



OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

Human Resources:

Department Will Face Challenges Supporting Workforce Growth Plans


Interim Audit Report OIG-A-2022-003 | December 7, 2021

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Memorandum

To: William J. Flynn
Chief Executive Officer

From: Jim Morrison 
Assistant Inspector General, Audits

Date: December 7, 2021

Subject: *Human Resources: Department Will Face Challenges Supporting Workforce Growth Plans* (Interim Audit Report OIG-A-2022-003)

As a result of the pandemic and its impacts on travel, Amtrak (the company) reduced service and downsized its workforce to reduce costs. As pandemic restrictions lift and travel demand returns, the company now expects to build its current workforce by as much as 21 percent from June 2021 through the end of fiscal year (FY) 2022. For example, the Engineering group is hiring senior principal project managers for four of the company's largest capital programs: replacing the Baltimore and Potomac Tunnels, acquiring a new fleet of intercity trainsets, replacing the Susquehanna River Bridge, and undertaking the Gateway program—a series of projects focused on improving reliability and expanding service on the busiest stretch of the Northeast Corridor. The Infrastructure Investment and Jobs Act¹ will likely further increase the company's need to add managers and workers with highly specialized skills in the company's Engineering, Mechanical, and Transportation departments to oversee and execute high-priority capital projects. The company's Human Resources department is responsible for coordinating the recruiting, screening, hiring, and onboarding of all these workers.

In October 2020, we began assessing the impacts of the pandemic on the company's workforce and its readiness to rebuild a management workforce that is sufficiently sized and skilled to execute the company's recovery and growth plans. During this audit, we identified several concerns about the Human Resources department's staffing and processes that, if not addressed in the near term, will likely negatively impact the company's ability to find and hire qualified candidates in time to meet the company's hiring needs.

¹ Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021).

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Our objective for this interim report is to alert the company to specific Human Resources functions that require prompt company action. To perform our work, we met with officials in the Human Resources, Transportation, Mechanical, and Engineering departments to better understand how Human Resources supports the operating departments' workforce strategies. We also met with officials from the Information Technology and Procurement departments to understand how Human Resources works with these groups to develop and implement technology to streamline Human Resources processes and secure contracts with third-party recruiting agencies. We reviewed Human Resources' staffing plans, organization charts, position descriptions, and annual technology plans to understand the roles of various positions, workforce gaps, and departmental staffing priorities. We also reviewed industry literature on human resources to identify common practices for assigning workloads. For additional details on our scope and methodology, see Appendix A.

SUMMARY OF RESULTS

The Human Resources department does not have sufficient leadership or staff to effectively recruit, screen, hire, and onboard new employees, which will likely hinder the company's plans to add 2,500 to 3,500 new employees in FY 2022. As of October 2021, three of the five key leadership positions within the talent acquisition group—the group tasked with recruiting and hiring new employees—are vacant, with the Vice President, the Assistant Vice President, and one of three director positions open. The Chief Human Resources Officer (CHRO) told us that filling these positions has been challenging, primarily because of the tight labor market. The company, however, has not explored and developed meaningful solutions to fully address competitive barriers such as limits on remote work that could offer further advantages in this environment. With vacancies in these leadership roles, the group does not have the resources to effectively manage and oversee staff or to fulfill strategic objectives such as workforce planning. In total, 28 of the 64 positions in the talent acquisition group (44 percent) are vacant. As a result of this under-staffing, Human Resources employees are taking on workloads that are on average double the industry standard, leading to burnout, causing hiring delays, and diverting managers' attention from more strategic priorities.

The Chief Executive Officer (CEO) approved the group's request to create and fill all 64 positions, and the Human Resources department has a plan to fill them by taking a staggered approach over the next six months. During this time, the CHRO told us the group will prioritize filling department positions needed to restore and sustain train

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operations, and that it will likely take several months before the department will be in a position to begin to support hiring for infrastructure projects. The company is making progress filling manager, recruiter, and some recruiting support roles, but it is without experienced executive leadership at a time when a high-functioning recruiting group is essential to the company's workforce recovery and growth.

Even after it fills internal vacancies, the Human Resources department expects to need assistance from third-party recruiting agencies to support the surge of hiring needs for the Engineering and Mechanical departments. The Vice President for Procurement told us, however, that in order for these third-party recruiting agencies to help the company, Human Resources will need to have a qualified Contracting Officer's Technical Representative (COTR) to oversee the agencies' performance and ensure they are targeting and recruiting high-quality candidates. The CHRO plans to assign the COTR role to the Director for Talent Acquisition Support, but this position is currently vacant.

Further, the talent acquisition group has been relying on outdated technology resources, including a manual process for approving new positions that it describes as cumbersome and error-prone. Recruiters also manually review job applications without the aid of commonly used automated screening tools. Department leaders identified two technologies that could significantly improve the talent acquisition group's support of the company's near-term hiring plans. During our audit, Human Resources officials worked with the Information Technology department to begin developing and implementing these tools and expect to deploy both in time to assist with anticipated hiring surges over the next few years.

To better position the Human Resources department to support the company's needs, we recommend that company leadership work with the CHRO to explore and develop meaningful solutions to better compete for executive talent. Additionally, we recommend that company leadership work with the department to prioritize filling the vacant director position.

In commenting on a draft of this report, the CEO agreed with our recommendations and described specific actions the company plans to take by October 2022 to implement them. These include reviewing executive compensation and incentives, establishing metrics to monitor employee experience, and filling the vacant Director of Talent Acquisition Support position. In the interim, the CHRO designated the current Director of Agreement Hiring to fulfill contract oversight duties. For management's complete response, see Appendix B.

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BACKGROUND

The company plans to increase its workforce by as much as 21 percent by the end of FY 2022, adding as many as 2,759 agreement positions, which are covered by collective bargaining agreements, and up to 767 management positions. Many of these are to backfill positions for the 1,894 employees who left the company from March 15, 2020, when the pandemic took hold in the United States, to May 31, 2021, when the company began restoring the service it had suspended in response to low ridership. The company also plans to increase its workforce to support major corporate initiatives like the roll-out of its new Acela trainsets and the replacement of the Baltimore and Potomac tunnels.

Multiple groups in the Human Resources department help execute the hiring process, with the talent acquisition group playing the leading role in attracting and onboarding new staff. Recruiters in the talent acquisition group are responsible for the following:

- partnering with operating departments to determine their staffing needs
- networking with contacts in industry associations and other sources to identify potential candidates
- screening applications and resumes to verify that applicants are qualified
- referring the best-qualified candidates to operating departments for further consideration

This group also has a talent acquisition support function, which employs support staff such as coordinators, who assist recruiters and guide candidates through the company's pre-employment requirements, including drug testing and background checks. Managers and directors in the talent acquisition group oversee the work of recruiters and coordinators but also develop and execute strategic recruiting functions, including the following:

- developing and improving business processes
- leading technology improvements to optimize and improve tools
- establishing innovative talent recruitment strategies
- creating and implementing a diversity hiring strategy
- managing the talent acquisition budget

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The Procurement and Information Technology departments also provide support to the Human Resources department to enable it to complete its mission. The Procurement department helps identify third-party recruiting agencies that can supplement Human Resources' in-house recruiters and executes contracts with these agencies. The Information Technology department helps managers in Human Resources identify technology they could use to assist various groups in the hiring process, customizes technologies to integrate with existing company systems, and works with Human Resources to deploy these technologies.

COMPANY FACES CHALLENGES ACQUIRING SUFFICIENT STAFF AND THIRD-PARTY SUPPORT TO MEET HIRING NEEDS

We identified three challenges the Human Resources department will face in supporting operating departments' needs for a larger workforce.

Providing effective talent acquisition leadership. As of October 2021, three of the five leadership positions within the talent acquisition group—the Vice President for Talent, the Assistant Vice President for Talent Acquisition, and the Director for Talent Acquisition Support—are vacant. Human Resources officials noted some complicating factors that will make filling leadership vacancies difficult, including a competitive labor market for professionals in the recruiting field. In particular, Human Resources leadership told us that the company has difficulty competing for highly qualified candidates with other companies that offer more opportunities for remote work and greater schedule flexibility.

The CHRO told us the department has begun to actively review options that could include combining positions and redistributing duties, which she believes will make it easier to recruit for these vacant executive positions. The department has not, however, explored and developed meaningful solutions to address other competitive barriers such as limits on remote work that could offer further advantages in the marketplace. As a result, the company risks prolonged gaps in the leadership it needs to manage the recruiters' workloads and carry out strategic functions such as workforce planning, developing recruiting strategies, streamlining processes, building talent pipelines, and reinforcing the company's workforce diversity goals. Further, adequate staffing in

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leadership positions would align the company with industry management control standards.²

Achieving appropriate talent acquisition staffing levels. The Human Resources department recognizes that its talent acquisition group does not yet have enough staff to support the company's current and projected hiring needs. To respond to the need, the department proposed a restructured talent acquisition group of 64 staff, including executives, directors, managers, recruiters, and support staff. The former Vice President for Talent³ told us that both the CEO and the President approved the plan, agreeing that the proposed structure and personnel counts represented the resources needed to support near-term corporate hiring goals. Since establishing the plan, the company has made progress and hired 13 new managers, recruiters, and recruiting coordinators, but as of October 2021, 28 of 64 positions (44 percent) remain vacant. Figure 1 illustrates vacancies in the talent acquisition group.

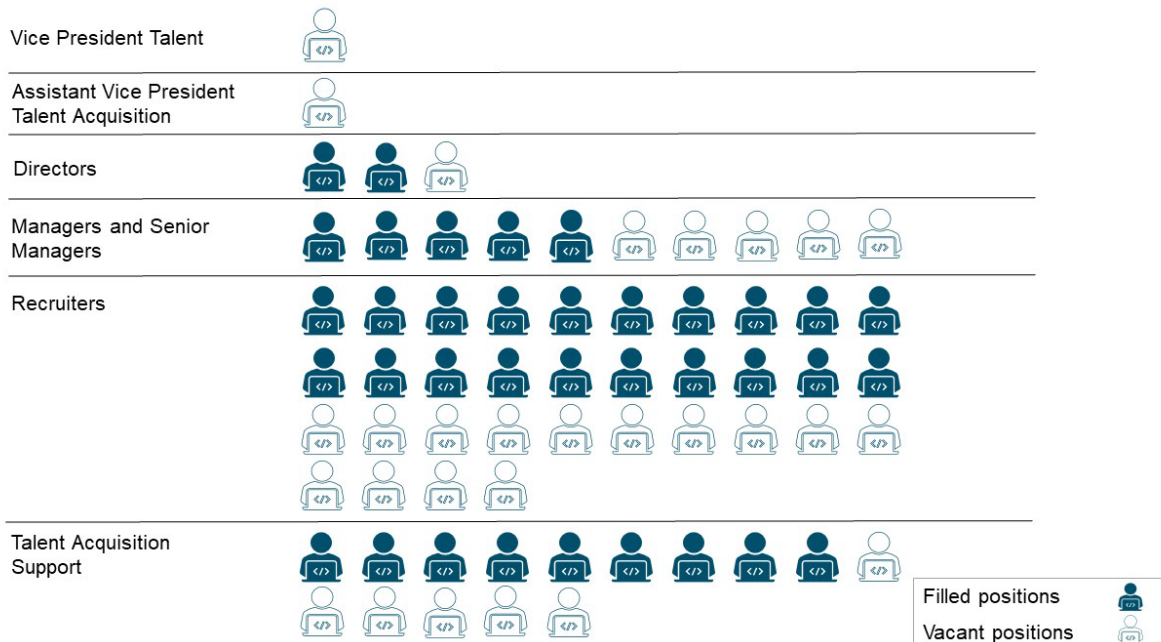
² Understaffing is inconsistent with management control standards in the public and private sectors. These standards advise that an entity should establish an organizational structure that can effectively and efficiently carry out its objectives. For more discussion of applicable standards, see Appendix A.

³ The Vice President for Talent resigned from the role effective October 20, 2021.

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Figure 1. Vacancies in the Talent Acquisition Organization, October 2021



Source: OIG analysis of Human Resources planning and other documents

Because the group is understaffed, its recruiters and managers are overworked. For example, Human Resources managers calculate that each of the staff recruiters is handling an average of 45 hiring requisitions,⁴ which is more than twice the industry standard of 12 to 20 requisitions per recruiter and exceeds the company’s target of 25 per recruiter. According to the former Vice President for Talent, these heavy workloads are leading to burnout and attrition within the talent acquisition staff, and negatively impacting their ability to find, recruit, and hire the best candidates. For example, five recruiters left the company in FY 2021, with some citing overwork and burnout as key reasons.⁵ Several managers also told us they or one of their colleagues are considering leaving if workload conditions do not improve. Further, heavy workloads mean recruiters have little time to actively seek well-qualified candidates or thoroughly review applications. For example, in a 40-hour work week, a recruiter with

⁴ A hiring requisition is an internal document that formally authorizes a recruiter in the group to begin reaching out to prospective candidates, reviewing resumes, and conducting interviews. The number of requisitions each recruiter is responsible for is a common metric in the Human Resources field to measure workload and productivity.

⁵ The last data available were from June 17, 2021.

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45 requisitions has less than an hour each week to identify potential candidates, review resumes, coordinate with hiring managers, and conduct interviews for each requisition.

The Human Resources department has identified—and the CEO has approved—the staffing and organizational structure necessary to achieve the company's growth plans. The department is actively recruiting for all positions required to meet the company's immediate staffing needs; but because it is taking a staggered approach to hiring, it will likely be limited in its ability to onboard new staff until its own capacity increases. The department is aware that delays in hiring talent acquisition staff will create residual lags in recruiting for and hiring departmental staff and plans to prioritize hiring for department positions needed to increase and sustain service at pre-pandemic levels.⁶ According to the CHRO, it will likely take several months for the talent acquisition group to be in a position to begin to support hiring resulting from the Infrastructure Investment and Jobs Act. The CHRO communicated the department's plan and timeframe for building its own capacity to the executive leadership team in mid-August. The CHRO told us that communicating the plan and the likely impact of its limited capacity to department leadership will help hiring managers establish realistic expectations of the Human Resources department during the growth period.

Procuring and overseeing third-party hiring support. Even with additional recruiters, the company expects to require help from third-party recruiting agencies to support in-house recruiters during periodic hiring surges—such as those associated with new funding for major infrastructure projects. Third-party recruiting agencies could also help the company reach candidates with niche skills for positions the company typically struggles to fill, such as electric catenary engineers. The company plans to contract with these agencies to better target and compete for skilled talent in a labor market that, according to company officials, is likely to become increasingly competitive.

The Vice President for Procurement told us, however, that in order for these third-party recruiting agencies to help the company, Human Resources will need to have a qualified COTR to oversee their performance and ensure they are successfully meeting the terms of their contracts. The CHRO plans to assign the COTR role to the Director for Talent Acquisition Support, a position the company has begun recruiting for, but not yet filled. Once filled, this director will assess whether the third-party recruiting agencies are referring qualified applicants consistent with the terms of their contracts. Without adequate contract oversight, our prior work has shown that the company will

⁶ The company plans to hire between 2,500 and 3,500 employees through the end of FY 2022.

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be at risk for poor contractor performance, cost overruns, and delays.⁷ The company has not filled the Director for Talent Acquisition Support yet because it does not have staff capacity to complete hiring for all vacancies at once, and the department has prioritized other positions. Extended delays in filling this position, however, may mean the company will not be prepared to enforce contract provisions and hold third-party recruiters accountable to help clear the hiring logjam and support the company's near-term recruiting goals.

NEW TECHNOLOGY COULD STREAMLINE HIRING PROCESSES

The Human Resources department has been relying heavily on cumbersome manual hiring processes, which, if not addressed, will negatively impact its ability to quickly identify and hire the thousands of engineering, mechanical, and other workers the company anticipates it will need to execute and oversee its recovery and growth strategies. The department has identified automated tools to help relieve two specific pain points for the talent acquisition group in the near term—processing departments' requests to establish new positions and reviewing job applications. The department has been requesting one of these tools since 2019, but the company determined that other technology needs were a higher priority. These readily available technologies could assist the understaffed talent acquisition group in a meaningful way.

Processing requests for new positions. When operating departments are seeking to fill specific jobs, the Human Resources department uses a process it has characterized as time-consuming and error-prone to create new positions. Under this process, the operating departments' hiring managers request a position by filling out a form that includes attributes such as the job title, level, pay band, and geographic location and then emailing it to the Human Resources department. A representative from the Human Resources department then manually enters these attributes into a data system and circulates the information to multiple groups in the department. Various groups in Human Resources then use spreadsheets to communicate and correct the information and prepare positions for hiring.

⁷ *Human Resources: Background Checks Process Has Improved, but Some Inefficiencies and Gaps Persist* (OIG-A-2019-001), November 1, 2018; *Acquisition and Procurement: Weaknesses in Contract Oversight Pose Financial, Operational, and Legal Risks* (OIG-A-2019-004), March 4, 2019; *Governance: Better Planning and Coordination Could Help the Company Achieve its Aggressive Timeline for ADA Compliance* (OIG-A-2021-012), September 2, 2021.

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This manual process results in serious hiring delays. Human Resources officials estimate that by the time the position requests reach the talent acquisition group, 60 to 70 percent have errors such as incorrect pay grades and misaligned cost centers, or they are missing key information such as position descriptions. For example, in April 2021, the Engineering department submitted requests to Human Resources to fill seven positions. Human Resources managers told us they cannot post the seven positions until the groups that prepare positions for hiring and Engineering officials resolve the errors and omissions. As of July 2021, the department was still not able to post them—a lag of more than three months.

In 2020, the Human Resources department worked with the Information Technology department to replace this manual process with a technology tool that would reduce the errors and expedite the position review process. The company terminated the project in early 2021, however, to devote resources to technology projects it considered higher priorities, such as maintaining the COVID-19 tracking dashboard. The project was recently restarted, and Human Resources officials told us they expect to deploy the new technology tool within a few months.

Reviewing job applications. Recruiters in the talent acquisition group also manually review the hundreds of resumes the company typically receives for each position to determine which applicants have the qualifications, skills, and experiences that best align with position requirements. The Human Resources department has requested a candidate screening tool that could automate some aspects of this process, such as scanning resumes for keywords. For several years, the use of screening tools has been commonplace in the talent acquisition industry and has led to efficiency gains for recruiters. According to industry experts from the Society for Human Resource Management, using such tools can reduce the time to fill a position because they can quickly narrow the field to the best-qualified applicants, freeing up time for recruiters to perform other tasks like interviewing and selecting candidates.

In 2019, the Human Resources department requested a candidate screening tool, but company leadership has not prioritized it. During our audit, the department drafted the technology requirements and plans to have a tool in place in time to begin training recruiters to use it in February 2022. Although the company's unprecedented hiring plans include substantial growth in the first two quarters of FY 2022, managers told us the proposed timeline is already an accelerated schedule and cannot be implemented

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any sooner.⁸ Once the program is tested and implemented, it will likely enhance the talent acquisition group's ability to efficiently review job applications and help alleviate the strain on recruiters during hiring surges.

CONCLUSIONS

The company is embarking on an unprecedented plan to expand its workforce—not only to restore its ranks to pre-pandemic levels, but to support major growth and reinvestment initiatives like the Gateway program, replacing the company's fleet of aging intercity trains, and to support expanded State of Good Repair projects envisioned by the Infrastructure Investment and Jobs Act. Because the talent acquisition group is the portal for all new hires, the group's capacity will be key to the company's success in attracting, hiring, and onboarding high-quality workers in time to support these goals. As a result of years of underinvestment, however, the group is not now ready to support the company's workforce expansion plans. The Human Resources department has leadership approval to build its ranks to meet the company's needs but acknowledges that it will take several months before it will be prepared to support hiring for positions beyond those needed to return the workforce to a steady state. As the Human Resources department builds its staff capacity, reviewing options to position itself more competitively in a tight labor market and expediting hiring for all talent acquisition leadership positions can help the group develop into the high-performing talent acquisition function essential to the company's workforce recovery and growth.

RECOMMENDATIONS

To position the company to find and hire qualified candidates in time to meet its staffing needs, we recommend that company leadership take the following actions:

1. Work with the CHRO to explore and develop meaningful solutions to address competitive barriers to attracting executive talent.
2. Work with the CHRO to prioritize filling the Director for Talent Acquisition Support who will serve as the COTR for third-party recruiting agency contracts.

⁸ This is consistent with management control standards that call for obtaining quality information. For more discussion of applicable standards, see Appendix A.

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MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the CEO agreed with our recommendations and described the company's actions and plans to address them. We summarize the company's comments and actions below.

Recommendation 1: Management agreed with our recommendation to explore and develop meaningful solutions to address competitive barriers to attracting executive talent. The CEO noted that, in March 2021, the company awarded a contract to a consultant to review executive compensation and incentives on an annual basis. The company also plans to address executive retention by developing metrics to monitor and improve employee engagement by October 2022.

Recommendation 2: The company agreed with our recommendation to work with the CHRO to prioritize hiring the Director of Talent Acquisition Support, who will serve as the COTR overseeing third-party recruiting agency performance. Until this position is filled, the Director for Agreement Hiring will temporarily serve in this role in addition to her other duties. The company anticipates filling this vacancy by February 2022.

For management's complete response, see Appendix B.

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APPENDIX A**Objective, Scope, and Methodology**

This report provides interim results of our audit of the company's workforce downsizing during the COVID-19 pandemic. The scope of our work focused on changes in the company's workforce during the COVID-19 pandemic and its plans to rebuild a workforce that is sufficiently sized and skilled to support its plans to recover and grow. During our audit work, we identified several concerns about the Human Resources department's staffing and processes that warranted early notification. Our objective for this report is to alert the company to specific Human Resources functions that require prompt company action. We performed our audit work from October 2020 through November 2021 in Washington, D.C. We plan to continue our broader review of workforce issues and expect to complete our work later this year.

To perform our work, we met with executives, program managers, and other officials from the Human Resources, Transportation, Mechanical, and Engineering departments to understand how Human Resources supports the workforce strategies of the operating departments. We also met with executives and program managers from the Information Technology and Procurement departments to understand how those departments support Human Resources in developing and deploying technology to streamline processes and in securing contracts with third-party recruiting agencies.

In addition, we reviewed company documents, including the Human Resources department's staffing plans, organization charts, position descriptions, hiring processes, and annual technology plans. These documents informed our understanding of the roles of various talent acquisition positions, staffing gaps, and Human Resources' staffing priorities. We also analyzed data that Human Resources officials provided to identify the number of vacancies and the average workloads of recruiters. Finally, we reviewed articles from the Society for Human Resource Management, a professional association for human resources professionals, to identify common industry practices for assigning workloads and using artificial intelligence technology for recruitment.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence

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obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Controls

We assessed the internal control components and underlying principles, and we determined that two of the five internal controls components were significant to our audit objective:

- **Control environment.** The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization.
 - Principle 3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- **Information and communication.** Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives.
 - Principle 13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

We developed our audit work to assess whether internal control is significant to our audit objective. We obtained an understanding of internal control by reviewing the Human Resources department's staffing plans and interviewing the department's officials to determine whether the staffing structure in its talent acquisition group is appropriate to meet its hiring objectives. We also reviewed the Human Resources department's annual technology plans and interviewed officials from the Information Technology department to examine how manual processes impede the generation and use of quality information needed to support the talent acquisition process. Because our review was limited to the internal control components and underlying principles relevant to our audit objective, we may not have identified all internal control deficiencies that existed at the time of this audit.

Computer-processed Data

We obtained computer-processed data from the Human Resources department, which we used to analyze company-wide and department-specific staffing levels, recruiter workloads, and employee turnover. We interviewed the department's officials to obtain a general understanding of how it collects, processes, and manages the data in order to

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determine their reliability. We performed our own data reviews, including basic checks for duplicates, outliers, and other inconsistencies to further verify data reliability. We determined that the data were sufficiently reliable to enable us to accurately report staffing levels, workloads, and employee turnover.

Prior Reports

In conducting our analysis, we reviewed and used information from the following Amtrak OIG reports:

- *Governance: Better Planning and Coordination Could Help the Company Achieve its Aggressive Timeline for ADA Compliance* (OIG-A-2021-012), September 2, 2021
- *Acquisition and Procurement: Weaknesses in Contract Oversight Pose Financial, Operational, and Legal Risks* (OIG-A-2019-004), March 4, 2019
- *Human Resources: Background Checks Process Has Improved, but Some Inefficiencies and Gaps Persist* (OIG-A-2019-001), November 1, 2018

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APPENDIX B

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

Memo



Date	December 1, 2021	From	William J. Flynn, Chief Executive Officer
To	Jim Morrison, Assistant Inspector General, Audit	Department	Human Resources <i>William J. Flynn</i>
		Copy	Stephen Gardner, President Qiana Spain, EVP CHRO Eleanor Acheson, EVP General Counsel Roger Harris, EVP Marketing & Revenue Scot Naparstek, EVP COO Dennis Newman, EVP Strategy & Planning Steven Predmore, EVP CSO Laura Mason, EVP Major Projects Christian Zacariassen, EVP CIO Tracie Winbigler, EVP CFO Carol Hanna, VP Controller Mark Richards, Sr. Director Amtrak Risk & Controls

Subject Management Response to *Human Resources: Department Will Face Challenges Supporting Workforce Growth Plans (Draft Interim Audit Report for Project No. 002-2021)*

This memorandum provides Amtrak's response to the draft management advisory report titled, "*Human Resources: Department Will Face Challenges Supporting Workforce Growth Plans.*" Management appreciates the opportunity to respond to the OIG's investigations. Many of the findings identified in the Office of Inspector General's (OIG) report are in alignment with management's assessment of the department's capabilities and the challenges facing the company. As such, we have aligned our strategic efforts to meet the changing workforce needs of our business.

Prior to the COVID-19 pandemic, Talent Acquisition was moving towards much-needed changes for improved service delivery. Due to the devastating impact the pandemic had on ridership and the uncertainty of how long the effects of the pandemic would last, some of these efforts were put on hold to meet the more immediate needs of the business. These business priorities were focused on being fiscally responsible and conserving cash at a time when we experienced a 97% reduction in year-over-year ridership, substantially impacting revenue. Management's decision to reduce service in both the Northeast Corridor and reduce daily service on Long Distance routes to 3 times a week required Human Resources to focus on delivery of Voluntary Time Off Programs, Voluntary Separation Programs, Involuntary Separations (layoffs and furloughs), and reduction in pay and benefits programs. To support these programs, Human Resources focused investments on functions such as Labor Relations to support the furlough and recall processes and Total Rewards to focus on benefits and compensation programs to retain the remaining workforce. We are now focused on recovery and future investment in service and infrastructure and the Company has a strategic plan to address the organization's workforce needs. The call to action for Talent Acquisition is a multi-faceted approach, which will require swift action to make organizational adjustments, increase engagement, and streamline processes.

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To drive transformational change, particularly over the last three months, Talent Acquisition has been focusing on People, Process, and Technology.

- Organizational adjustments were made to re-centralize Talent Acquisition by joining Agreement hiring and Management hiring under one Talent Acquisition umbrella. This integrated the function and centralized the recruitment coordinator resources. Additionally, planned increases in the number of recruiters and recruitment support staff – both full-time employees and contractors – are being executed, based on bench-marked, manageable requisition loads. Promotions and retention bonuses were leveraged to reward and retain key talent. Talent Acquisition also presented recruiters with an incentive plan to earn additional income for Offer Accepts during the first three months of FY22.

The Head of Talent Acquisition will report directly to the Chief Human Resources Officer in the new HR structure. Given the scope and impact of this function, this will provide the executive visibility necessary to influence, make quicker decisions, and allow for more strategic focus. The Company has an offer accepted for the head of Talent Acquisition. The candidate has cleared pre-employment screening and is slated to start on December 6, 2021. This candidate is a thought leader in Talent Acquisition, hiring upwards to 4,000 employees each year by leveraging full-time employees and Recruitment Process Outsourcing (RPO) services in both a unionized and non-union workforce.

In March of 2020, Talent Acquisition staffing included 23 full-time employees and 4 contractors. Staffing reductions were taken down to 19 full-time employees and 0 contractors on October 1, 2020 because of limited hiring activity across the organization. Some of these 19 employees were deployed on special projects such as Voluntary Incentive Separation Programs and in other areas throughout Human Resources to retain talent internal to Amtrak. As of November 1, 2021, Talent Acquisition staffing levels are at 40 full-time employees and 8 contractors, almost a 108% increase in Talent Acquisition staffing levels at the height of the pandemic. Although this staffing level is short of the 54 full-time employee headcount plan for the Month/Fiscal Year, our progress demonstrates our commitment to invest in Talent Acquisition and support the workforce readiness plan. The combination of internal Talent Acquisition staff along with the utilization of an RPO will ensure that our internal hiring plan remains fluid and able to quickly adjust resources as the demands of the organization change.

- To increase engagement, Talent Acquisition is increasing external partnerships, including but not limited to refreshed agencies, union websites and training programs, universities and trade schools, recruitment marketing efforts and recruitment licenses and hiring events. Activities are underway to implement additional programs as well, including an Employee Referral Program and an Apprenticeship Program.
- To streamline processes, Talent Acquisition is focusing on how to reduce and simplify steps in the recruiting process as well as proactively manage known bottlenecks. Activities are currently underway to implement enhancements for pre-employment testing, pre-employment clearance,

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outsourcing opportunities, vendor management, and workforce planning. Improved recruiting efforts also require an improved onboarding process for hiring managers to ensure equipment is accurately ordered and delivered timely. To improve both the employee and hiring manager experience, the process and execution of systems access requires attention.

- Technology investments in Talent Acquisition are required to meet the organization's hiring needs. To be at the forefront of the industry, significant investments will be made. In partnership with IT, Talent Acquisition is working to implement SAP SuccessFactors Employee Central. SAP SuccessFactors Employee Central is a flexible, global HR solution that supports core HR processes and employee self-service for the entire workforce. It increases productivity by automating processes and provides employees with a self-service HR tool. Talent Acquisition and IT are also optimizing the position approval process to allow for quicker position approval and more transparency for hiring managers. Lastly, Talent Acquisition is partnering with IT and Procurement to identify dedicated support to address the immediate needs such as Request for Proposals (RFPs) for recruiting Artificial Intelligence, pre-employment activities, and SAP SuccessFactors Employee Central implementation.
- Talent Acquisition will also move to review, revise, and expand the metrics used to measure success for the organization. Vendor performance and Service Level Agreements – both internal and external – will be important enhancements going forward.
- Talent Acquisition is focused on key Workforce Readiness Events as well. University Relations participated in more than 20 career fair, trade school, and college events throughout September and October 2021. There was one week-long, in-person event in October to support the hiring needs of our call center in Philadelphia and one planned virtual event in November to support the hiring needs of the Engineering and Mechanical departments. Additionally, there is an active RFP for Recruitment Process Outsourcing (RPO) support; finalists are presenting in November and selection will be made for a 2nd quarter implementation.

Management continues to explore and develop meaningful solutions to maintain market competitiveness to retain and attract talent:

- Amtrak offers a hybrid work remote work schedule, to include the option for fully remote work. Effective January 10, 2022, Amtrak will implement a remote work policy which includes options for employees to work full-time onsite, hybrid remote work with 2 days remote and 3 days on-site, and full-time remote. Leaders will assess the requirements of the jobs and the needs of the business and Management is encouraging leaders to work closely with employees to provide remote work schedule options where it can be accommodated.
- Effective October 1, 2020, Management made available a diverse set of work schedules including, full-time (40 hours per week), Full-time reduced (28-32 hours per week), Part-time (20-27 hours per week), and Casual (fewer than 20 hours per week). These schedules were introduced to allow leaders to attract non-traditional candidates and retain internal talent where their personal circumstances have changes. This schedule takes into our diverse workforce of

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working parents, employees who want to explore higher education and remain in the workforce, and employees who are caregivers for elders or other family members.

- Providing Total Rewards Statements is a Human Resources best practice, and we will make these available to Amtrak employees in early calendar year 2022. The Total Rewards Statement is a great tool to retain talent by providing transparency on the total value of benefits and compensation an individual employee receives. Total Rewards Statements show the full value of employment with Amtrak by outlining the compensation and benefits recognized by the employee and highlighting programs they may be underutilizing. Employees often leave organizations because of higher base pay compensation while not realizing the value of other rewards programs. Total Rewards Statements add utility by giving employees the full picture of the total value of their compensation and benefits in one place.
- With collective bargaining opening in calendar year 2022, we will be working closely with our labor leaders to negotiate wage, rules and benefit packages that are competitive and enhance employee retention. This includes assessment of less-traditional union benefits such as paid parental leave and surrogacy programs. Additionally, Juneteenth was made a recognized paid holiday for our agreement employees in calendar year 2022.
- This past fiscal year, a significant focus for Amtrak was achieving greater creation and support of our Employee Resource Groups. Employee Resource Groups (ERGs) are groups of employees who join together based on shared characteristics, interests or life experiences. ERGs are voluntary, independent of any department and are led by employees, for employees. ERGs provide friendship, career and personal development and cultivate a diverse and inclusive workplace aligned to Amtrak's vision, mission and values. ERGs promote Diversity, Inclusion and Belonging (DI&B) by raising awareness and ensuring that group members have a voice in the organization, and they allow employees to participate directly with our ongoing DI&B initiatives: Amtrak has 7 active ERGs: A. Philip Randolph (Black/African Americans and allies), Asian Pacific American (Asian and Pacific Islanders and allies), Don't DIS our ABILITY (people with disabilities and allies), Express Pride (LGBTQIA+ and allies), Military Community Network (Military/Veterans and allies), Notch8 (women and allies) and UNIDOS (Hispanic/Latinx and allies).
- Amtrak made exciting improvements to our overall benefits package for 2022, as part of our commitment to make Amtrak a great place to work. We know our employee benefits are an important part of what attracts people to Amtrak and influences whether they stay with us to build careers. These 2022 improvements make us more competitive in the employment marketplace and recognizes our employees' hard work that enabled our strong performance.

These are just a few examples of changes that Amtrak has implemented to clearly demonstrate that the organization has in fact explored and developed meaningful solutions to address its workforce challenges. Management is committed to attracting the best talent and retaining our dedicated workforce. As a service organization, our success is bounded by our people. We take the care, development, and

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recognition of all our employees seriously; it is embedded in our values of Doing the Right Thing, Putting Customers First, and Excelling Together.

While there is tremendous activity and movement forward, there are key risks worth noting that are not within the control of the Company:

- The nationwide labor shortage is challenging our ability to fill positions throughout the organization, negatively affecting our time-to-fill and class-fill rates as well as increasing the rate of first day no-shows.
- The labor shortage is also contributing to significant process delays by vendors relied upon for critical employment processes.
- The requirement under the federal contractor Executive Order for workforce COVID-19 vaccination will impact retention of our current workforce, as well as utilization of talent that remains with the Company but will not be engaged in active service due to legally required accommodation.
- These factors add complexity and difficulty for Talent Acquisition in an already challenging environment.

Recommendation 1:

1) Work with the CHRO to explore and develop meaningful solutions to address competitive barriers to attracting executive talent.

Management Response/Action Plan:

- Management has taken and will continue to take actions to explore, develop, and deploy meaningful solutions to address competitive barriers to attracting executive talent. In March of 2021, Management entered into an agreement with Exequity to provide executive compensation services. These services include, but are not limited to, market-based compensation analysis of our executive level positions and program design review of our incentive programs.
- As we continue to focus on the need to retain talent in critical positions for current operations, recovery, and growth, management recognizes that culture, belonging, and employee experience are equally as important as compensation. We recently announced the creation of a department within Human Resources focused on internal talent development and the employee experience. Inclusion, Culture, and Talent will deliver our talent management framework, deploy learning and development services, focus on employee engagement initiatives, and advance our efforts in Diversity and Inclusion,

Responsible Amtrak Official(s):

Qiana Spain, EVP CHRO
 Nathan Counts, AVP Total Rewards
 Amanda Bastian, Senior Director Compensation
 Lakisha Gordon, Senior Manager Benefits
 Benjamin Sims, AVP, Inclusion, Culture, and Talent

Target Completion Date:

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- Compensation review for the executive team is an ongoing activity but is conducted at least once a year aligned to the Board of Directors meetings: Completed in September 2021
- Increase employee engagement and retention by establishing key metrics. First full year of metrics available will be available end of FY2022. Completion date October 2022

Recommendation 2:

2. Work with the CHRO to:

a. determine where the COTR responsible for overseeing third-party recruiting agency performance will reside within Human Resources, and

b. prioritize assigning the COTR role and filling the Director for Talent Acquisition Support who will support the COTR

Management Response/Action Plan:

- 2a) The COTR responsible for selecting the third-party recruiting agency (Recruitment Process Outsourcing - RPO) is currently the Director for Agreement Hiring. This role was deliberately assigned as the COTR to keep the vendor selection process moving as we implement other HR organizational changes. Vendors have completed presentations and the Company has made an initial selection. We are now reviewing cost and procurement is reviewing contract terms with the two finalists. Selection of an RPO vendor is on track to be in place by February 2022. The selected candidate for the Head of Talent Acquisition is experienced in implementing and working closely with RPO vendors and will provide experience and leadership.
- 2b) The COTR will reside with the Director of TA Support once the position is filled. Talent Acquisition has support from me and the entire Executive Leadership Team to prioritize Talent Acquisition's vacancies. Over the last few weeks, Talent Acquisition has filled several key vacancies including the Head of Talent Acquisition. An external agency is actively engaged with filling the Director Talent Acquisition Support. Once the Director for Talent Acquisition Support is selected, the COTR responsibilities will shift to this position.

Responsible Amtrak Official(s):

Qiana Spain, EVP CHRO
 Head of Talent Acquisition
 Julia Costello, Director Talent Acquisition

Target Completion Date:

- 2a) Completed
- 2b) Head of Talent Acquisition: Start date of December 2021
 Director TA Support: Start date of February 2022

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APPENDIX C

Abbreviations

CEO	Chief Executive Officer
CHRO	Chief Human Resources Officer
COTR	Contracting Officer's Technical Representative
FY	Fiscal Year
OIG	Amtrak Office of Inspector General
the company	Amtrak

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APPENDIX D

OIG Team Members

Eileen Larence, Deputy Assistant Inspector General, Audits

Leila Kahn, Senior Director

David Grossman, Senior Audit Manager

Felix Kungu, Senior Auditor

Elizabeth Sherwood, Senior Auditor

David Benko, Audit Intern

Alison O'Neill, Communications Analyst

OIG MISSION AND CONTACT INFORMATION

Mission

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

Obtaining Copies of Reports and Testimony

Available at our website www.amtrakoig.gov

Reporting Fraud, Waste, and Abuse

Report suspicious or illegal activities to the OIG Hotline

www.amtrakoig.gov/hotline

or

800-468-5469

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