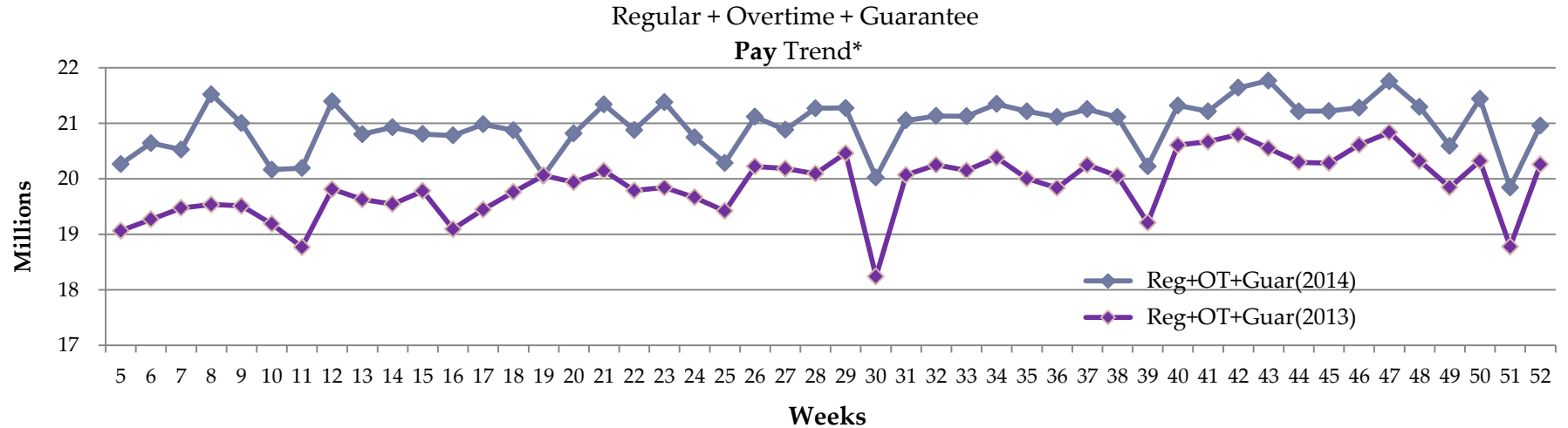
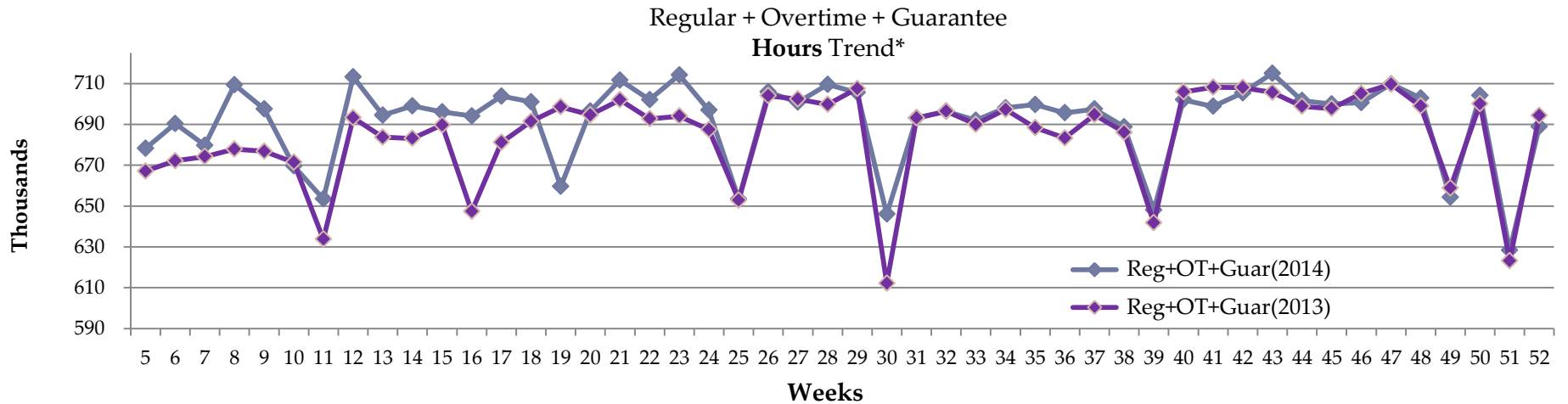


Figure 11: Summary of Employee Earnings in CY 2014



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Figure 12: Trend of Hours and Pay (CY 2014 vs CY 2013)



* Weeks 1-4 are not included because hours and pay were affected by the differences in union pay periods and holidays.

Two increases in hourly rates appear to be contributing to higher pay trend in CY 2014 vs CY 2013. The dips in the trend line indicate vacation taken by employees around holidays.



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Appendix C

ACRONYMS AND ABBREVIATIONS

ACL	Audit Command Language
Amtrak	the company
CY	Calendar Year
OIG	Office of Inspector General
SAP	Systems, Applications, and Products in Data Processing

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Appendix D

OIG TEAM MEMBERS

Vijay Chheda	Senior Director, Audits
Alejandra Rodriguez	Senior Audit Manager
Karen Zuckerstein	Audit Manger
Roslyn Kessler	Operations Analyst, Audits, Auditor in Charge
Juan Morales	ACL Consultant

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OIG MISSION AND CONTACT INFORMATION

Mission

The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits and investigations focused on recommending improvements to Amtrak's economy, efficiency, and effectiveness; preventing and detecting fraud, waste, and abuse; and providing Congress, Amtrak management and Amtrak's Board of Directors with timely information about problems and deficiencies relating to Amtrak's programs and operations.

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