



AMTRAK | Office of
Inspector General
www.amtrakoig.gov

SEMIANNUAL REPORT

to the United States Congress

Report No. 44 | April 1–September 30, 2011





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Illinois Zephyr, Hinsdale, IL



National Railroad Passenger Corporation
Office of Inspector General

I am pleased to submit the Amtrak Office of Inspector General (OIG) Semiannual Report to Congress for the six months ending September 30, 2011. It discusses significant OIG accomplishments in audits, inspections and evaluations, and investigations during this period, as well as highlighting ongoing actions to strengthen OIG operations and progress toward becoming a model OIG.

We hold a unique vantage point from which to monitor and assess Amtrak programs and operations, and provide thoroughly developed findings and well-reasoned recommendations for improvement. We continue to build our capabilities and capacity by adding staff with considerable experience in the railroad industry and extensive background and expertise in auditing, inspections and evaluations, and investigative work.

We are consistently performing effective independent oversight and fostering mutually beneficial working relationships among our office, Amtrak management and the Board, the Congress, and other stakeholders. The quality and number of our audits, inspections and evaluations, and investigations continue to grow: we currently have several major efforts underway, including reviewing Amtrak's approach to enterprise risk management.

Significant Accomplishments

We are stewards of public funds, and as such, we must ensure that monies are spent wisely, with appropriate value being received. During this reporting period, our audit and evaluation units issued eight reports and one testimony statement; together, they identified over \$343 million in questioned costs, including unsupported costs and funds to be put to better use (see appendixes).

- Our **September 2011 testimony** before the Senate Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security, discussed the significant progress Amtrak has made in implementing provisions of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). It also highlighted opportunities for further improvements under the Act. Our work showed that
 - restructuring more Amtrak debt could generate savings of over \$400 million,
 - implementing long-distance train route improvement plans faces challenges,
 - achieving operational stability in Amtrak's new financial system is key to completing PRIIA implementation, and
 - determining whether the use of additional special trains would yield profits could help reduce federal subsidies.

- We issued a comprehensive audit report assessing Amtrak’s performance in meeting the requirements of the Americans with Disabilities Act (ADA). The Company has been working to make stations ADA-compliant, but has faced serious challenges. Also, we questioned the adequacy of support for Amtrak’s \$175-million FY 2012 ADA budget request. We made several recommendations to address the program’s fragmented management, lack of accountability, weaknesses in program cost estimates, and gaps in its compliance plans. (See **Significant Activities: Audits.**)
- We issued two audit reports involving American Recovery and Reinvestment Act (ARRA) funding, assessing the extent to which planned security and infrastructure improvements were achieved. The ARRA funding enabled the Amtrak Police Department to make some security improvements, and Amtrak’s Engineering Department to make some infrastructure improvements, but the improvements for both will be fewer than originally planned and budgeted. We identified \$41.5 million in ARRA-funded security projects and \$126.9 million in ARRA-funded infrastructure projects that could be put to better use. This resulted because Amtrak did not have to take wasteful “extraordinary measures” to complete projects by the deadline. We made recommendations that the Vice President/Chief of Police and Chief Engineer give canceled ARRA projects priority when making future security and infrastructure improvements. Amtrak concurred with our recommendations. (See **Significant Activities: Audits.**)
- We issued an audit report on the accuracy of on-time-performance-incentive payments made by Amtrak to host railroads to facilitate the movement of Amtrak trains over host-owned tracks. We found that in many cases, Amtrak fully paid invoices that contained errors and were overstated. We determine that Metro-North Commuter Railroad inconsistently or inappropriately applied provisions of its operating agreement with Amtrak, and these errors caused invoices to be overstated. Consequently, Amtrak overpaid Metro-North by almost \$520,000 between October 2001 and December 2004. Further, Amtrak’s invoice-review process suffered from insufficient staff and cursory review procedures. We recommended that Amtrak seek to recover the money overpaid to Metro-North, and expedite implementation of its plan for addressing long-standing weaknesses in its invoice-review process. Amtrak agreed with our recommendations and detailed planned actions to address them. Amtrak has made progress in addressing this issue. (See **Significant Activities: Audits.**)
- We also issued a significant evaluation report examining Amtrak’s progress in the human capital management area. This report presented the results of a follow-up review of our 2009 evaluation. We found that Amtrak had made only limited progress in implementing the recommendations. As a result, Amtrak continues to suffer from outdated human capital management, training, and employee development processes that hinder its ability to perform effectively. In addition, Amtrak is increasingly at risk of encountering skills shortages as highly experienced, long-time employees retire. Amtrak’s President and CEO agreed with our recommendations and tasked the new Chief Human Capital Officer with developing an action plan to address them. (See **Significant Activities: Inspections and Evaluations.**)

In the investigative area, we have directed our efforts toward working collaboratively and proactively with Amtrak management to focus on areas of substantial interest and importance to the company. Working with Amtrak Human Resources, we have ensured that suspected fraud in the Amtrak employee health care programs is reported directly and in a timely manner to the OIG. We are working with the Amtrak Chief Financial Officer to address fraud involving payment cards and credit cards. We are also working with Amtrak to ensure that OIG is promptly notified of suspected instances of Amtrak suppliers and contractors providing defective or substandard products or workmanship in critical maintenance parts, services, and fuel. Finally, we are working to address fraud in the area of injury and illness claims.

Significant Actions Taken to Strengthen OIG Operations

We are continually taking actions to improve our office operations. We completed a number of important actions during this reporting period, and have others underway. As we discussed in our last *Semiannual Report*, an organizational assessment of OIG carried out by the National Academy of Public Administration (NAPA) resulted in over three dozen specific recommendations for operational improvement. Actions completed and underway include:

In the Human Resources area, we have

- announced the position of Assistant Inspector General for Administrative Services;
- hired new staff for audit, evaluations, and investigations;
- hired two new staff members for the quality assurance function; and
- completed office renovations that provided improved work space for OIG staff.

In the Organizational area, we have

- completed an outside review of the Administrative Services unit and acted to implement the specific recommendations to restructure the activity;
- completed the organizational assessment and restructuring of the Office of Audits;
- established an Office of Congressional and Public Affairs;
- completed restructuring of the Office of Investigations; and
- completed actions on the initial NAPA recommendations and established Phase II teams to address the remaining recommendations. A significant accomplishment from addressing the initial recommendations was the upgrading of our TeamMate automated working paper software to a more current and capable edition, and providing all audit staff with training on the use of this new tool.

In addition, the U.S. Postal Service's Office of Inspector General is completing a review designed to gauge our independence from Amtrak, as required by Public Law 111-117, the Consolidated Appropriations Act, 2010. (See **Significant Activities: Actions Underway to Strengthen OIG Operations**)

I look forward to our continued effective working relationship with the Chairman, Board members, President and CEO, and executives at Amtrak; along with the House and Senate authorizing, oversight, and appropriations committees, as we work to meet the challenges facing OIG, Amtrak, the train-riding public, and taxpayers.



Ted Alves
Inspector General



Heartland Flyer south of Ardmore, OK

OIG Profile

Vision, Mission, and Authority

Vision

The Office of Inspector General (OIG) strives to provide Amtrak's employees, its customers, the public, and the Congress with the highest quality service and programs through vigilance, timely action, accuracy, and an overall commitment to excellence across the broad range of OIG responsibilities.

Mission

The OIG conducts and supervises independent and objective audits, inspections, evaluations, and investigations relating to Amtrak's programs and operations; promotes economy, effectiveness, and efficiency within Amtrak; prevents and detects fraud, waste, and abuse in Company programs and operations; and reviews and makes recommendations regarding existing and proposed legislation and regulations relating to Amtrak's programs and operations.

Authority

The Inspector General Act of 1978 (Public Law 95-452, 5 U.S.C. Appendix 3), as amended in 1988 (P.L. 100-504), established the Office of Inspector General for Amtrak to consolidate existing investigative and audit resources into an independent organization headed by the Inspector General (IG) to promote economy, efficiency, and effectiveness; and to prevent and detect fraud, waste, and abuse. Subsequently, the Inspector General Reform Act of 2008 (P. L. 110-409) amended and strengthened the authority of the Inspectors General.

Guiding Principles and Values

Amtrak's Office of Inspector General's principles and values are important because they form the building blocks used to accomplish our mission and conduct our day-to-day operations:

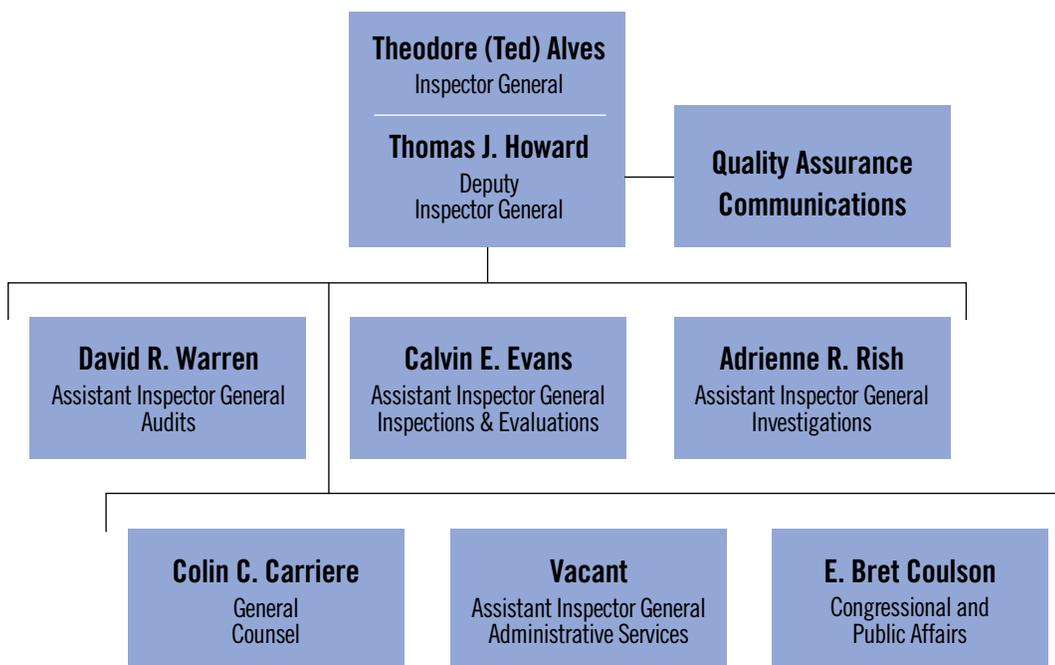


Amtrak's OIG will:

- **High Quality, Relevance, Timeliness**—Provide valuable and timely service. Work products are high quality, relevant, timely, add value, and are responsive to the needs of Amtrak and its stakeholders.
- **Innovation**—Be innovative, question existing procedures, and suggest improvements. New ideas and creativity are fundamental to continued growth, development, and problem solving.
- **Respecting and Developing People**—Create an environment that supports gathering, sharing, and retaining knowledge; fosters treating everyone fairly and with mutual respect through words and actions; ensures professional growth; and values the diverse backgrounds, skills, and perspectives of employees.
- **Professionalism**—Be committed to our professional standards and foster relationships with stakeholders that rely on communication and cooperation. Relationships with program managers are based on a shared commitment to improving program operations and effectiveness.

- **Independence and Objectivity**—Be committed to carrying out our mission with objectivity and independence, both in appearance and fact.
- **Customer Service**—Strive to be aware of the needs of stakeholders and work with Amtrak’s chairman, the Board of Directors, and the Congress to improve program management.

Office of Inspector General Organization



The OIG headquarters is based in Washington, D.C., with five field offices located in Boston, Chicago, Los Angeles, New York, and Philadelphia.

The Inspector General provides policy direction and leadership for Amtrak’s Office of Inspector General and serves as an independent voice to the Board of Directors and the Congress by identifying opportunities and promoting solutions for improving the company’s performance and economy and efficiency of operations, while preventing and detecting fraud, waste, and abuse. The Deputy Inspector General assists the Inspector General in development and implementation of the OIG’s diverse audit, inspection, evaluation, investigative, legal, and support operations.



The Audit group conducts performance and financial audits aimed at improving Amtrak's economy, efficiency, and effectiveness; Inspections and Evaluations also identifies opportunities to improve the overall quality of Amtrak service delivery. Investigations likewise looks into alleged fraud, waste, abuse, and misconduct that could affect Amtrak's programs, assets, and resources.

Audits

The Audit group conducts performance and financially-related audits across the spectrum of Amtrak's support and operational activities. It produces reports on those activities that are aimed at improving Amtrak's economy, efficiency, and effectiveness, while seeking to detect and prevent fraud, waste, and abuse. The audit activities are focused on issues related to governance, to include financial management, acquisition and procurement, information technology, human capital and American Recovery and Reinvestment Act-related activities. The group conducts its work in accordance with generally accepted government auditing standards.

Inspections and Evaluations

The Office of Inspections and Evaluations conducts evaluations of Amtrak programs and operations to identify opportunities to improve cost efficiency and effectiveness, and the overall quality of service delivery throughout Amtrak.

Investigations

The Office of Investigations investigates allegations of fraud, waste, abuse, and misconduct that could affect Amtrak's programs, operations, assets, and other resources. Investigative findings are referred to the Department of Justice for criminal prosecution or civil litigation, or to Amtrak management for administrative action. The office develops recommendations to reduce Amtrak's vulnerability to criminal activity.

General Counsel

The General Counsel is responsible for providing legal assistance and advice to OIG senior management and supports audits, evaluations, special reviews, and investigations. Counsel coordinates with outside attorneys, including local and federal agencies and law enforcement attorneys, and appears in court on behalf of the OIG and its employees.

Administrative Services

The Office of Administrative Services provides financial management, procurement, human capital management, administrative, and information technology services to support OIG operations.

Congressional and Public Affairs

The Office of Congressional and Public Affairs serves as the OIG liaison to Congress and other government entities and the public, and conducts OIG outreach.

Amtrak Profile

The National Railroad Passenger Corporation—Amtrak—is incorporated under the District of Columbia Business Corporation Act (D.C. Code § 29-301 et seq.) in accordance with the provisions of the Rail Passenger Service Act of 1970 (P. L. 91-518). Under the provisions of the Passenger Rail Investment and Improvement Act of 2008 (P. L. 110-432; 49 U.S.C. § 24302), Amtrak’s Board of Directors was reorganized and expanded to nine members.

The company is operated and managed as a for-profit corporation providing intercity rail passenger transportation as its principal business, but relies on significant funding from the federal government to support operations and capital investments. Congress created Amtrak in 1970 to take over, and independently operate, the nation’s intercity rail passenger services. Prior to this, America’s private freight companies ran passenger rail as required by federal law. Those companies reported that they had operated their passenger rail services without profit for a decade or more. With this in mind, when Amtrak began service on May 1, 1971, more than half of the rail passenger routes then operated by the freight railroad companies were eliminated.

How It Works: Ownership and Contracting

Amtrak owns the right-of-way of more than 363 route miles in the Northeast Corridor (NEC, which includes Washington, D.C.–New York City–Boston; Philadelphia–Harrisburg; and New Haven, Conn.–Springfield, Mass.), as well as 97 miles in Michigan. Amtrak owns 105 stations, and is responsible for the upkeep and maintenance of an additional 181 stations and 411 platforms. Amtrak owns 17 tunnels and 1,186 bridges.

Amtrak owns most of the maintenance and repair facilities for its fleet of about 2,000 cars and locomotives. Outside of the NEC, Amtrak contracts with freight railroads for the right to operate over their tracks. The host railroads are responsible for the condition of their tracks and for the coordination of all railroad traffic.



Lincoln Service, Logan County, IL

Significant Activities: ACTIONS UNDERWAY TO STRENGTHEN OIG OPERATIONS

During this reporting period, we have completed or continued several initiatives to strengthen our office and ensure that we operate as efficiently and effectively as possible. Many of these initiatives follow recommendations from the report of the National Academy of Public Administration (NAPA) (see page 17).



In September we completed a 6-month organizational assessment of the structure and effectiveness of the Office of Audits....[T]his wealth of information has pointed to opportunities to improve the group's effectiveness and efficiency.

Audits

In September we completed an *organizational assessment* of the structure and effectiveness of the Office of Audits. This involved discussions with staff, review of NAPA's report *An Organizational Assessment of the Office of Inspector General* (August 2010), our internal assessment, and most recent peer review (September 2009). Taken together, this wealth of information has pointed to opportunities to improve the group's effectiveness and efficiency. As a result, we are taking the following major actions in three areas:

- **Organizational Location / Structure**
Closing small offices (Hampden, Conn.; Wilmington, Del.; and Baltimore), and relocating staff to Boston, Philadelphia, and Washington, respectively; and renaming three regional offices—West (Los Angeles), Central (Chicago), and East (Philadelphia)—with suboffice in Boston.
- **Staffing / Career Development**
Developing a Staffing Model. This involves standardizing audit team staffing to reduce the disparity across the office in number and audit composition of audit teams by senior director, and enhancing our ability to be responsive to issues of job complexity and OIG-wide priorities.

Standardizing Job Titles and Career Paths. This includes reducing the number of job titles from seven to four, and establishing clear skill sets for auditors.

- **Operations**

Tracking audit staff compliance with continuing professional education requirements. We have instituted a system to capture training completed by the audit staff. This action closes out the remaining open recommendations from our 2009 peer review.

Continuing to Build Staff Capability. This involves ensuring that all staff receive the necessary training, whether new hires, mid-career level, or experienced managers.

Standardizing Processes for Conducting Work. This entails strict adherence to certain activities, deliverables, documentation, and supervisory oversight during the course of all audits.

Tracking Audit Recommendation Follow-up. We have instituted tighter controls over recommendation-tracking, and have begun briefing Amtrak's Board of Directors on a quarterly basis on outstanding recommendations.

Increasing Use of Data-Analysis Tools. We will develop a plan to utilize automated data-analysis tools on a more frequent and uniform basis.

Instituting an Annual Work Planning Process. Started in January 2011, we will issue an annual work plan covering audits, and inspections and evaluations. The new planning process will help ensure that we prioritize resources efficiently and effectively.



OIG audit staff on site visit to Chicago

Office of Administrative Services

We completed a detailed organizational review of the former Office of Management and Policy. Renamed the Office of Administrative Services, functions were realigned to facilitate effective and efficient support services within OIG.

Human Capital Management

As part of our goal to become a model OIG, we have continued our efforts to attract and hire highly qualified personnel. During this reporting period, the following positions have been filled:

- **Special Agent-in-Charge—Philadelphia**
The Philadelphia Special Agent-in-Charge entered on duty July 11. A graduate of the Federal Criminal Investigators Training Program, he has more than 30 years of auditing and law enforcement experience in the federal inspector general community. He served as a Special Agent and an Assistant Special Agent-in-Charge with the Department of Defense OIG, Defense Criminal Investigative Service. Just prior to joining Amtrak OIG, he returned from his second deployment as Regional Director of investigations in Baghdad, Iraq, where he was responsible for investigations of contract and procurement fraud and other corruption in Iraq, Afghanistan, and Kuwait.
- **Special Agent-in-Charge—Los Angeles**
The Los Angeles Special Agent-in-Charge entered on duty September 26. She brings some 30 years of criminal investigative experience with the Naval Criminal Investigative Service and the Postal Service OIG, where she served in several field and headquarters special agent-in-charge positions. She has extensive expertise in contract and procurement fraud and investigative policy.
- **Senior Director for Inspections and Evaluations**
The incumbent possesses 16+ years' experience, most recently serving as the Principal Deputy Assistant Inspector General—Audits with the Special Inspector General for Iraq Reconstruction. He began his career with the Government Accountability Office (GAO), serving as a senior analyst from 2001 to 2005. He holds a master's degree in public and international affairs.



As part of our quest to become a model OIG, we have continued our efforts to attract and hire highly qualified personnel.

Significant Activities | Actions Underway to Strengthen OIG Operations

- **Principal Operations Analyst.**
The incumbent spent the majority of his career within the passenger rail/transportation industry, is a licensed engineer, and possesses a depth of experience in operations analysis, financial planning, and project management. He brings 32+ years of experience to his position with us, and holds two master's degrees, in civil engineering and business administration.
- **Lead Evaluator**
The incumbent most recently worked for the NASA OIG as an audit project manager and supervisor. Prior to that, he worked for OIGs at the Postal Service, Department of Defense, and the Panama Canal Commission. He also worked overseas as an auditor for the Army. He brings 30 years of experience to his position.
- **Senior Analyst/Independent Referencer**
The incumbent possesses 6 years of audit/evaluation experience. She began her career as an analyst with GAO; she has also worked for the Special Inspector General for Iraq Reconstruction and the Special Inspector General for Afghanistan Reconstruction. She holds dual master's degrees, in international commerce and international business.
- **Senior Auditor**
The incumbent brings 8 years of auditing and analytical experience, all in the accountability community. Beginning her career with GAO, she has also worked for the Special Inspector General for Iraq Reconstruction and the Special Inspector General for Afghanistan Reconstruction. She holds a master's degree cum laude in security and intelligence studies.
- **Management Analyst**
The incumbent for this entry-level role completed an internship at GAO, working in the Homeland Security and Justice areas. She is a recent graduate of Kent State University, with a bachelor's degree in justice studies.
- **Senior IT Officer**
The incumbent brings multiple years of experience to this critical role. Most recently, he worked at Amtrak as a consultant through IBM. As a desktop support specialist, he provided key technical support to executive and staff personnel. He holds an associate's degree and has specialized training in CCNA (Cisco), A+, and Net+.

Recruitment. At present, the office is recruiting for several other critical positions, among them an Assistant Inspector General for Administrative Services, Special Agent-in-Charge—Chicago, and criminal investigators for Chicago and Los Angeles, plus an evaluator and lead evaluator.

NAPA Recommendations

As we discussed in our last *Semiannual Report*, the NAPA organizational assessment of OIG resulted in 41 specific recommendations for operational improvement in eight areas. These are:

- Internal Communications
- External Communications
- Quality & Timely Work Processes
- Work Planning & Prioritization
- Performance Measures
- Policy Management & Updates
- Independence
- Human Capital Management

We have developed implementation roadmaps for these areas, designed to help us achieve one of our strategic goals: becoming a model OIG. Teams to carry out the implementation of the roadmaps have been created for five of these areas; two more will follow shortly. Actions identified to improve processes, policies, and management practices for the area of Independence have already been completed. The teams have been meeting for the past several months, and are well on their way toward making the recommended changes a reality. Such changes include developing performance and accountability measures, defining annual work priorities, and developing high-quality and timely work processes.



Empire Builder

Significant Activities:

AUDITS

During this reporting period, the Office of Audits issued one testimony statement and six reports.

Audits/Testimony Issued This Reporting Period

This is a summary of testimony and audit reports issued between April 1 and September 30, 2011. The complete products may be accessed through our website: www.amtrakoig.gov.

Progress and Opportunities in Amtrak's Implementation of the Passenger Rail Investment and Improvement Act of 2008

(Testimony TM-11-01, September 14, 2011)

In testimony before the Senate Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security, Amtrak Inspector General Ted Alves discusses the progress Amtrak had made in implementing provisions of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). He pointed out that Amtrak has made good progress in addressing the 29 PRIIA provisions assigned to it. The IG also highlighted opportunities for further improvements under the Act. Preliminary audit results found that

- restructuring more Amtrak debt could generate savings;
- implementing long-distance improvement plans faces challenges, largely due to the need for host railroads' approval, which has been contingent upon Amtrak's providing millions of dollars for infrastructure improvements—dollars that Amtrak does not have;
- the use of on-time-performance remedies requires a process and specific criteria;



Amtrak Inspector General Ted Alves testifying before Congress

- implementing Amtrak's new financial system (Strategic Asset Management—SAM) is key to completing PRIIA implementation; and
- Amtrak does not know whether the use of additional special trains could help reduce federal subsidies. (Special trains are those not on Amtrak's timetable and are operated on an as-needed basis via contractual agreement between Amtrak and the party requesting service. An example would be an added train for a sporting event, such as the Super Bowl.)

We made suggestions in each of these areas.



Metro-North's billing error rate of approximately 26% went undetected because of long-standing weaknesses in Amtrak's invoice-review process. Consequently, Amtrak overpaid Metro-North by almost \$520,000 in on-time-performance incentive payments.

On-Time-Performance Incentives: Inaccurate Invoices Were Paid Due to Long-standing Weaknesses in Amtrak's Invoice-Review Process

(Audit Report 403-2010, April 21, 2011)

The Amtrak Office of Inspector General (OIG) conducted this audit because of previously identified control weaknesses and the significant dollars associated with Amtrak's on-time-performance incentive payments. The objectives of this audit were to (1) determine whether Metro-North Commuter Railroad complied with operating agreements in calculating on-time-performance incentives invoiced to Amtrak from October 2001 through December 2004; and (2) evaluate the adequacy of Amtrak controls and processes for reviewing on-time performance incentive invoices.

OIG found that Metro-North Commuter Railroad inconsistently or inappropriately applied provisions of its operating agreement with Amtrak, and this caused invoices to be overstated. Metro-North's billing error rate of approximately 26 percent went undetected because of long-standing weaknesses in Amtrak's invoice-review process. Consequently, Amtrak overpaid Metro-North by almost \$520,000 in on-time-performance incentive payments from October 2001 through December 2004.

In summary, we recommended that Amtrak (1) recover \$519,932 that Amtrak overpaid Metro-North in on-time-performance incentives, (2) ensure that Metro-North understands that the actual run time is to be used and compared with allowed run times in the calculation of on-time-performance incentives, and (3) expedite implementation of its plan to improve the capabilities of its invoice-review process.



OIG staff on a site visit to Los Angeles

Strategic Asset Management Program: Further Actions Should be Taken to Reduce Business Disruption Risk

(Audit Report 001-2011, June 2, 2011)

Amtrak's Strategic Asset Management (SAM) program is estimated to cost as much as \$401 million. The goal of the program is to transform key business operations such as finance and logistics by replacing or enhancing many manual and automated systems. We reviewed the program, given its cost and importance to business operations. The first segment, referred to as R1a, was scheduled to be implemented in June 2011. Our audit objective was to determine whether the R1a's implementation approach effectively addressed business disruption risks.

The SAM management team developed and implemented a detailed approach to testing and mitigating business disruption risks associated with the implementation of R1a. However, we identified several gaps in the testing and contingency plans. Left unaddressed, these gaps leave Amtrak vulnerable to business disruptions that could reduce revenues, increase costs, and negatively impact customer service.

The R1a has a large scope that includes 33 separate software applications that are linked by 81 separate financial, logistics, and operational data exchange interfaces. The implementation time frame is relatively aggressive, compared with private-sector best practices. The 2-year schedule is about half the time it took a private-sector firm to implement a similar effort. Also, all software systems will be deployed at the same time versus incrementally, increasing the complexity of the implementation.

The SAM management team has been assessing and testing for risks associated with an R1a software deployment failure. It has identified 21 mission-critical business process areas as high-risk for business disruption should they fail to work. These include risks to the payroll runs, financial data conversion from the old to new systems, and existing procurement software properly interfacing with the new system.



Inspector General Ted Alves and OIG staff on a site visit to Philadelphia

Our analysis and discussion with system users show that tests do not ensure end-to-end system reliability in actual operating conditions with optimized system interface performance. Also, the contingency plans do not address worst-case scenarios because risk of a failure was determined to be low.

As a result, the plans do not adequately address user concerns about how certain critical processes—such as payroll runs—will be continued if there is a failure.

We understand that addressing these issues involves time and resources. However, given the significance of the potential business disruption, the additional benefits in risk-reduction could represent a prudent investment of resources.

We recommended that Amtrak (1) resolve issues with interfaces, data conversion, network infrastructure, and contingency plans for continuity; and (2) involve Process Leadership Team members in making a go/no-go decision to move forward with the R1a deployment. We also recommended actions to help improve the effectiveness of the SAM program’s remaining segments. While management agreed with most recommendations and added some tests, it decided to deploy the system on schedule and correct problems as they arose, rather than delay deployment to complete the testing.



ARRA authorized FRA to provide \$1.3 billion to Amtrak: \$850 million for capital projects, and about \$450 million for capital security projects.

American Recovery and Reinvestment Act: Fewer Security Improvements than Anticipated Will be Made and Majority of Projects are Not Complete

(Audit Report 914-2010, June 16, 2011)

The American Recovery and Reinvestment Act of 2009 (ARRA) authorized the Federal Railroad Administration (FRA) to provide \$1.3 billion to Amtrak through a grant agreement. This agreement allocated about \$850 million for capital projects (the repair, rehabilitation, or upgrade of railroad assets or infrastructure), and about \$450 million for capital security projects, including life safety improvements. FRA retained about \$4.2 million for program oversight and we were allocated \$5 million for that purpose. The grant agreement required all projects to be completed by February 17, 2011, and originally required Amtrak to take “extraordinary measures” before requesting a waiver to extend project completion beyond the deadline.

The Amtrak Police Department (APD) received funds under the capital security portion of the grant agreement to improve security at stations, around bridges and tunnels, and for some nationwide security projects. The APD ARRA budget was \$95.1 million. Our objective was to review ARRA-funded police and security projects to determine the extent to which planned security improvements were achieved. This is one in a series of reports we plan to issue on Amtrak’s use of Recovery Act funds.

ARRA funding enabled APD to make some security improvements, but the improvements will be fewer than originally planned and budgeted. Between April 2009 and November 2010, ARRA funding for police and security projects was cut by more than half, from \$196 million to \$95 million. This decrease caused 33

projects to be canceled, and the budget and scope of work for 16 additional projects were reduced. Funding was reduced primarily because the grant language drove project selection toward those that could be completed by the February 2011 deadline, and in some cases bids were significantly higher than budgeted amounts. Amtrak spent about \$1.7 million on canceled APD projects. To the extent that these projects are not funded in the future, these funds are at risk of being wasted.

To avoid wasting \$1.7 million spent on canceled projects, we recommended that the Vice President/Chief of Police give canceled ARRA projects priority when making future security improvement project-selection decisions. The Vice President and Chief of Police agreed with our recommendation and indicated that steps have been taken to utilize the designs from some canceled security projects.

American Recovery and Reinvestment Act: Infrastructure Improvements Achieved but Less than Planned

(Audit Report 908-2010, June 22, 2011)

Amtrak's Engineering Department received funds under the security and non-security portion of the ARRA-authorized FRA grant agreement. It contracted with Jacobs Projects Management Company for design and construction management services. Jacobs managed 37 projects, with a budget of \$483.6 million.



Acela



Our objective was to review the ARRA-funded, Jacobs-managed projects to determine the extent to which planned infrastructure improvements were completed.

Although ARRA funding enabled Amtrak’s Engineering Department to make some infrastructure improvements, they were fewer in number than originally planned and budgeted. Between March 2009 and November 2010, ARRA funding was reprogrammed nine times, resulting in the Engineering Department removing 34 projects, leaving 37 assigned to Jacobs. Specifically, 21 projects (with an estimated budget of \$55.7 million) were canceled, and 13 (with an estimated budget of \$19.5 million) were transferred to the capital budget. These changes occurred primarily because the original grant language drove project selection toward projects that could be completed by February 17, 2011, and the substitution of higher priority projects by Amtrak senior management and the Engineering Department. Amtrak spent about \$1.4 million on canceled Jacobs projects.

We recommended that the Chief Engineer give canceled ARRA projects priority when making future infrastructure-improvement project-selection decisions, and provide written justification to support the funding of higher priority projects. The Chief Engineer stated that he intends to give priority to canceled projects.

Americans with Disabilities Act: Leadership Needed to Help Ensure That Stations Served By Amtrak Are Compliant

(Audit Report 109-210, September 29, 2011)

The Americans with Disabilities Act (ADA) became law in 1990 and required that intercity rail stations be made accessible to persons with disabilities by July 2010. There are 482 Amtrak-served stations that are required to be ADA-compliant. In February 2009, as required by the Passenger Rail Investment and Improvement Act of 2008, Amtrak provided a plan to Congress that showed only 48 of the ADA-required stations it serves were compliant and \$1.5 billion was needed to make the remaining 434 stations compliant. Amtrak reported it could not meet the legislative timeframe for achieving compliance and set a goal date of September 30, 2015. In October 2010 Amtrak issued an updated plan.

Our objectives were to assess (1) Amtrak’s progress in achieving ADA compliance at the stations it serves, and (2) whether any gaps exist in Amtrak’s updated plan to achieve ADA-compliance by its September 30, 2015, goal.



There are 482 Amtrak-served stations that are required to be ADA-compliant. In February 2009,...only 48 of the ADA-required stations it serves were compliant and \$1.5 billion was needed to make the remaining 434 stations compliant.



An Amtrak employee assisting a passenger onto a train using a wheelchair lift

Since 1990, Amtrak has made limited progress in making the stations it serves ADA-compliant, and since its 2009 report to Congress, no additional stations have become compliant. The compliant stations served about 34 percent of Amtrak's FY 2010 ridership.

Recent Amtrak actions have laid the groundwork to help ensure compliance by its goal date. The key steps in laying the foundation include (1) determining who has ADA responsibility for Amtrak-served stations; (2) refocusing its compliance plan on stations at which Amtrak has ADA responsibility; and (3) most importantly, developing a multi-year program, called the Accessible Station Development Program, to identify and complete the work required to make stations ADA-compliant. While these are important steps, progress in implementing the Accessible Station Development program has been limited.

For example, while facility assessments have been completed for some stations, no construction contracts have been awarded.

In addition, Amtrak developed and piloted a program to provide audio and visual messages for passengers who are hearing or visually impaired, or blind, called the Passenger Information Display System (PIDS); and initiated a program to improve access to stations for persons using wheelchairs, called the Mobility First program. However, progress in implementing PIDS has been limited and Mobility First has taken longer than expected to complete. For example, the date to install wheelchair lifts at stations currently without wheelchair accessibility has been delayed from February to September 2011.

Key gaps also exist in Amtrak’s October 2010 updated plan. First, the plan does not address how stations that Amtrak serves but that have no ADA responsibility will achieve compliance. Achieving compliance for those stations is dependent upon other parties—who are responsible for 225 station structures, 83 platforms, and 241 parking facilities. Second, the plan does not include the estimated cost of compliance. On a related note, Amtrak does not have adequate support for its FY 2012 ADA budget request of \$175 million. Therefore, we questioned the need to dedicate \$175 million to fund ADA in FY 2012. Instead, the funds would be better used to support other capital requirements.

The underlying cause of the limited program progress and planning weaknesses is the programs’ fragmented management and lack of accountability for results. Currently, seven departments are involved in program management, with no one office or official held accountable for results. Further, the current status of ADA efforts leaves the company vulnerable to significant financial liability resulting from potential legal judgments and detracts from Amtrak’s strategic goals of improving safety and customer service.

To help ensure that ADA-compliance is achieved by Amtrak’s goal date, we recommended that Amtrak address the program’s fragmented management structure and lack of accountability for results, weaknesses in program cost estimates, and gaps in the ADA-compliance plan. In addition, Congress may wish to question Amtrak’s request for \$175 million in FY 2012 for ADA projects.



The underlying cause of the limited program progress and planning weaknesses is the programs’ fragmented management and lack of accountability for results. Currently, seven departments are involved in program management, with no one office or official held accountable....

Acela Car Purchase Draft Request for Proposal: Additional Requirements and Pre-Award Audit Clause Needed to Help Assess Proposed Price and Cost

(Audit Report 009-2011, September 21, 2011)



These gaps occurred because Amtrak's standard contracting policies for sole-source RFPs do not contain specific guidance on requirements for certified cost and pricing data or a pre-award audit clause. Without these elements, Amtrak will potentially not have sufficient information to assess the reasonableness of the offeror's proposal and negotiate a fair and reasonable firm, fixed price.

In August 2011, Amtrak issued a draft request for proposals (RFP) to purchase 40 Acela coach cars through a firm, fixed-price contract. These cars will be inserted into the existing Acela trainsets and must integrate technologically as well as cosmetically with the current fleet. Because the original equipment manufacturer holds the intellectual property required to produce the cars and maintains the original electronic manufacturing drawings, Amtrak plans to award the Acela coach car contract on a sole-source basis to the original manufacturer. The objective of this audit was to review the draft RFP and determine whether it contained adequate requirements to assess the proposed cost and price.

While the draft RFP required the offeror to submit a price proposal that included necessary costs, there are two areas in the draft that, if improved, would enhance Amtrak's ability to assess the reasonableness of the price proposal. These improvements represent acquisition best practices that are based on the Federal Acquisition Regulation. First, the draft RFP did not require that the offeror provide certified cost and pricing data sufficient for a detailed assessment of the reasonableness of the price proposal. Second, the draft RFP did not include a pre-award audit and inspection clause providing Amtrak with access to the offeror's supporting documentation. These gaps occurred because Amtrak's standard contracting policies for sole-source RFPs do not contain specific guidance on requirements for certified cost and pricing



The Inspector General and OIG staff on a site visit to Philadelphia

data or a pre-award audit clause. Without these elements, Amtrak potentially would not have had sufficient information to assess the reasonableness of the offeror's proposal and negotiate a fair and reasonable firm, fixed price.

We recommended, therefore, that Amtrak make the following revisions to the Acela RFP and amend Amtrak's procurement policy to require these revisions in all sole-source RFPs in excess of Amtrak's small dollar procurement threshold (currently \$100,000): (1) require the offeror to submit certified cost and pricing data, and (2) add a pre-award audit and inspection clause. In commenting on a draft of this report, Amtrak management agreed with both of our recommendations, and subsequently incorporated both provisions into the RFP.

Ongoing Audits

During the next 6 months, the Office of Audits expects to complete work on the following:

- A review to determine whether Amtrak's risk management framework and processes are effective in identifying and controlling financial, operational, and regulatory risks, and are consistent with private and public best practices.
- An audit of Amtrak's management of employment background investigations, including a review of policies, processes, and practices used to conduct new employee background investigations, with an emphasis on the use of that information in the hiring process; and oversight of contractors performing background investigations, with an emphasis on oversight of contractors' timeliness in providing investigation reports.
- A review of the progress Amtrak management has made in implementing provisions of The Passenger Rail Investment and Improvement Act of 2008.
- An audit to determine if costs paid under selected American Recovery and Reinvestment Act-funded contracts are reasonable and allowable.
- An audit of progress implementing the Strategic Asset Management Program.
- A contract incurred-cost audit on an infrastructure project.
- An audit of security issues related to Amtrak's wireless computer program.



Dining car on the Auto Train, traveling between Lorton, Virginia, and Sanford, Florida

Significant Activities: INSPECTIONS AND EVALUATIONS

During this reporting period, OIG issued two evaluation reports, an examination into food and beverage service revenue losses, and a review of Amtrak's progress in improving its human capital management and training and development practices.



[W]eaknesses allow certain employees to carry out schemes in which they falsify documents to conceal stolen cash or inventory.... \$4 million to \$7 million of Amtrak's onboard food and beverage sales could be at risk of theft.

Evaluations Issued This Reporting Period

These are summaries of the inspection and evaluation reports issued between April 1 and September 30, 2011. The complete reports may be accessed through our website: www.amtrakoig.gov.

Food and Beverage Service: Further Actions Needed to Address Revenue Losses Due to Control Weaknesses and Gaps

(Evaluation Report E-11-03, June 23, 2011)

This report examined the causes of revenue losses associated with Amtrak's onboard food and beverage service. While Amtrak has taken some action to address the internal control weaknesses that have led to and continue to make these revenues and inventories vulnerable to fraud, waste, and abuse, such weaknesses and gaps remain. These weaknesses allow certain employees to carry out schemes in which they falsify documents to conceal stolen cash or inventory. The fraudulent nature of these schemes makes it difficult to measure onboard losses. Still, restaurant-industry sources estimate that losses for a typical independent restaurant due to theft range from 4 percent to 7 percent of sales. On the basis of these estimates, \$4 million to \$7 million of Amtrak's onboard food and beverage sales could be at risk of theft. These losses also damage Amtrak's reputation as a steward of federal funds and as a provider of high-quality customer service.

We made the following recommendations, all of which were agreed to by Amtrak management:

1. Establish a pilot project of cashless food and beverage sales on selected routes and trains to determine the short- and long-term effects on operations loss prevention, revenues, costs, customer satisfaction, and the onboard work environment.
2. Provide resources needed to establish a loss-prevention unit with dedicated staff to manage loss prevention, investigate losses, and provide a visible deterrent to fraud, waste, and abuse.
3. Have the loss-prevention unit implement an internal control action plan to address weaknesses and gaps in the on-board food and beverage service. The plan should include goals, milestones, and procedures to establish
 - a fraud-awareness program for onboard food and beverage employees;
 - internal controls and processes to randomly search lead service attendants and other service employees to detect possible unauthorized items coming on board;
 - internal controls and processes to randomly review lead service attendants' inventories of deliveries, en route transfers, and end-of-trip stocks to minimize fraud, waste, and abuse; and
 - internal controls and processes to randomly search lead service attendants and other service employees when departing the train to detect possible stolen items.

Human Capital Management: Lack of Priority Has Slowed OIG-Recommended Actions to Improve Human Capital Management, Training, and Employee Development Practices

(Evaluation Report E-11-04, July 8, 2011)

This report presented the results of a follow-up review of our 2009 evaluations of human capital management (E-09-03, May 15, 2009) and training and employee development (E-09-06, October 26, 2009). We found that 2 years after we issued 24 recommendations for improving Amtrak's human capital management practices and 19 months after issuing 27 recommendations to improve training and employee development practices, Amtrak made only limited progress in

implementing the recommendations. Further, in several cases, the planned actions identified to correct significant deficiencies were not responsive to the recommendations and would not address the underlying problems; in some cases, progress was exaggerated. As a result, Amtrak continues to suffer from outdated human capital management, training, and employee development processes that hinder its ability to perform effectively. In addition, Amtrak is increasingly at risk of encountering skills shortages as highly experienced, long-time employees retire.

To address this situation, we recommended that the President and CEO (1) make improved human capital management, training, and employee development a clearly articulated priority for the Chief Human Capital Officer, as well as for all executives and managers at Amtrak; and (2) direct the Chief Human Capital Officer to revise the Human Capital Action Plan to include actions that are responsive to the recommendations and with reasonable implementation time frames.

Amtrak's President and CEO agreed with our recommendations and has tasked the new Chief Human Capital Officer with developing an action plan to address our findings and recommendations.

Ongoing Evaluations

During the next 6 months, the Office of Inspections and Evaluations will continue to work on the following:

- A follow-up evaluation of Amtrak's mechanical maintenance operations, examining progress made since our 2005 review, which recommended the adoption of Reliability-Centered Maintenance to improve effectiveness and efficiency.
- An evaluation, in response to a complaint, ascertaining whether Amtrak is following its policy that governs the assignment of individuals to temporary management positions. The complaint alleged that failure to follow the policy has resulted in disparate pay practices.
- An evaluation of Amtrak's plan to increase Acela capacity, and whether it is supported by reasonable estimates and assumptions.



Amtrak continues to suffer from outdated human capital management, training, and employee development processes that hinder its ability to perform effectively. In addition, Amtrak is increasingly at risk of encountering skills shortages as highly experienced, long-time employees retire.



Heartland Flyer, Gene Autry, OK

Significant Activities: **INVESTIGATIONS**

During this reporting period, the Office of Investigations (OI) hired two highly experienced Special Agents-in-Charge to manage its offices in Philadelphia and Los Angeles. The Office also acted to ensure that all OI criminal investigators meet the competency requirements of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). OI opened 22 new cases during this period, while closing 162; our hotline received 161 new contacts.

Health Care Fraud Reporting

Following discussions with OIG investigations, Amtrak Human Resources agreed to reinstate a contract requirement that the Third Party Administrator for the Amtrak Employee Group Medical Plan must report instances of suspected health care fraud to OIG.

Payment Card and Credit Card Fraud

OI is working collaboratively with the Amtrak Chief Financial Officer to address instances of suspected fraud involving payment cards and credit cards.

Illness, Injury, and Disability Claims

OI is addressing the issue of employee illness and injury reporting. This effort is intended to increase our understanding of fraud indicators in these claims, increase fraud awareness, and increase the reporting of suspected fraudulent claims to OIG.

Fraud Awareness and Internal Controls Presentations

In concert with OIG's Office of Audits, OI has continued a comprehensive effort to deliver fraud awareness briefings to Amtrak management, operations, and support personnel. This training is designed to help Amtrak managers, employees and contractors recognize fraud indicators and report suspicions of fraud to OIG. The briefings are also designed to educate Amtrak management on OIG's role and to foster a partnership between OIG and management. During this reporting period, 37 presentations have been given to a total of 442 Amtrak employees and officers, including the Board of Directors, Executive Committee, and managers and employees in the Engineering, Mechanical, and Procurement departments. The program was also presented at the Association of American Railroads Internal Audit and Accounting Conference.



LaVan Griffith, Deputy AIG, Investigations
—Field Operations, on a site visit to Philadelphia

Additionally, to ensure that Amtrak personnel are aware of the importance of adhering to internal controls to prevent revenue losses from conductor ticket sales, the Revenue Protection Unit conducted four presentations to a total of 56 newly-hired or newly-promoted assistant conductors.

Revenue Protection Unit

In conjunction with mostly random onboard train observations of lead service attendants, the Revenue Protection Unit analyzed support documentation for onboard food and beverage sales. The 44 completed reviews resulted in six administrative referrals. Based on these and prior referrals, Amtrak took disciplinary action on nine lead service attendants.

Since 2003, the Revenue Protection Unit has observed and analyzed the supporting documentation for numerous lead service attendants. Those findings were instrumental in the preparation of the June 2011 OIG Evaluation Report entitled *Food and Beverage Service: Further Actions Needed to Address Revenue Losses Due to Control Weaknesses and Gaps* (see **Significant Activities: Inspections and Evaluations**). This report identified internal control weaknesses in food and beverage service and included recommendations to address them, with which Amtrak management agreed.

OI Retooling

During this reporting period, OIG has focused on and made significant progress in restructuring and retooling the Office of Investigations.

OI streamlined and simplified the position descriptions for criminal investigators and ensured that all criminal investigators meet the qualifications, training, and competency requirements of the Council of Inspectors General for Integrity and Efficiency (CIGIE). OI has also closed the Baltimore office, and reassigned its personnel to Washington, D.C.

OIG also signed an agreement with a healthcare contractor to provide annual medical/physical exams to all criminal investigators, to ensure that they meet the appropriate medical and physical standards. OI continues to review and revise policy directives to ensure compliance with CIGIE standards.

OI has reviewed and properly disposed of extensive old case files and case materials in accordance with Amtrak and OIG records retention policies.

OI has also hired two highly qualified, experienced, and accomplished investigative managers for Special Agent-in-Charge positions in Philadelphia and Los Angeles.



Coast Starlight at Pinole, CA

FY 2011 Performance Measures, 4/1/2011–9/30/2011

AUDIT/EVALUATION RESULTS

Congressional Testimony	1
Reports/Evaluations Issued	8
Costs Questioned/Unsupported/ Funds to be Put to Better Use	^a \$343,919,932
Management Decisions to Seek Recoveries	4

INVESTIGATIVE RESULTS

Financial Impact	
Recoveries	\$675
Cases Opened	
Procurement Fraud	6
Conflict of Interest	3
Theft/Embezzlement	2
Time and Attendance Fraud	2
Cost Mischarging	2
Procurement Irregularity	2
Proactive Reviews	1
False Statements	1
Product Substitution	1
Policy Violation	1
Drug Investigation	1
Judicial and Administrative Actions	
	0
Investigative Workload	
Cases Open on 4/1/2011	202
Investigations Opened	22
Investigations Closed	162
Cases Open on 9/30/2011	62

Hotline Contacts/Referrals	
Customer Service	51
Management	48
Request for Assistance by Law Enforcement Agency	4
Preliminary Investigation Opened	6
No Action Warranted	52
Total	161

Advisory Functions	
FOIA Requests Received	^b 17
FOIA Requests Processed	^b 13
Referred to Amtrak	3
Open	1
Legislation Reviewed	0
Regulations Reviewed	0

^a Not included in this amount are the funds to be put to better use identified in Report E-11-02. Implementing the recommendations in this report would allow Amtrak to reduce its fleet requirements by 53 cars and 25 locomotives over the 30-year planning period in Amtrak's Fleet Strategy, resulting in a potential reduction of over \$520 million in procurement and overhaul costs over the lives of these additional pieces of equipment.

^b Includes one appeal.

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Appendixes

APPENDIX 1

OFFICE OF INSPECTOR GENERAL AUDIT/EVALUATION REPORTS ISSUED WITH QUESTIONED COSTS

Reporting Period: 4/1/2011–9/30/2011

Category	Number	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	3	\$20,292,138	\$1,037,862
B. Reports issued during the reporting period.	1	0	519,932
Subtotals (A + B)	4	\$20,292,138	\$1,557,794
Less			
C. For which a management decision was made during the reporting period.	4	20,292,138	1,557,794
(i) dollar value of recommendations that were agreed to by management.	2	20,052,519	519,932
(ii) dollar value of recommendations that were not agreed to by management.	2	239,619	1,037,862
D. For which no management decision has been made by the end of the reporting period.	0	\$ 0	\$ 0

APPENDIX 2

**OFFICE OF INSPECTOR GENERAL
AUDIT/EVALUATION REPORTS WITH FUNDS TO BE PUT TO BETTER USE**

Reporting Period: 4/1/2011–9/30/2011

Category	Number	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period.	0	\$ 0
B. Reports issued during the reporting period.	3	343,400,000
Subtotals (A + B)	3	\$343,400,000
Less		
C. For which a management decision was made during the reporting period.	3	343,400,000
(i) dollar value of recommendations that were agreed to by management.	3	343,400,000
(ii) dollar value of recommendations that were not agreed to by management.	0	0
D. For which no management decision has been made by the end of the reporting period.	0	\$ 0

APPENDIX 3

OFFICE OF INSPECTOR GENERAL
DETAILED LISTING OF ALL ISSUED AUDIT/EVALUATION REPORTS AND TESTIMONY

Reporting Period: 4/1/2011–9/30/2011

Date Issued	Report/ Testimony Number	Report Title	Report Category	Questioned Costs	Unsupported Costs	Funds to be Put to Better Use
04/21/2011	403-2010	On-Time-Performance Incentives: Inaccurate Invoices Were Paid Due to Long-standing Weaknesses in Amtrak's Invoice-Review Process	Acquisition & Procurement	\$ 0	\$519,932	\$ 0
06/02/2011	001-2011	Strategic Asset Management Program: Further Actions Should Be Taken to Reduce Business Disruption Risk	Information Technology	0	0	0
06/16/2011	914-2010	American Recovery and Reinvestment Act: Fewer Security Improvements than Anticipated Will be Made and Majority of Projects Are Not Complete	Acquisition & Procurement	0	0	41,500,000
06/22/2011	908-2010	American Recovery and Reinvestment Act: Infrastructure Improvements Achieved but Less than Planned	Acquisition & Procurement	0	0	126,900,000
06/23/2011	E-11-03	Food and Beverage Service: Further Actions Needed to Address Revenue Losses Due to Control Weaknesses and Gaps	Train Operations & Business Management	0	0	0
07/08/2011	E-11-04	Human Capital Management: Lack of Priority Has Slowed OIG-Recommended Actions to Improve Human Capital Management, Training, and Employee Development Practices	Human Capital Management	0	0	0
09/14/2011	TM-11-01	Progress and Opportunities in Amtrak's Implementation of the Passenger Rail Investment and Improvement Act of 2008	n/a	n/a	n/a	n/a
09/21/2011	009-2011	Acela Car Purchase Draft Request for Proposal: Additional Requirements and Pre-Award Audit Clause Needed to Help Assess Proposed Cost and Price	Acquisition & Procurement	0	0	0
09/29/2011	109-2010	Americans with Disabilities Act: Leadership Needed to Help Ensure That Stations Served by Amtrak Are Compliant	Train Operations & Business Management	0	0	175,000,000
Total				\$ 0	\$519,932	\$343,400,000

(continued)

APPENDIX 3 (continued)

**OFFICE OF INSPECTOR GENERAL
DETAILED LISTING OF ALL ISSUED AUDIT/EVALUATION REPORTS AND TESTIMONY**

Reporting Period: 4/1/2011–9/30/2011

Audits/Evaluations	
In process at 4/1/2011:	26
Postponed or canceled:	0
Started:	6
Issued:	8
In process at 9/30/2011:	24

APPENDIX 4

**OFFICE OF INSPECTOR GENERAL
EVALUATION REPORTS ISSUED WITH FINAL MANAGEMENT ACTION PENDING CONTAINING ESTIMATED
YEARLY COST SAVINGS^a (FUNDS TO BE PUT TO BETTER USE)**

Reporting Period: 4/1/2011–9/30/2011

Recommendations made or carried forward in this reporting period

Source of savings ^b	Report Number/Date	Estimated Annual Savings	Estimated Annual Savings Already Achieved
Reliability-Centered Maintenance	^c E-05-04/ September 6, 2005	\$100 million+	\$30 million
Increased productivity and utilization of rolling stock fleet	^d E-06-02/ April 6, 2006	28 million+	4 million
Consolidation of mechanical maintenance operations into “centers of excellence” at fewer locations	E-06-03/April 24, 2006	25 million+	4 million+
Improved efficiency of human resource processes through leveraging of new technology	E-09-03/May 15, 2009	23 million+	
Achievement of “State of Good Repair” of Amtrak infrastructure and adoption of European railroads’ infrastructure best practices	E-09-05/ September 29, 2009	50 million+	
Improved efficiency of training	E-09-06/October 26, 2009	8 million	
Total		\$234 million+	\$38 million+

^a Estimated savings based on benchmarking to other organizations

^b Abbreviated description; see report for full explanation

^c Follow-up evaluation underway

^d See also E-11-02, March 31, 2011: *Evaluation of Amtrak’s FY 2010 Fleet Strategy: A Commendable High-Level Plan That Needs Deeper Analysis and Planning Integration.*

APPENDIX 5

OFFICE OF INSPECTOR GENERAL REVIEW OF LEGISLATION AND REGULATIONS

Reporting Period: 4/1/2011–9/30/2011

Section 4(a) of the Inspector General Act of 1978, as amended, provides that the Inspector General shall review existing and proposed legislation and regulations relating to programs and operations of such establishment and to make recommendations in the semiannual reports...concerning the impact of such legislation or regulations on the economy and efficiency in the administration of such programs and operations administered or financed by such establishment or the prevention and detection of fraud and abuse in such programs and operations.

During this reporting period, at the request of the Council of the Inspectors General on Integrity and Efficiency, we reviewed proposed regulations to implement the *Improper Payments Elimination and Recovery Act*.

APPENDIX 6**OFFICE OF INSPECTOR GENERAL
PEER REVIEW RESULTS****Reporting Period: 4/1/2011–9/30/2011**

The Dodd–Frank Wall Street Reform and Consumer Protection Act (P. L. 111-203, July 21, 2010) requires each Office of Inspector General (OIG) to include in its *Semiannual Report to Congress* the results of any peer review conducted by another OIG during the reporting period, or—if no peer review was conducted—a statement identifying the date of the last peer review. Also required is a list of all peer reviews conducted by the OIG of another OIG, and the status of any recommendations made to or by the OIG.

A review of the Amtrak Office of Inspector General's Office of Audits was conducted by the Inspector General of the Legal Services Corporation for the year ended September 30, 2008. All recommendations have been implemented.

We have not performed a peer review of any other OIG organization.

Glossary of Audit Terms and Abbreviations

The terms the OIG uses in reporting audit statistics are defined below:

Questioned Cost – Cost or expenditure of funds for an intended purpose that is unnecessary, unreasonable, or an alleged violation of Amtrak’s corporate policy or procedure.

Unsupported Cost – Cost that is not supported by adequate documentation at the time of the audit.

Funds to Be Put to Better Use – Funds identified in an audit that could be used more effectively by taking greater efficiency measures.

Management Decision – Management’s evaluation of the OIG audit finding and its final decision concerning agreement or non-agreement with the OIG recommendation.

Abbreviations/acronyms used in the text are defined below:

ADA	Americans with Disabilities Act	NAPA	National Academy of Public Administration
APD	Amtrak Police Department	NEC	Northeast Corridor
ARRA	American Recovery and Reinvestment Act of 2009	OI	Office of Investigations
CEO	chief executive officer	OIG	Office of Inspector General
CFO	chief financial officer	OMB	Office of Management and Budget
CIGIE	Council of the Inspectors General on Integrity and Efficiency	OTP	on-time performance
D.C.	District of Columbia	P.L.	Public Law
EAP	Employee Assistance Program	PRIIA	Passenger Rail Investment and Improvement Act of 2008
ESC	Executive Steering Committee	R&R	repair and return
FBPTBU	funds to be put to better use	RCM	reliability-centered maintenance
FRA	Federal Railroad Administration	RFP	request for proposals
FY	fiscal year	RPU	Revenue Protection Unit
GAGAS	generally accepted government auditing standard	SAM	strategic asset management
GAO	Government Accountability Office	SIGIR	Special Inspector General for Iraq Reconstruction
GSA	General Services Administration	U.S.C.	United States Code
IG	Inspector General	USPS	United States Postal Service
LSA	lead service attendant		

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Are you aware of waste, fraud, abuse, or mismanagement at Amtrak? Amtrak's Office of Inspector General (OIG) has a toll-free Hotline number that you can call, even if you're not certain that what you suspect falls into one of these categories. If you'd prefer to write to us, that's fine, too.

The OIG will keep your identity confidential. You may remain anonymous if you so choose. You are protected by law from reprisal by your employer.

Call the Amtrak OIG Hotline

Nationwide: (800) 468-5469

Write to us

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