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AMTRAK: TOP MANAGEMENT AND PERFORMANCE CHALLENGES

Report No. OIG-SP-2014-012 | September 29, 2014



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Memorandum

To: Joseph Boardman, President and Chief Executive Officer

From: Tom Howard, Inspector General



Date: September 29, 2014

Subject: *Amtrak: Top Management and Performance Challenges*
(Report No. OIG-SP-2014-012)

This is our first report assessing the top management and performance challenges facing Amtrak (the company). Many other inspectors general are legislatively required to produce similar reports focusing on high-risk/impact activities and performance issues that affect programs, operations, and achievement of strategic goals. Those reports have shown that periodically identifying and reporting the challenges to management, other decision-makers, and Congress can help improve organizational performance. Although we are not legislatively required to report on management challenges, we have prepared this report to provide similar benefits.

To identify the most significant management challenges, we considered the impact of the issues on achieving the company's mission; revenues and operational costs; and susceptibility to fraud, waste, and abuse. We obtained the views of senior management officials, and we considered congressional views based on hearings, discussions with congressional staff, and other information sources. The oversight and audit reports discussed in this report are listed in Appendix A.

The company has made significant progress implementing its 2011 strategic plan¹ and accomplishing positive results; however, a number of challenges remain to be addressed. In recent years, key areas of progress include reducing the adjusted net operating loss from \$446 million to \$355 million, lowering the debt by \$1.4 billion, and

¹ Amtrak, *Strategic Plan FY11–FY15*, October 2011.

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increasing annual ridership by more than 12 percent to nearly 32 million riders. These accomplishments provide a solid foundation for pursuing the various improvement initiatives identified in the company's update to its strategic plan.²

The challenges we identified are rooted in long-standing and complex issues that will take continuous attention over several years to effectively address. In our view, the most significant challenges are in six areas:

- Sustaining commitment to improving governance³
- Enhancing financial performance in a public/private environment
- Improving train operations and asset management
- Improving acquisitions and procurement
- Using information technology to improve business operations
- Improving human capital management

Below, we discuss the six areas by noting the substance of the challenge, the progress made, and what remains to be addressed.

SUSTAINING COMMITMENT TO IMPROVING GOVERNANCE

Over the last several years, many of our reports have identified weaknesses in governance processes as a key cause of the deficiencies we have noted. In particular, we have identified an absence of internal control processes, as well as, a lack of discipline in following the processes that do exist. In March 2012, we reported that the company did not have a formal, coordinated, and systematic enterprise-wide framework to identify, analyze, and manage risk. A key building block for such a process is a strong system of internal controls. We noted that such a framework is necessary to provide reasonable assurance that operations are carried out in an efficient and effective manner. Instead, the company was using ad hoc and inconsistent processes to identify and address risks.

When individual departments identified risks, senior executives did not collectively consider the risks in the context of issues such as their relative priority, adequacy of mitigation plans, and whether sufficient resources were being applied to address them.

² Amtrak, *Strategic Plan FY14–FY18*, December 2013.

³ Corporate governance is defined as a system of internal control encompassing policies, processes, and people, which serves the needs of shareholders and other stakeholders by directing and controlling management activities with good business savvy, objectivity, accountability, and integrity.

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Further, they were not presented to the Board of Directors in a structured manner so the Board could assess the priorities, risks, mitigation plans, and resource adequacy. We recommended that the company develop and implement a company-wide framework for risk management that focuses on the strategic goal to improve financial performance.

These are some of the examples of the deficiencies we identified over the last several years, that were caused by weak controls:

- **Weaknesses in the capital project selection process.** The company has not consistently used sound business practices in each phase of the capital planning process, including developing sound project proposals with performance measures, learning from the execution and outcome of projects, and controlling unauthorized expenditures. Because the company did not use sound business practices in its capital planning process, schedule delays and other problems cost about \$155 million in lost revenues and savings.
- **Weaknesses in capital project management.** Opportunities exist to improve project management training, policies, and procedures. The company does not provide training for project management, and the company does not have company-wide policies and procedures to govern project management.
- **Overpayments to host railroads.** Over a number of years, the company has made substantial overpayments on inaccurate invoices from host railroads, which were not detected because of internal control weaknesses in the invoice-review processes. Using the results of our analysis, the company recovered more than \$26.6 million.
- **Duplicate payments.** Because of weaknesses in the Finance department's payment control processes, the company has made duplicate payments to vendors. Using the results of our analysis, Finance department staff is recovering about \$3.5 million of duplicate payments.
- **Management weaknesses in the Americans with Disabilities Act program.** The company has made limited progress making stations compliant with the Americans with Disabilities Act (ADA) of 1990, as amended. The limited progress is largely attributable to the program's fragmented management structure, inadequate planning, and a lack of accountability for program results.

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- **Overtime fraud and abuse.** Management controls over the approval and oversight of overtime are inadequate, which makes the company vulnerable to overtime fraud and abuse. Addressing this long-standing issue requires new approaches to policies and procedures.

Our investigative work from 2010 through 2013 found that management control weaknesses contributed to undetected false injury claims by employees and passengers; overbilling; billing for medical services not rendered by physicians, chiropractors, dentists, pharmacists, and medical equipment suppliers; product substitution by employees and contractors; employee theft; and ethics violations.

Efforts to Improve Governance

Over the last three years, the company has taken important steps to improve governance processes, including:

- developing strategic plans that focus on financial excellence, customer satisfaction, and safety
- establishing a group focused on improving internal control by performing assessments and recommending ways to improve controls
- developing and implementing a process to manage enterprise risk

The company's 2011 and updated strategic plans are key improvements in governance. The initial plan contained specific goals, metrics, and targets to guide efforts to improve operational and financial performance. It was organized along five strategic themes — safety and security, customer focus, mobility and connectivity, environment and energy, and financial and organizational excellence. The plan also contained seven strategies, numerous initiatives, and dozens of performance measures to track progress. The plan provided a roadmap for evolving into a company that is focused on the financial bottom line and more closely aligned employees' roles and efforts with common goals.

In 2013, the company updated its strategic plan and narrowed the focus to three themes: financial excellence, customer focus, and safety and security. Each theme has a goal that includes performance measures and metrics to determine progress. The goal of customer focus, for example, is measured by ridership and customer satisfaction feedback.

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To help implement its strategies, the company has also undertaken or completed a number of initiatives, including:

- realigning the management structure to create business line accountability, dissolve departmental silos, and move decision-making and accountability closer to customers
- implementing a strategic management system to facilitate the execution of its strategic plan that it began using in fiscal year (FY) 2012 and continues to use and refine in FY 2014
- evaluating and improving the effectiveness of its business processes and management controls
- developing a systematic enterprise risk management framework to identify, analyze, and manage risk

To improve the capital project selection process, the newly hired Chief Financial Officer (CFO) has developed and is implementing a new decision-making process that focuses on costs and benefits. Further, in response to our 2014 report on the need to improve capital project management, the company stated that it is developing a corporate-wide Program Management Office to improve cost estimating, scheduling, and project oversight.

These actions are important to improving the company's control environment. As we noted during congressional testimony in 2012, a key to improving the efficiency and effectiveness of the company's operations and service is sustaining and fully implementing its ongoing strategic initiatives. Such a sustained focus should, in turn, reduce the amount of federal funds the company needs.

ENHANCING FINANCIAL PERFORMANCE IN A PUBLIC/PRIVATE ENVIRONMENT

One of the company's three goals in its strategic plan is to achieve financial excellence by becoming profitable on an operating basis and being good stewards of capital in order to secure its long-term viability as a company. Amtrak is incorporated and required by law to be managed as a for-profit corporation. During the last decade, company officials and federal oversight and audit agencies have identified the public/private environment as a challenge to improving the efficiency and effectiveness

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of the company's operations, and its ability to plan for and build the infrastructure needed for the future.

Historically, federal policymakers have debated whether the company should operate as a private for-profit enterprise (like airlines and intercity bus companies) or as a public service using federal subsidies to achieve social objectives (like urban mass transit). Currently, the company operates under both scenarios. Thus, the environment in which the company operates includes relying, in part, on annual federal appropriations to subsidize its operating losses and fund the majority of its capital investments.

Amtrak receives federal funding in grants from the U.S. Department of Transportation (DOT); most are administered by the Federal Railroad Administration (FRA). For example, the company receives separate annual operating and capital/debt service grants. In recent years, annual funding from the operating and capital grants exceeded \$1 billion. These grants require federal oversight of the company's use of the funds and call for the company to comply with certain requirements. Officials stated that over time, the oversight and uncertainty has created challenges for the company in sustaining key efforts to fully improve its passenger rail service. For example, in 2013, the company reported that so many legislatively mandated tasks and responsibilities had accumulated over time that it was unclear what to focus on. That view was evident in the company's 2011 strategic plan, which had five strategic themes, seven strategies, numerous initiatives, and dozens of performance measures.

According to company officials, the reliance on annual federal appropriations that do not provide multi-year funding for capital expenditures hampers the company's ability to plan, build, and maintain a safer and more efficient national rail passenger system. In their view, the unpredictable timing and level of the annual federal appropriations has negatively affected the company's ability to initiate and follow through on its plans and commitments in a timely way.

In that context, company officials identified the infrastructure repair needs in the Northeast Corridor (NEC) as a significant capital challenge that is made worse by the absence of a routine multi-year funding source. They noted that they have had to defer large and complex projects or seek funding alternatives to the annual capital grant. Amtrak owns 363 miles of track on the corridor—the financial centerpiece of the company's nation-wide system, generating 52 percent of total revenue.

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Officials told us that the following improvements are needed:

- reconstructing tracks
- upgrading equipment and facilities
- rehabilitating the signal system
- improving passenger stations
- replacing bridges and tunnels

The company has used alternative federal multi-year funding sources to implement several key capital projects, including:

- upgrading a 23-mile section of the NEC between Trenton and New Brunswick, New Jersey, using a grant from FRA under the High Speed Intercity Rail Program
- procuring electric locomotives using funds from an FRA Railroad Rehabilitation and Improvement Financing loan
- constructing a concrete casement under the Hudson Yard using FRA grant funds from the FY 2013 Disaster Relief Appropriations Act

Even with the successful completion of the ongoing infrastructure projects, the likelihood of major infrastructure failure on the corridor has grown, according to the President and Chief Executive Officer (CEO).

Efforts to Improve Financial Performance

As noted, Amtrak has taken steps in implementing its strategic plan, to increase accountability, and to be profitable on an operating basis. Through these steps, the company reported that it has reduced its adjusted net operating loss from \$446 million to \$355 million in recent years. By using capital and grant funds to pay off high-yield debt and by refinancing and using leases, it has also lowered its debt by \$1.4 billion.

To address its capital funding needs, in its FY 2015 budget request to Congress, the company proposed that a new process be established for providing capital subsidies to Amtrak. The company's proposal calls for a multi-year federal commitment of capital funding backed by dedicated revenue. More specifically, the company proposed that the federal government start to provide funding by individual business lines—NEC, state corridors, long-distance routes, and national assets. Currently, the company uses the NEC's operational surplus to partially offset operating losses on state-supported

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and long-distance trains. To avoid continued de-capitalization of the NEC, the company's proposal would invest the NEC's operational surplus on the corridor to increase state-of-good-repair work, pursue funding partnerships, and pay for debt service on loans—some of the larger capital challenges facing the company. The company believes that this proposal makes it easier to manage the capital program and for state partners to secure financial commitments to match federal funds.

At the same time, the company is also pursuing a broader range of nonfederal sources of capital funding. Officials stated that they are actively looking at funding options such as loans, public private partnerships, and state and commuter rail partnerships.

Continued commitment to reducing operating losses, creating the accountability and efficiency needed to be good stewards of federal subsidies, and addressing the capital challenges facing the company should help the company achieve its goal of financial excellence.

IMPROVING TRAIN OPERATIONS AND ASSET MANAGEMENT

The company operates more than 300 trains daily over more than 21,000 miles of rail, serving 523 stations in 46 states, 3 Canadian provinces, and the District of Columbia. Most of the track is owned by freight railroads, except in the NEC. To undertake these operations, the company owns more than 2,000 pieces of rail equipment and employs a workforce of about 3,000 management and 17,000 union agreement employees.

With its diverse operations and total holdings valued at more than \$17 billion, the company faces a significant challenge in ensuring that customers have a consistent, high-quality travel experience while maintaining safe operations in a manner that improves financial performance. Our work has identified system-wide opportunities to improve customer service, safety, and the utilization of assets to reduce costs and increase revenues. Here are some examples:

- In 2013, we reported that the company had reduced losses from its food and beverage service, but those losses could be further reduced by about \$10.5 million annually by making additional incremental changes to the business model. Moreover, outsourcing food and beverage service could substantially reduce costs, and piloting options to test new business models could also result in savings opportunities.

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- In 2013, we reported that the company does not have a sufficiently comprehensive real property inventory to help accomplish all of its diverse strategic real property goals. Further, the inventory data are incomplete and inconsistent.
- In 2012, we reported that employees in safety-sensitive positions have tested positive for drugs and alcohol more frequently than their peers in the railroad industry. For example, in 2011, the company had 17 positive tests for drugs or alcohol, which resulted in a combined positive test rate about 51 percent higher than the industry average.
- In 2011, we reported that poor on-time performance affects customer service, ridership, revenues, and expenses. We reported that improvements in on-time performance have a direct effect on increasing the company's operating revenues and decreasing operating costs, which reduces the need for federal subsidies. A company official recently said that the on-time performance of the long-distance trains is worsening due to increased interference by host freight railroads, which has reduced ticket sales and increased operating costs.

Efforts to Improve Train Operations and Asset Management

As outlined in its strategic plan, the company has adopted a business line strategy and organizational structure to increase revenues and control costs. The three core operating businesses—the NEC operations, long-distance services, and state-supported services—continue as previously planned. It also established a fourth business line—corporate development business—charged with managing system-wide infrastructure, real estate, and other corporate assets in order to maximize financial and strategic value. The company believes that by striving for the goal of creating operating profits for each business line, it creates the accountability and efficiency needed to fulfill its strategic goals.

Other reported efforts over the last two years include:

- expansion of the Safe-2-Safer program—a behavior-based safety program aimed at risk reduction
- improvement in the company's financial reporting and budgeting processes to ensure that decisions align with its strategic plan
- purchase of 70 new locomotives for NEC operations and 130 cars for long-distance operations

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- completion of infrastructure projects to improve service and reliability

Continued commitment to implementing these actions is key to creating the accountability and efficiency needed to increase revenues and control costs.

IMPROVING ACQUISITIONS AND PROCUREMENT

To provide stewardship over the use of its funds and secure its long-term viability as a company, Amtrak needs to have efficient and effective processes for acquisition and procurement. Over the next 30 years, the company plans to spend more than \$150 billion to improve its NEC infrastructure and equipment. The infrastructure improvements are designed to bring the corridor to a state of good repair by 2025; they include repair or replacement of bridges, catenary, signals, and tracks. The equipment improvements include longer train sets to increase near-term capacity, additional high-speed train sets, and equipment to support the next generation of high-speed rail. To ensure a high probability of success for these planned programs, the company must follow business processes that will optimize the cost-effective use of funds in the acquisition and procurement processes.

Over the last several years, our work has identified significant opportunities to improve the company's processes for acquisition and procurement. For example, in 2014 we identified the following opportunities:

- **Organizational alignment and leadership.** As a best practice, leading organizations align their procurement departments organizationally to play a strategic role in the procurement process. The company's Procurement department provides support to the user departments during the procurement process, but does not play a strategic role.
- **Policies and processes.** The company has documented policies and procedures that guide personnel through each of the organization's procurement processes. However, unlike the best practices of leading organizations, company procurement policies and processes did not incorporate strategic planning activities.
- **Human capital.** At the strategic level, the company started a new program to improve its human capital management based on private industry best practices. Improving the capabilities and capacities of Procurement staff through this program will largely depend on a sustained management commitment.

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- **Knowledge and information management.** Best practices for procurement knowledge and information systems ensure accurate reporting and reliable data. Our prior reviews have identified issues with the accuracy of procurement management information.

Efforts to Improve Acquisition and Procurement

In response to our 2014 report on the need to improve the procurement process, the company has taken a number of steps to position the Procurement department more strategically and improve its operational effectiveness. It selected a new Chief Logistics Officer, filled positions with experienced personnel, and realigned the department to better serve the business lines. Also, the department reports increasing training, cultivating new suppliers, streamlining procedures and documentation requirements, and taking steps to improve relationships with other departments.

Recognizing that procurement is a critical management function, the company started the process to address our report recommendations, including developing a plan that provides strategic direction and focus to the Procurement department based on best practices. In August 2014, the Chief Logistics Officer submitted a plan to the President and CEO that addresses the intent of our recommendations. Many of the plan's actions will take a year or more to complete. Again, sustaining the commitment to implement the actions is key to addressing the challenge of improving the company's processes for acquisition and procurement.

USING INFORMATION TECHNOLOGY TO IMPROVE BUSINESS OPERATIONS

The company relies increasingly on modern information technology (IT) to improve labor and asset productivity, and to deliver safe and reliable customer service. The company recognizes that many of its information systems and much of its infrastructure are outdated and inefficient, lack technical support or upgrades, and will become more prone to failure. The increasing risk of failure in business-critical systems must be addressed to ensure the resiliency and continuity of operations. Working with outdated technology places the company at a competitive disadvantage, limits growth potential, and restricts its ability to implement operational improvements.

Over the last several years, we have reported on opportunities to improve the company's implementation of major IT programs. For example, in 2011, the company

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implemented one of its largest-ever IT programs—the Strategic Asset Management (SAM) program—which integrated its financial, procurement, materials management, and operations systems. In 2012, we reported that the company spent more than expected and took longer than planned to implement the SAM program and also experienced greater startup issues than expected.

Procurement officials stated that through October 2013, the department had difficulty generating accurate management information reports from the newly implemented system. The company also faced interface and data redundancy issues among IT systems. These unresolved issues resulted in unreconciled transactional data, which led to incorrect and delayed processing of purchase orders, goods receipts, and vendor payments. Some issues related to program implementation remain unresolved today, such as system interface issues and redundancy of data among systems.

In 2013, we reported that the IT department could have more effectively planned and managed its approach to acquiring IT services, better administered contracts, and more effectively held the contractors accountable for meeting contract terms. These services are critical to the company's day-to-day operations and represent the company's largest IT contract expenditures. For example, we reported the following:

- Because of persistent weaknesses and inconsistencies in program management and governance, key modernization programs had not fully achieved their business objectives, and the risks of business disruption had increased.
- The company had not consistently received high-quality, cost-effective IT support services because it had not established sound management controls and business processes to effectively plan acquisitions and to properly oversee performance.
- The company had incurred higher-than-necessary costs and faced an increased risk of costly interruptions to key business operations.

Efforts to Improve Information Technology

To address the IT challenges, a new Chief Information Officer was hired in June 2012. Since then, he has completed an organizational assessment; created and filled new leadership positions; and started other initiatives to improve the economy, efficiency, and effectiveness of the company's IT programs and operations. According to the Chief Information Officer, a new strategy office was created within the IT department to

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provide strategic planning and direction, manage change, and drive process improvements. The prior silo structure was dismantled, and a business relationship office was created to drive business alignment and manage demand. Another business office was created to manage projects and financials in a more standardized and effective manner. In addition, a comprehensive sourcing strategy was initiated to realign third-party capabilities and to reduce the department's reliance on contractors.

Although these are positive steps, officials cited a number of continuing challenges to achieving IT performance excellence:

- The state of the IT architecture is overly complex and not flexible.
- Existing system processes are inefficient.
- The application portfolio is too large.
- Reliability and stability of systems could be improved.
- Too many systems perform the same type of functions.

Sustained commitment to addressing the challenges is a key to using information technology to improve business operations.

IMPROVING HUMAN CAPITAL MANAGEMENT

With a diverse workforce of about 3,000 management and 17,000 union agreement employees, the company faces the same human capital challenges as similar-sized federal agencies and private-sector firms. These challenges include: succession planning for the significant number of employees nearing retirement; recruiting, training, developing, and retaining staff with the required skills; ensuring the effective and efficient use of the workforce; and addressing employee integrity issues.

In 2011 and 2012, we identified substantial opportunities to improve the company's human capital programs. We noted that the Human Capital department provided mostly administrative services, including hiring; establishing benefits; processing separations, promotions, and retirements; and tracking training. These tasks focused on compliance, rather than building staff capacity and capability. We also reported the following:

- The company suffered from outdated processes in human capital management, training, and employee development, which hindered its ability to perform effectively.

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- Management control weaknesses in hiring practices—particularly in the use of background investigation information—led to the waste of resources and the hiring of employees with past performance or other concerns, which created risks for the company.
- Weak controls over the use of temporary management assignments, coupled with inconsistent practices for paying back wages, may have had serious financial consequences for the company.

During 2012 and 2013, our investigative work in human capital management documented employee embezzlement and theft, illegal drug use, false statements on employment applications, improper reporting of time and attendance, and ethics violations. This work led to suspensions, terminations, criminal convictions, and improved management controls.

Efforts to Improve Human Capital Management

Over the last several years, the company has invested in modernizing its human capital processes to bring them more into line with other leading companies. For example, it hired a new chief human capital officer in 2011 and developed a three-year strategic plan that outlines initiatives to improve human capital management, training, and employee development.

In August 2012, the Board of Directors approved a new human capital strategy—Total Rewards & Integrated Talent Management—based largely on private industry best practices. Because the strategy is in the early stages of implementation, we have not yet assessed its overall impact. A number of initiatives have been completed, and others are underway, including an overhaul of compensation and performance evaluation programs. The strategy aims to build a high-performance culture that is more closely aligned to private-sector business strategy, provides flexibility for employee rewards, and invests in highly qualified employees. In addition, the company has introduced a number of changes to help attract, develop, and retain its workforce, such as physical capabilities testing, a targeted selection process, and a recruiting management system. The company also established a goal: by 2015, recruit qualified veterans as 25 percent of all new hires.

Officials note that strengthening human capital management practices remains a significant challenge, and this challenge will intensify as experienced employees in key

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positions retire or migrate to other business opportunities. As with all of the other challenge areas, sustained commitment to implementation will be a key to success.

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Appendix A

RELATED REPORTS

In conducting our analysis of the issues, we reviewed and used information from the following oversight and audit reports, listed by issue from newest to oldest:

Sustaining Commitment to Improving Governance

- *Governance: Injury Claims Trend Data for Fiscal Years 2010 through 2013* (OIG-MAR-2014-008, July 17, 2014)
- *Governance: Improved Policies, Practices, and Training Can Enhance Capital Project Management* (OIG-A-2014-009, July 15, 2014)
- *Governance: Opportunities Exist to Improve the Travel Card Program and Reduce Risks* (OIG-A-2014-005, April 18, 2014)
- *Corporate Governance: Planned Changes Should Improve Amtrak's Capital Planning Process, and Further Adoption of Sound Business Practices Will Help Optimize the Use of Limited Capital Funds* (OIG-E-2013-020, September 27, 2013)
- *Governance: Most Procurement Card Controls are Effective, but Some Need to be Strengthened* (OIG-A-2013-019, September 26, 2013)
- *Governance: Enhanced Controls Needed To Avoid Duplicate Payments* (OIG-A-2013-018, September 20, 2013)
- *Amtrak Invoice Review: Internal Control Weaknesses Lead to Overpayments (Union Pacific)* (OIG-A-2013-011, March 28, 2013)
- *Amtrak Invoice Review: Internal Control Weaknesses Lead to Overpayments (Metro North)* (OIG-A-2013-010, March 27, 2013)
- *Amtrak's New Cost Accounting System Is a Significant Improvement But Concerns Over Precision and Long Term Viability Remain, DOT OIG* (March 27, 2013)
- *Audit of Grant Agreement: Next Generation Equipment Committee Materially Complied with Terms of the Grant Agreement* (OIG-A-2013-012, March 27, 2013)
- *Amtrak Invoice Review: Internal Control Weaknesses Lead to Overpayments (BNSF)* (OIG-A-2013-008, March 26, 2013)
- *Amtrak Invoice Review: Internal Control Weaknesses Lead to Overpayments (Southern Pacific)* (OIG-A-2013-007, March 13, 2013)

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- *Amtrak Invoice Review: Undetected Inaccuracies Resulted in Overpayments* (OIG-A-2013-006, February 15, 2013)
- *Amtrak Improvement Initiatives: Sustained Attention and Effective Implementation Keys to Success, Statement of Ted Alves, Inspector General, National Railroad Passenger Corporation* (OIG-T-2013-001, November 28, 2012)
- *Annual Financial Statement Audits: Observations for Improving Oversight of the Independent Public Accountant* (OIG-A-2012-017, September 27, 2012)
- *Opportunities for Amtrak to Build on Its Initiatives to Improve Efficiency and Effectiveness, Statement of Ted Alves, Inspector General, National Railroad Passenger Corporation* (OIG-T-2012-022, September 20, 2012)
- *Food And Beverage Service: Initiatives to Help Reduce Direct Operating Losses Can Be Enhanced by Overall Plan* (OIG-A-2012-020, September 7, 2012)
- *Amtrak Invoice Review: Undetected Errors Resulted in Overpayments* (OIG-A-2012-019, September 5, 2012)
- *Claims Program: Use of Best Practices Would Strengthen Management Controls* (OIG-A-2012-016, August 14, 2012)
- *Food and Beverage Service: Opportunities Exist to Build on Program Improvement Initiatives, Statement of Ted Alves, Inspector General, National Railroad Passenger Corporation* (OIG-T-2012-015, August 2, 2012)
- *On-Time Performance Incentives: Inaccurate Invoices Were Paid* (OIG-A-2012-013, June 29, 2012)
- *Amtrak Corporate Governance: Implementing a Risk Management Framework is Essential to Achieving Amtrak's Strategic Goals* (OIG-A-2012-007, March 30, 2012)
- *Amtrak Invoice Review: Inaccurate Invoices Were Paid, But Progress is Being Made to Improve the Invoice-Review Process* (OIG-A-2012-005, February 16, 2012)
- *On-Time Performance Incentives: Inaccurate Invoices Were Paid Due to Weaknesses in Amtrak's Invoice-Review Process* (OIG-A-2012-004, February 15, 2012)
- *Progress and Opportunities in Amtrak's Implementation of the Passenger Rail Investment and Improvement Act of 2008, Statement of Ted Alves, Inspector General, National Railroad Passenger Corporation* (TM-11-01, September 14, 2011)
- *Food and Beverage Service: Further Actions Needed to Address Revenue Losses Due to Control Weaknesses and Gaps* (E-11-03, June 23, 2011)

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- *On-Time Performance Incentives: Inaccurate Invoices Were Paid Due to Long-standing Weaknesses in Amtrak's Invoice-Review Process* (403-2010, April 21, 2011)
- *Burlington Northern Santa Fe (BNSF) On-Time Performance Incentives: Inaccurate Invoices and Lack of Amtrak Management Review Lead to Overpayments* (407-2003, September 24, 2010)
- *Amtrak's Strategic Planning* (E-10-01, August 17, 2010)
- *Amtrak Employee Tested Positive for Marijuana* (10-031, June 18, 2010)
- *American Recovery & Reinvestment Act of 2009: Assessment of Project Risks Associated with Key Engineering Projects* (912-2010, May 14, 2010)
- *Opportunities and Challenges Facing Amtrak in FY 2011 and Beyond, Statement of Ted Alves, Inspector General, National Railroad Passenger Corporation* (TM-10-01, April 29, 2010)

Enhancing Financial Performance in a Public/Private Environment

- *Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures* (GAO-07-15, November 13, 2006)
- *Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability* (GAO-06-145, October 4, 2005)
- *Amtrak: The Political and Social Aspects of Federal Intercity Passenger Rail Policy*, Congressional Research Service (December 23, 2004)
- *The Past and Future of U.S. Passenger Rail Service*, Congressional Budget Office (September 2003)
- *Amtrak Profitability: An Analysis of Congressional Expectations at Amtrak's Creation*, Congressional Research Service (June 26, 2002)

Improving Train Operations and Asset Management

- *Train Operations and Business Management: Addressing Management Weaknesses Is Key to Enhancing the Americans with Disabilities Program* (OIG-A2014-010, August 4, 2014)
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- *Passenger Rail Investment and Improvement Act of 2008: Accomplishments and Requirements that Deserve Consideration for Future Authorizing Legislation (OIG-A-2014-003, January 9, 2014)*
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- *Real Property Management: Applying Best Practices Can Improve Real Property Inventory Management Information (OIG-A-2013-015, June 12, 2013)*
- *Asset Management: Integrating Sound Business Practices into its Fleet Planning Process Could Save Amtrak Hundreds of Millions of Dollars on Equipment Procurements (OIG-E-2013-014, May 28, 2013)*
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- *Acela Car Purchase: Future Revenue Estimates Were Initially Overstated (OIG-E-2012-010, March 28, 2012)*
- *Passenger Rail Investment and Improvement Act of 2008: Amtrak Has Made Good Progress, but Continued Commitment Needed to Fully Address Provisions (2012-001, October 26, 2011)*
- *Americans with Disabilities Act: Leadership Needed to Help Ensure That Stations Served by Amtrak Are Compliant (109-2010, September 29, 2011)*
- *Acela Car Purchase Draft Request for Proposal: Additional Requirements and Pre-Award Audit Clause Needed to Help Assess Proposed Cost and Price (009-2011, September 21, 2011)*
- *American Recovery and Reinvestment Act: Infrastructure Improvements Achieved but Less than Planned (908-2010, June 22, 2011)*

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- *American Recovery and Reinvestment Act: Fewer Security Improvements than Anticipated Will be Made and Majority of Projects Are Not Complete* (914-2010, June 16, 2011)
- *Evaluation of Amtrak's FY 2010 Fleet Strategy: A Commendable High-Level Plan That Needs Deeper Analysis and Planning Integration* (E-11-2, March 31, 2011)
- *Amtrak's Infrastructure Maintenance Program* (E-09-05, September 29, 2009)

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- *Acquisition and Procurement: Closer Alignment with Best Practices Can Improve Effectiveness* (OIG-A-2014-006, May 7, 2014)
- *Acquisition and Procurement: Gateway Program's Concrete Casing Project Progressing Well; Cost Increases Will Likely Exceed Project Budget* (OIG-A-2014-004, February 11, 2014)
- *American Recovery and Reinvestment Act: Opportunities Exist to Recover Funds and Reduce Future Costs by Improving Procurement Policies* (OIG-A-2013-016, July 29, 2013)
- *Acela Car Purchase: Questioned Costs Identified in Price Proposal* (OIG-A-2013-002, December 4, 2012)
- *American Recovery and Reinvestment Act: Some Questioned Invoice Charges and Minimal Benefit from Duplicative Invoice-Review Process* (OIG-A-2012-021, September 21, 2012)
- *Amtrak Procurement Policy Violated* (PA-11-0240, July 25, 2012)
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- *Acela Car Purchase: Future Revenue Estimates Were Initially Overstated* (OIG-E-2012-010, March 28, 2012)
- *Incurred-Cost Contract Audit: Contract Modification Charges for Extended Indirect Overhead Costs Not Supported* (OIG-A-2012-006, February 17, 2012)
- *Incurred-Cost Contract Audit: Bridge Construction Modification Settlement Agreement Cost is Adequately Supported* (OIG-A-2012-002, November 7, 2011)
- *Price Proposal Audit: Amtrak Should Negotiate a Price Adjustment to a Major Acquisition Contract* (219-2010, January 12, 2011)
- *Incurred Cost Audit: Amtrak's Track Replacement and Related Improvements Contracts* (504-2009, December 22, 2010)

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- *Incurred Cost Audit: Amtrak's Design/Build Improvements Contract (503-2009, December 13, 2010)*
- *Questionable Contract Language in Kiewit Contract for Sounder Preventative Maintenance Track Replacement and Related Improvements, and South End Track and Related Improvements, Seattle, WA (508-2009, December 2, 2010)*
- *Lessons Learned: An Analysis of the Acela and Surfliner Programs (E-09-04, July 21, 2009)*

Using Information Technology to Improve Business Operations

- *Information Technology: Opportunities Exist to Improve Services, Economies, and Contract Performance (OIG-A-2013-013, April 16, 2013)*
- *Strategic Asset Management Program: Opportunities to Improve Implementation and Lessons Learned (OIG-E-2012-012, May 31, 2012)*
- *Wireless Network Security: Internal Controls Can be Improved (OIG-A-2012-003, December 7, 2011)*
- *Strategic Asset Management Program: Further Actions Should be Taken to Reduce Business Disruption Risk (001-2011, June 2, 2011)*
- *Strategic Asset Management Program Controls Design Is Generally Sound, But Improvements Can Be Made (105-2010, January 14, 2011)*

Improving Human Capital Management

- *Overtime Abuse at the Los Angeles Yard (OIG-I-2014-504, February 27, 2014)*
- *Management of Overtime: Best Practices 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)*
- *Human Capital Management: Weaknesses in Hiring Practices Result in Waste and Operational Risk (OIG-A-1012-14, July 19, 2012)*
- *Amtrak Employees Failed To List Felony Convictions (DC-11-0338, July 17, 2012)*
- *Human Capital Management: Controls Over the Use of Temporary Management Assignments Need Improvement (OIG-E-2012-009, March 28, 2012)*
- *Amtrak Ticket Agent Terminated for Providing False Information on Application (DC-11-0115, January 3, 2012)*

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- *Human Capital Management: Lack of Priority Has Slowed OIG-Recommended Actions to Improve Human Capital Management, Training, and Employee Development Practices* (E-11-04, July 8, 2011)
- *Operation RedBlock: Actions Needed to Improve Program Effectiveness* (E-11-01, March 15, 2011)
- *Amtrak Employee Suspended for Claiming Time Not Worked* (09-036, September 1, 2010)
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- *Human Capital Management* (E-09-03, May 15, 2009)

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Appendix B

ACRONYMS AND ABBREVIATIONS

ADA	Americans with Disabilities Act of 1990, as amended
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DOT	Department of Transportation
FRA	Federal Railroad Administration
FY	fiscal year
GAO	Government Accountability Office
IT	information technology
NEC	Northeast Corridor
OIG	Amtrak Office of Inspector General
SAM	Strategic Asset Management program
the company	Amtrak

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OIG MISSION AND CONTACT INFORMATION

Amtrak OIG's Mission

The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits, inspections, evaluations, 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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