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# AMTRAK: Top Management and Performance Challenges—Fiscal Year 2016 and Beyond

Report No. OIG-SP-2015-015 | September 30, 2015

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AMTRAK

NATIONAL RAILROAD PASSENGER CORPORATION

Office of Inspector General

# Memorandum

**To:** Joseph Boardman, President and Chief Executive Officer

**From:** Tom Howard, Inspector General

**Date:** September 30, 2015

**Subject:** *Amtrak: Top Management and Performance Challenges—Fiscal Year 2016 and Beyond* (Report No. OIG-SP-2015-015)

This report identifies the top management and performance challenges we see 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, as we did in fiscal year (FY) 2014, we prepared this report with the intent of providing similar benefits.[1]

In deciding whether to identify an issue as a top challenge, we considered its significance in relation to the company's mission; its susceptibility to fraud, waste, and abuse; whether the underlying causes are systemic in nature; and the company's progress in addressing the challenge. We discussed the challenges with company executives and senior management officials to obtain their views, and we considered congressional views based on hearings, discussions with congressional staff, and other information sources. The audit reports discussed throughout this report are listed in Appendix A.

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[1] Amtrak OIG, *Amtrak: Top Management and Performance Challenges*, OIG-SP-2014-012, September 29, 2014.

The company has made progress implementing its FY 2014 – 2018 strategic plan[2] and has accomplished positive results in many of its programs and operations. For example, in recent years, key areas of progress include reducing the company's adjusted net operating loss from $361 million in FY 2013 to $238 million in FY 2014 and lowering its debt to $1.3 billion.[3] These accomplishments provide a solid foundation for pursuing the various improvement initiatives identified in the company's strategic plan.

The top management challenge issues we have identified are unchanged from last year. This is not due to a lack of efforts or progress in addressing the challenges, but rather to their long-standing and complex nature. Fully mitigating these challenges will take continuous attention over a period of years. In our view, the most significant challenges focus on seven issues:

- sustaining commitment to improving governance
- enhancing financial performance in a public/private environment
- improving train operations[4]
- improving asset management[4]
- improving human capital management
- improving acquisitions and procurement processes
- using information technology to improve business operations

We discuss these seven issues below by noting the nature of the challenges, examples of where our work shows the complexity of the challenges, the progress that has been made in addressing them, remaining impediments, and actions that can be taken to further address the challenges.

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[2] Amtrak, *Strategic Plan: FY2014 – FY2018*.
[3] The FY 2014 operating loss and debt numbers are unaudited and may change when the company's independent public accountant's audit is completed.
[4] We reported train operations and asset management issues as a single challenge in FY 2014; this year, we address them separately to provide better focus on each issue.

## SUSTAINING COMMITMENT TO IMPROVING GOVERNANCE

The company continues to face challenges in establishing and sustaining effective company-wide governance processes to oversee its capital and operating programs. In FY 2015, the company oversaw a capital budget of $1.44 billion; its projected operating expenditures in FY 2015 totaled $3.46 billion.[5] Our prior work has consistently identified weaknesses in governance processes, particularly management controls, as the root cause of operational and programmatic deficiencies. In 2014, our management challenges report discussed control weaknesses in a number of areas, including enterprise risk management, capital project selection, capital project management, and vendor payment controls. We also identified a lack of controls over employee activities that resulted in employee embezzlement and theft, illegal drug use, false statements on employment applications, improper reporting of time and attendance, and ethics violations.

The company has actions underway to address these and other control weaknesses. Nonetheless, the control environment remains weak, and our work in FY 2015 continued to identify the need for the company to improve its governance processes. For example:

- **Acela spare parts.** In March 2015, we reported that weak management controls resulted in costly consequences for the company. For example, the company did not assess as much as $19 million in penalties for late parts delivery and accumulated more than $18 million in unsettled warranty claims.

- **New Jersey High-Speed Rail.** In February 2015, we reported that the cost to complete this high-speed rail project will exceed the grant amount by more than $83 million. We found that the program's cost and schedule estimates were not sufficiently detailed, and program accountability and oversight responsibilities were fragmented. Also, the program's cost and schedule problems were directly attributable to weaknesses in program management and oversight.

[5] Operating expenditures are adjusted for non-cash expenses and based on the company's unaudited projected financial results through July 2015. More recent data were not available at the date of this report.

- **Amtrak Police Department workforce planning.** The department did not have a formal process to monitor and evaluate its workforce needs, as we reported in February 2015. We concluded that, without such a process, the department was unable to plan strategically to meet its current and future mission requirements, make staffing decisions, and ensure that resources were used efficiently. We noted that these limitations could keep the department from optimizing its resources to achieve its mission.

- **Procurement of goods and services.** In February 2015, we reported that weaknesses in the company's procurement practices for purchasing and paying for goods and services—particularly vendor prices, discounts, and payment terms—had led to inefficiencies and lost resources. The company was not always selecting the lowest-priced vendors, capitalizing on early payment discounts, or negotiating more favorable payment terms to improve short-term cash flow.

- **Overtime and other potential fraud, waste, and abuse.** Our review of timesheet data for calendar year 2014 showed trends and patterns that indicated potential fraud, waste, and abuse in the reporting of overtime. We concluded that some of these trends and patterns may have been justified because of the complexity of union agreement rules, the nature of jobs, and the functions employees perform. However, our prior investigative work had shown instances in which employees have fraudulently reported hours not worked. We concluded that the fraud occurred because of the company's weak time and attendance reporting controls. This year, we also documented cases of fuel theft, vehicle misuse, credit card abuses, ethics violations, and theft of company property. In each case, employees exploited weak program controls.

- **Monitoring financial audits.** In monitoring the work of the company's independent public accountant, we noted that the auditors reported significant deficiencies related to company's capital lease and income tax accounting practices for FY 2012. The auditors reported the same issues for FY 2013, along with a material weakness related to financial reporting. Partly because of these weaknesses, the company has not yet issued its audited FY 2014 financial statements. The FY 2013 statements were delayed more than nine months,[6] and the FY 2014 financial statements are on course to be at least seven months late. These delays are likely to extend forward and compromise the timeliness of the FY 2015 statements. In a separate audit of the company's compliance with federal grant requirements for FY 2013, the auditors also found significant problems with the company's adherence to the requirements, citing significant deficiencies and material weaknesses in equipment and real property management, cash management, payroll, and financial reporting.

## Efforts to Improve Governance and Impediments to Progress

Improving governance processes will take time and sustained management commitment, and require significant cultural change in the company's day-to-day management of its programs and operations. Below we discuss the company's progress and impediments for its key governance initiatives.

### Implementing Enterprise Risk Management and Management Controls Framework Processes

Maintaining and improving the company's capacity to monitor and manage risk is critical to the achievement of the company's strategic goals and objectives. In response to recommendations we made in 2012, the company established a process—Enterprise Risk Management —to identify risks to the company's business objectives and to improve controls when indicated.

To complement the risk process, the company developed the Management Controls Framework, which uses templates to document business objectives, risks, and program management controls. The framework also serves as the process for monitoring risk and periodically assessing the controls to identify necessary improvements. Since October 2013, managers report they have documented more than 350 business objectives and have identified and documented more than 1,400 risks and nearly 2,000 related controls. Managers report they have tested the effectiveness of about 600 controls, and identified more than 400 control improvement opportunities.

[6] 49 U.S.C. § 22431(a) requires that the company submit its audited financial statements to Congress no later than February 15 of the year immediately following the close of the fiscal year.

### Implementing a Balanced Scorecard Strategy Management System

Three years ago, the company began using a balanced scorecard approach for strategic planning and execution. The balanced scorecard translates the company's strategic plan into specific objectives, identifies metrics to benchmark performance against those objectives, and creates a portfolio of initiatives designed to close the gaps when performance falls short of goals. Use of the system by the company's various departments is voluntary. Consequently, the system is not being used company-wide, and executives report that implementation of the initiative has been hampered by a lack of funding.

### Improved Capital Planning and Project Management Processes

In September 2013 and in July 2014, we reported on the company's capital planning and project management processes. We found that the company had opportunities to improve its processes by developing business cases, prioritizing investments through a project ranking process, and evaluating project outcomes. In response, the company issued draft guidance for developing project proposals and tightened controls over the contract approval process to eliminate unauthorized fund expenditures. However, executives raised concerns that not all departments were following the process, and that there was significant room for improving business case quality.

In response to our 2014 report on capital project management, the company also stated its plans to develop a corporate-wide Project Management Office to improve cost estimating, scheduling, and project oversight. However, more than a year has passed, and the office is still in its conceptual stages, although the company informed us that progress has been made recently in hiring an executive to lead the office. The company has made it a priority to improve the skills and qualifications of project managers through additional training. For example, Engineering managers reported providing 20 hours of project management training to about 110 staff. Of these, nine have been certified as project management professionals by the Project Management Institute. Managers in Engineering and the Information Technology (IT) department told us they are also trying to recruit individuals who are already certified project managers.

### Improved Americans with Disabilities Act (ADA) Program Management

In the past year, the company consolidated responsibility for ADA program operations and oversight within Engineering, consistent with our FY 2014 report recommendations. It also developed a five-year plan to address the highest priority needs, emphasizing projects at stations with known or potential access deficiencies, passenger information display system deficiencies, and key amenity deficiencies, such as pathways of travel, restrooms, and ticket counters. The company also established a new Passenger with Disabilities Web Advisory Board to bring together company staff and representatives from the disability community to discuss, identify, and recommend enhancements to various technology-based passenger interfaces, including Amtrak.com.

Despite these actions, the company's protracted delays in meeting the statutory requirements led the U.S. Department of Justice to issue a finding and conclusions letter in June 2015 based on its investigation of the company's compliance with ADA. The Justice department found that the company has failed to comply with the statutory mandate to make all existing rail facilities for which the company is responsible, readily accessible to and usable by individuals with disabilities. It concluded that a court-enforceable agreement is necessary to address the findings. As of September 2015, the company and the Justice department were in negotiations to resolve the issue.

### Improved Controls over Duplicate Payments

In 2013, we reported that some vendors were paid two or more times for the same goods and services as a result of weak controls over the Finance department's payment processes. The company responded to our recommendations by instituting new controls, including preventing personnel from altering invoice numbers when processing payments, requiring invoices to be electronically submitted directly to accounts payable, and using data analytic tools to routinely monitor payment controls. The Finance department noted that it has significantly reduced duplicate payments.

### Emerging Concerns over the Volume and Prioritization of Governance Initiatives

Company executives have expressed their commitment to the governance improvement initiatives discussed above. However, the initiatives have not yet taken hold systemically. For example, executives commented that the risk assessment, control framework, and strategy management system processes are well underway, but acceptance of the processes and their requirements has been mixed. Some executives stated that these processes are onerous and take time away from their operational responsibilities. Executives also noted that the company has many other large-scale initiatives underway, such as human capital employee development plans, that compete for managers' time and resources.

It appears that individual units have not yet fully taken ownership of the various control process initiatives. In general, they have not integrated them into their day-to-day operations, and some view them as processes that are external to their unit's operations. Executives also said that top management's commitment and focus on these initiatives has wavered at times, diverted by crises such as the Train No. 188 accident and the company's weaker than expected financial performance during FY 2015.

Sustaining a large set of company-wide initiatives creates challenges for managers who are also working to complete business plan objectives and capital projects. Executives expressed the view that a corporate-wide approach to prioritizing initiatives would be beneficial by clearly communicating leadership's highest priorities and allowing department managers to more effectively focus their resources.

## ENHANCING FINANCIAL PERFORMANCE IN A PUBLIC/PRIVATE ENVIRONMENT

The company's goal of achieving financial excellence by becoming profitable on an operating basis remains a top management challenge. During the last decade, company officials and federal oversight agencies have identified the public/private environment as a challenge to improving the efficiency and effectiveness of the company's operations and its ability to plan for and build the infrastructure needed for the future.

Last year, we noted several key factors that significantly impact the company's financial performance. Our current work shows that these factors remain unchanged.

- **Challenges of operating in a public/private environment**. 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). For example, although the long-distance train routes operate at a loss, the company continues to operate them to comply with legislation requiring a nationwide passenger rail system. The company's authorizing legislation also requires it to be managed as a for-profit corporation, yet the company continues to rely, in part, on annual grants from the Federal Railroad Administration to subsidize its operating losses and fund most of its capital investments.

- **Resources available for operations and capital projects have elements of uncertainty.** In FY 2014, the company generated about $2.5 billion in passenger revenues[7] and $727 million in revenues from other sources such as commuter rail services, station retail leases, parking, and advertising. The company reports that total revenues covered approximately 92 percent of the company's expenses. However, the company's revenues and federal grant amounts are subject to a high degree of uncertainty. Events such as Super Storm Sandy in 2012 and the May 2015 Train 188 accident illustrate how revenue and cost projections can be negatively impacted. Similarly, annual federal grant amounts are subject to competition for resources in the congressional budget process. Company executives stated that reliance on annual federal grants—instead of multi-year funding—hampers the company's ability to plan, build, and maintain a safer and more efficient national rail passenger system.

- **Weaknesses in stewardship of resources.** The company's weak stewardship over resources continues to negatively impact its financial performance, as we discuss in the Governance and other sections.

## Efforts to Improve Financial Performance and Impediments to Progress

The company continues to pursue actions to address its financial and funding challenges. Below, we discuss the company's progress and impediments for its key financial performance initiatives.

### Reducing Operating Losses

The company has taken steps to implement its strategic plan, to increase accountability, and to attempt to become profitable on an operating basis. In FY 2014, the company continued its three-year trend of reducing operating losses. The loss in FY 2014 was

[7] Passenger revenues consist predominantly of ticket revenues (about 85 percent), with additional revenues from onboard food and beverage sales (about 5 percent) and state-supported services (about 10 percent).

$238 million,[8] a $123 million improvement over its FY 2013 loss of $361 million. Actions taken to reduce losses included decreasing the cost of management employee benefits.

As of the date of this report, it appeared that the company's trend in reducing operating losses may not continue. Company executives noted that the costs associated with the Train 188 accident; lower than expected ridership and ticket revenue; as well as increased wages, overtime, and professional fees are key factors that could adversely affect FY 2015 operating loss reductions.

### Creation of Business Lines to Improve Financial Performance

Over the past four years, the company restructured its operational units to better align with its strategic goals. The company created three core operating business lines—Northeast Corridor Operations, State-Supported Services, and Long-Distance Services—that continue to function as planned. In the past year, the company also formed an Infrastructure and Corporate Development business line whose mission is to plan, manage, and develop system-wide infrastructure, real estate, and other corporate assets. Each business line is tasked with responsibility for their line's profit and loss, a requirement that the company hopes will bring transparency to the widely varying financial performance of its various train routes. Executives stated that the business lines could benefit from better recording of actual (rather than allocated) costs and better integration of support functions—such as corporate strategy and planning, marketing, and human capital—into business line management responsibilities.

### Addressing Food and Beverage Losses

In FY 2014, the company began implementing a five-year plan to eliminate its losses associated with providing onboard food and beverage services. Several initiatives in the plan are consistent with recommendations made in our October 2013 report, such as charging employees for onboard meals and changing staff report times to reduce labor hours. Other initiatives underway include piloting the replacement of dining cars with café/lounge cars on certain long-distance trains, reducing food spoilage, and reducing warehouse costs. The combination of all food and beverage initiatives has resulted in incremental financial improvements, reducing losses from $73 million in FY 2013 to

[8] The FY 2014 operating loss reflects an unaudited number that may change when the audit is completed.

$63.1 million in FY 2014. However, executives stated that more significant improvements will require agreements with labor regarding changes to onboard staffing and duties.

### Restructuring Federal Funding Vehicle

Company executives believe that the annual lump-sum, federal capital and operating grants mask the disparities between business line performance and operating needs. For example, profitable operations in the Northeast Corridor are routinely used to offset significant operating losses on long-distance train routes. In contrast, most of the company's capital project needs are in the Northeast Corridor, where the company owns most of the facilities and infrastructure. In its 2016 legislative grant request, the company asked Congress to provide a new funding model for the Northeast Corridor and long-distance trains routes. The change would allow corridor train profits to be reinvested into the corridor operations and infrastructure. Long-distance trains routes would continue to receive an operating loss subsidy.

The company has also requested Congress to restructure its capital funding mechanism. The company's FY 2016 legislative grant request proposed that Congress create a Transportation Fund as a vehicle that acknowledges federal responsibility for funding transportation projects of national significance, such as the Hudson River tunnels. Company executives told us they believe that the predictable funding stream anticipated from this proposal would allow the company to undertake major multi-year projects to replace and restore obsolete infrastructure, as well as invest in projects to support the planned next generation of high-speed rail fleet.

### Implementing Cost-Sharing Mandates

Since 2012, the company has been following Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA),[9] which requires it to allocate and recover the costs of state-supported services in 19 states in which it provides passenger services. Executives noted that implementing Section 209 has helped the company to more precisely identify the costs of providing services. They also noted that the

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[9] Passenger Rail Investment and Improvement Act of 2008, Pub. L. No. 110-432, Div. B, 122 Stat 4907 (2008).

company has struggled with billing issues and has disagreements with states over the inclusion of certain allocated costs; both have led to delayed state payments.

In FY 2015, the company also made significant progress implementing PRIIA Section 212,[10] which directs all Northeast Corridor stakeholders to share equitably in the costs of operating the corridor and recapitalizing the infrastructure.[11] Most states have agreed to the terms of a cost sharing agreement, which is scheduled to go into effect in October 2015. However, company executives anticipate that the Section 212 agreements will be challenging to implement.

## IMPROVING TRAIN OPERATIONS

The company faces many challenges as it operates more than 300 trains daily over more than 21,000 miles of track. The trains serve more than 500 stations in 46 states, 3 Canadian provinces, and the District of Columbia. Key management challenges facing the company in train operations are providing operations that are safe for passengers and employees, delivering passengers to their destinations on time, and providing high-quality customer service. Train operations can also support the company's financial goals by minimizing costs and providing service in ways that encourage continued growth of revenue and ridership.

Last year, we identified opportunities to improve safety through more targeted drug and alcohol testing of employees in safety-sensitive positions, noted that poor on-time performance adversely affects customer service ridership and revenues, and opportunities to reduce food and beverage service financial losses.

[10] Id. § 212 (codified at 49 U.S.C. § 24905).

[11] PRIIA established the Northeast Corridor Infrastructure and Operations Advisory Commission to promote mutual cooperation and planning and to advise Congress on Northeast Corridor policy. The Commission is composed of one member from each of the corridor states (CT, DE, MA, MD, NJ, NY, PA, and RI) and the District of Columbia; four members from Amtrak; and five members from the U.S. Department of Transportation. Also represented as non-voting members are corridor freight railroads, states connecting to the corridor, and other associated commuter authorities.

In FY 2015, our work and other events continue to highlight the challenges to providing safe operations, consistent on-time performance, and high-quality customer service. For example:

- The derailment of Amtrak Train 188 in Philadelphia on May 12, 2015, continues to raise questions, ranging from the likely causes of the accident to safety systems that could have prevented the train's excessive speed. In June 2015, we reported that the company had made progress in implementing a positive train control system along the Northeast Corridor, but faced a number of challenges to completing its installation by the congressionally mandated deadline of December 31, 2015. Challenges to meeting the deadline included whether schedules could be met for installing equipment on its tracks and in locomotives and for testing radio frequency spectrum operations.

  The accident has raised other concerns in the company regarding potential new Federal Railroad Administration rules and recommendations resulting from the ongoing National Transportation Safety Board's investigation. These actions could significantly impact the company's operating protocols; equipment replacement schedules; and the design and cost of new equipment, including planned new high-speed trainsets.

- In February 2015, we reported that the company had demonstrated a strong commitment to Safe-2-Safer, a program initiated in 2009 to help reduce employee injuries, transform the company's safety culture, and achieve financial benefits. However, we also noted that program results have been mixed: from 2009 through 2013, the number of injuries reported by employees increased by about 80 percent. In 2013, the company's employee injury ratio was three times the average of other Class I railroads.[12] The company agreed with our recommendations to improve the program by ensuring that employees at all levels are fully engaged in achieving program goals and are accountable for reducing injuries, and that the Safe-2-Safer program is fully integrated into the company's overall safety plans and programs.

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[12] To compare employee safety at different railroads, the Federal Railroad Administration uses an injury ratio—the number of employee injuries per 200,000 hours worked.

- The company continues to receive unfavorable customer reviews that are inconsistent with company goals, despite the opportunity for management employees to receive financial incentives if customer approval ratings improve. For example, in FY 2014, the company did not reach its customer approval rating goal of 84.25 percent; the company reached an approval rating of 81 percent.

## Efforts to Improve Train Operations and Impediments to Progress

The company has initiated a number of actions to address challenges in the management of its train operations. Below we discuss the company's progress and impediments for its key train operations improvement initiatives.

### Improving Passenger Safety

In 2012, we reported on challenges the company faced in meeting the December 2015 deadline for implementing its positive train control plan. After the Train No. 188 accident in May 2015, we reviewed the company's progress in implementing its plan and noted that the company had made progress in addressing the challenges we previously identified. We also identified new challenges and reported that the company is actively working to address these issues.

### Reinforcing a Company-Wide Safety Culture

In response to our February 2015 report on its Safe-2-Safer program,[13] the company began a review to analyze factors that have potentially contributed to an increase in reported injuries. It also committed to linking Safe-2-Safer to other company safety programs and plans. The company is taking a number of other actions, including (1) establishing an enterprise-level System Safety dashboard that measures injuries and injury frequency at the company's business line level and (2) pursuing a SafeAlign process[14] to teach culture change behavior to all new managers and supervisors.

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[13] Safe-2-Safer is a behavior-based safety process established in 2009 to comply with federal law requiring railroad operators to build strong safety cultures. The program promotes safety awareness through peer-to-peer interaction to help identify at-risk behaviors and remove barriers; the overall goal is to reduce exposure to risk.
[14] SafeAlign is the management and supervisor skills improvement component of Safe-2-Safer, designed specifically to support an improvement in the company's safety culture.

## Improving On-Time Performance

The company's FY 2016 legislative grant request states that poor on-time performance is a leading cause of customer complaints and dissatisfaction, and it drives increased operating costs and reduced revenues. Outside the Northeast Corridor, the company's trains run predominantly on track owned by freight railroads, and freight train interference with Amtrak trains has increased markedly, resulting in reduced on-time performance.[15] Sections 207 and 213[16] of PRIIA give the Surface Transportation Board the power to investigate failures by the company to meet on-time performance standards. The Board can initiate an investigation at a railroad's request or on its own initiative. While the constitutionality of the on-time performance metrics established by Section 207 has been questioned by the freight railroads, the company has pursued two cases with the Board under the act: one in 2012 against the Canadian National Railroad and another in 2014 against Norfolk Southern and CSX. Both cases remain open; the Board has yet to decide how it will proceed.

Company executives noted that on-time performance also is becoming more of an issue in the Northeast Corridor as decades of deferred maintenance and heavy usage of the infrastructure begin to take their toll, and emergency repairs become more common. Executives told us they expect that problems such as these will continue to compromise service reliability.

## Pursuing Excellence in Customer Service

Earlier this year, the company launched initiatives to better screen personnel placed in jobs that require customer interaction, as described in the Human Capital section. Executives applaud this effort but say it is too soon to tell whether it will translate into improved customer satisfaction. In FY 2015, the company's Human Capital department began piloting the Amtrak Customer Experience program to provide customer service training for front-line employees. The program will document and define what the company considers to be great service and communicate it across the organization so that all employees are interacting with passengers from the same perspective. The goals

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[15] In 1973, shortly after Amtrak's creation, Congress granted the company "preference" over freight trains in using a rail line, junction, or crossing (See Amtrak Improvement Act of 1973, Pub. L. No. 93-146, 87 Stat. 548 (1973)).
[16] Sections 207 and 213, Division B, Public Law 110-432.

of the program are to identify core values to define behaviors, define a superior customer experience model, promote cultural and behavioral change within the company, and create an environment in which individuals and teams take ownership for customers' experiences.

### Meeting Transportation Needs for Passengers with Disabilities

In FY 2014, we reported that the company had made limited progress addressing the backlog of projects needed to make stations and other facilities more accessible under the Americans with Disabilities Act. As we noted in the Governance section, the company is working to improve the management of this program, but is still not in compliance with the act's requirements.

### Reducing Food and Beverage Losses

Although the food and beverage service loses money, the company has stated its position that the service is not just an amenity but meets an essential need for passengers on long-distance trains. As noted in the Governance section, the company has made some progress in reducing food and beverage losses. However, much greater cost reductions are needed to totally eliminate the losses.

## IMPROVING ASSET MANAGEMENT

The company continues to face significant challenges in effectively and efficiently managing its fleets of rolling stock, rail infrastructure, and real property assets. These assets are valued at about $11.3 billion including:

- about 1,500 passenger cars, almost 400 locomotives, and 27 trainsets[17]
- about 2,500 vehicles in the company's automotive fleet, including construction and specialized vehicles

[17] The company owns 20 high-speed trainsets and 7 other trainsets. A trainset integrates power cars and passenger cars that cannot operate separately.

- 624 miles of track, most of which is on the Northeast Corridor[18]
- 18 tunnels and 1,414 bridges
- 15 major maintenance facilities

In 2014, we reported that the company had opportunities to improve its management of these assets, thus improving operations, reducing costs, and generating additional revenue. In the Financial Performance section, we discussed the company's efforts to form business lines in order to better manage these assets. In 2015, our asset management work focused on the company's use of its rolling stock and real property assets.

In 2015, we reported on efforts to improve the use of current and new long-distance passenger cars. We found that the company's plans to improve the use of this equipment did not fully consider all costs and, therefore, may have overstated some benefits associated with these plans. We also noted that the company may have overestimated the revenue benefits associated with its plans to deploy new long-distance passenger cars.

## Efforts to Improve Asset Management and Impediments to Progress

The company is working to replace its aging rolling stock, maintain and upgrade capacity of its rail infrastructure, and improve revenue streams from its real estate holdings. Below we discuss the company's progress and impediments for its key asset management improvement initiatives.

### Improving the Age and Use of Rolling Stock

The age of passenger cars, locomotives, and trainsets averages 28 years—older than at any point in the company's history. In May 2014, we reported that there were opportunities to improve the preliminary business case for procuring the Next-Generation High-Speed Trainsets. Our follow-up work shows the company is working to address our recommendations with a July 2015 draft business case and additional planned improvements to the final business case. The company has solicited requests

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[18] The company owns most of the Northeast Corridor rails (363 of 456 miles), along with 61 miles between New Haven, Connecticut, and Springfield, Massachusetts, and 104 miles in the Keystone Corridor, Pennsylvania. The company also owns a 96-mile segment of track in Michigan and Indiana.

for proposals and received responses from bidders. At the end of September 2015, the acquisition process was continuing. The company plans to use the U.S. Department of Transportation's Railroad Rehabilitation & Improvement Financing loan program to finance the new trainsets.

When this procurement is finalized, the company plans to update its 2012 fleet strategy plan to identify its other passenger car and locomotive needs, according to a senior executive. The company previously noted that the annual investment required to renew the company's current fleet is about $320 million annually for 30 years. Company executives stated that without this level of funding it will be unable to fully modernize its rail fleet, which could further limit services as the fleet continues to age. Executives noted that an integrated fleet acquisition strategy will be critical to cost-effective operations and acquisitions.

### Addressing Northeast Corridor Infrastructure Costs

Over the longer term, the company's Northeast Corridor Capital Investment Strategy calls for a $151 billion[19] investment to improve and expand the corridor, as discussed in the Financial Performance section. Section 212 of PRIIA established the Northeast Corridor Infrastructure and Operations Advisory Commission and tasked it with developing an operating and capital cost-sharing formula that will go into effect in October 2015. The company expects that it will result in additional commuter investments in corridor infrastructure, and it should also usher in a new cooperative planning and coordination regime across the full corridor network. This should help address the need for basic investments in the company's rail infrastructure, but the Commission emphasizes that the allocation policy only establishes a baseline capital charge for normalized replacement of basic infrastructure, such as the routine replacement of rail ties or platform lighting. The agreement will not generate sufficient funds to bring the corridor to a state of good repair or fund major projects, such as the Portal Bridge over the Hackensack River in New Jersey or the Baltimore and Potomac Tunnel.

**Gateway Program.** The plan for the Gateway program, which is largely unfunded, identifies a set of projects to double the rail capacity between Newark, New Jersey and Penn Station, New York City. Securing funds required to further the Gateway Program

[19] This amount is in 2011 dollars.

has presented a difficult challenge because the stakeholders differ on how to equitably share the program's costs.

The initial two significant projects underway to advance its Gateway Program involve the construction of box tunnels beneath the eastern section of Hudson Yards and beneath 11th Avenue to preserve a right-of-way for two new rail tunnels under the Hudson River into Penn Station. As of September 2015, both projects have experienced some minor schedule slippage, according to a program manager. Completion of the first project has slipped one month to November 30, 2015, because the contractor has not been able to provide sufficient personnel to complete the remaining work. Completion of the second project has slipped two months to January 15, 2016, because of unforeseen site conditions and other excavation issues.

**Annual infrastructure spending.** The company also spends a significant portion of its annual capital budget on renewing and maintaining its rail infrastructure. In FY 2015, the company planned to spend about $674 million from its general capital grant and other sources on improvements, state of good repair projects, safety mandates, high-speed rail needs in New Jersey, and procuring or repairing specialized vehicles. In addition to these planned expenditures, the company has made progress in implementing its positive train control plan, as discussed in the Train Operations section.

### Leveraging the Financial Potential of Real Property Assets

The company's Infrastructure and Corporate Development business line also focuses the company's efforts to leverage its real property assets for financial gain. In FY 2014, the business line launched the Terminal Development Initiative, which is a major effort to identify development opportunities around five key stations: Union Station in Washington D.C., Penn Station in Baltimore, 30th Street Station in Philadelphia, Penn Station in New York City, and Union Station in Chicago. The business line is reviewing recommendations that were identified during the first phase of the initiative to better leverage these assets.

The business line still does not have a comprehensive inventory of its real property. In response to our 2013 report on this subject, the company has committed to developing an integrated real property management information system, which it expects to have operational by December 2015. Establishing this inventory should help the company manage its costs and identify opportunities for increasing revenue.

# IMPROVING HUMAN CAPITAL MANAGEMENT

The company has stated that the foundation of its strategic plan is having an engaged workforce equipped with the skills and tools needed to carry out its mission. With a diverse workforce of about 3,000 management and 17,000 union agreement employees, the company faces the same human capital challenges as similarly sized private-sector firms and federal agencies.

Our reports from 2009 and 2011 identified substantial opportunities to improve the company's human capital programs. For example, rather than building staff capacity and capability, the Human Capital department had been focused on providing administrative support, such as processing benefit changes and employee separations. The company also suffered from outdated processes and policies, insufficient technical and professional training, limited succession planning, an ineffective performance management process linking pay to performance, and rising and unsustainable benefit costs.

In the past four years, the company has invested significant resources to restructure the Human Capital department and to realign its focus to support the company's mission and strategic goals. In 2011, the company hired a new Chief Human Capital Officer, and in August 2012, the Board of Directors approved a new human capital strategy. This three-year human capital strategy lays out a roadmap for building and sustaining a high-quality workforce while supporting the company's financial goals. The strategy and programs are all relatively new and represent significant changes to the company's previous approach to managing human capital. The initiatives appear to be responsive to the problems and recommendations identified in our prior reports, but we have not yet assessed their success in achieving intended goals or their overall impact on the company's management of human capital. We plan to review these initiatives in the near future.

## Efforts to Improve Human Capital and Impediments to Progress

The company has a number of human capital initiatives underway to improve the quality of the workforce and support the company's financial goals. We discuss below the company's progress and impediments for its key human capital improvement initiatives.

### Efforts to Support Workforce Quality Goals

The company is pursuing a number of initiatives to improve the quality of the existing workforce and to ensure that new employees have the appropriate skills and qualifications necessary to support the company's mission. The initiatives include the following:

- **Developing leadership skills**. In May 2015, the company launched a new Amtrak Leadership Development Excellence program to help agreement and non-agreement supervisors develop the knowledge, skills, and abilities to become effective leaders. The three-part program focuses on improved employee performance, financial excellence, safety culture, and the company's business goals. This program addresses findings in our FY 2013 report in which we noted that the company lacked a corporate-wide training strategy and career development program for management employees.

- **Measuring employee performance.** In FY 2014, a new performance management process—Performance Conversations—was implemented to establish clear performance goals and expectations for employees and to provide timely and meaningful feedback on job performance. Expected benefits of this initiative include establishing individualized career development plans, identifying training needs, recognizing work achievements, and identifying resources and tools needed to improve performance.

- **Linking pay to performance**. In FY 2014, the company implemented a Short-Term Incentive program to link individual compensation to achievement of company goals. This program responds to findings in our prior year reports regarding inconsistent compensation practices. Our FY 2015 report found that the company paid partial bonuses to employees in FY 2014 based on the company's achievement of its financial goals while withholding bonus amounts associated with the customer service component in accordance with the criteria it established.

- **Screening new employees for good cultural fit.** In July 2014, the Human Capital department began administering a new Culture Fit Assessment Tool to help identify well-qualified candidates by evaluating behaviors that align with the company's culture. The assessment is administered to all job applicants as part of the company's pre-employment screening process.[20] Executives say this tool has been particularly effective in selecting employees with the right skills and temperament to interact with passengers, although they note it may not necessarily be the most appropriate criteria for certain technical positions.

- **Verifying new employee credentials**. In FY 2015, the company completed actions to address weaknesses we found in our 2012 report related to verifying backgrounds of new employees during the company's hiring process. The company updated its policies on background verifications to prohibit employees from beginning work before background checks are complete and all red flags are cleared.

## Efforts to Support Company Financial Goals

These are some of the efforts of Human Capital that have a direct impact on financial goals:

- **Reducing management employee benefit costs.** As part of the Total Rewards program, the company overhauled the health benefits program, froze pension plan accruals, and instituted a new pay structure for its management (non-agreement) employees. The company projects that retirement benefit changes will save about $1.4 billion over the next 20 years. Some executives have expressed concerns that these benefit reductions have made it more difficult to attract and retain top talent to fill critical executive-level positions. Some executives also noted that retirements brought about by the changes in the pension program have affected some departments more than others and they caution that the associated loss of institutional knowledge may not manifest itself for years.

- **Improving internal controls over labor costs.** In 2013, we found that the company's management controls related to the approval and use of overtime

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[20] The assessment is administered only to external job candidates; current Amtrak employees applying for new positions are not required to take the Culture Fit Assessment.

were weak; specifically, the company lacked effective policies and procedures to oversee the use of overtime. Since that time, the company has addressed some of our concerns by establishing a 30-member, cross-functional Overtime Working Group and developing a certification process for individuals with overtime earnings greater than $35,000 per year. The company is still in the process of addressing our final recommendation to develop corporate-wide policies and procedures for authorizing the use of overtime.

# IMPROVING ACQUISITION AND PROCUREMENT PROCESSES

The company continues to face significant challenges related to improving the effectiveness and efficiency of its acquisition and procurement processes. The company annually purchases goods and services valued at about $2.6 billion. Over the next 25 years, the company estimates that it will need to invest $150 billion to $200 billion to improve its Northeast Corridor infrastructure. In addition, the company projects that its equipment investment needs will be about $320 million per year for the next 30 years.

Last year, we reported that there were significant opportunities for the company to achieve a more coordinated and strategically oriented approach to its acquisition and procurement activities. For example, we noted opportunities for the company to better align Procurement and Logistics organizationally to play a more strategic role in the company's procurement processes. We also noted the need to improve the skills of procurement staff, as well as the accuracy of acquisition and procurement management information.

Our work in FY 2015 showed that the company was using some better acquisition and procurement practices and was actively working to address our prior recommendations. At the same time, we continued to identify opportunities for improvement. Our FY 2015 reports on the Acela spare parts contract and processes for procurement of goods and services show significant opportunities to improve management of those activities, as discussed in the Governance section.

## Efforts to Improve Acquisition and Procurement and Impediments to Progress

The company is taking actions to improve the acquisition and procurement processes, but executives noted that much work remains to be done. We discuss below the company's progress and impediments for its key acquisition and procurement improvement initiatives.

- In response to our 2014 report on the need to improve the procurement process, the company developed a 16-point action plan as a roadmap to improve the operational effectiveness of its procurement activities. In July 2015, the Chief of Procurement and Logistics told us that 14 of these action items had been implemented and the remaining 2 were in process. Some of the action items completed include filling key positions with experienced personnel, realigning the department to better serve the company's new business lines, increasing training for procurement staff, and streamlining documentation requirements.

- The Chief of Procurement and Logistics also established a Strategic Acquisition and Contracts group to manage large-dollar contracts—more than $75 million—from cradle to grave. Procurement directors have been embedded in departments that are key end-users of procurement services, such as Engineering, Human Capital, and IT. The Procurement and Logistics Chief also stated that it has become more actively engaged with significant Operations department programs, such as the Acela Overhaul Program, as an effort to strategically reposition the procurement function within the company. Finally, the Chief of Procurement and Logistics has had one-on-one discussions with department executives to forge a more collaborative procurement partnership. Nevertheless, implementing these partnerships was characterized as a work in process.

- To address high inventory levels of $309 million as of June 2014, the company established a steering committee headed by the Chief Financial Officer to reduce inventory and improve inventory planning processes. As of August 2015, the company reduced its inventory by about $26.6 million by using monthly reduction targets and disposition alternatives, and by focusing on improving inventory planning and ordering processes.

- Although the company has made strides in implementing the 16-point action plan, its success will require a strong management commitment and company-wide cooperation. Executives have noted that much work is needed to minimize financial risks associated with weak contract oversight. One executive also noted the need for a centralized contract management system containing basic information such as cost, vendor, date, and contracting officer for all contracts.

The lack of such a system, according to one executive, has undermined enforcement and legal actions.

## USING INFORMATION TECHNOLOGY TO IMPROVE BUSINESS OPERATIONS

The company has made progress in certain areas but continues to face significant challenges in managing its IT operations and system development programs. The company relies increasingly on state-of-the-art IT to improve labor and asset productivity, and to deliver safe and reliable customer service. However, it recognizes that many of its information systems and much of its infrastructure are outdated and inefficient, lack technical support and upgrades, and are becoming more prone to failure. The company's FY 2015 enterprise IT capital budget was $138 million. The IT department's operating budget for FY 2015 was $212 million.

Last year, we noted inefficiencies and ineffectiveness in the 2011 implementation of the Strategic Asset Management program, the company's largest-ever IT program. The program was designed to integrate the company's financial, procurement, materials management, and operations systems, but it experienced implementation problems for several years. In 2013, we also noted that the IT department could have more effectively planned and managed its approach to acquiring its existing IT services, better administered its contracts, and more effectively held contractors accountable for not meeting contract terms. These services are critical to the company's day-to-day operations and are the company's largest IT contract expenditures.

Our work this fiscal year and external events continue to show that IT management issues remain a challenge for the company. For example:

- **Reducing sales, reservation, and ticketing risks.** The current foundation for the company's sales and ticketing processes is more than 30 years old, is based on outdated technology, and creates a critical business risk that the company is attempting to address through a system modernization program. Our May 2015 report on the program found that poor communications between the IT department and other company departments adversely affected the program's completion. Specifically, departments needed to communicate better about data needs and system capabilities to ensure that system designs were fully responsive to stakeholder needs. Although the modernization program completed enough of its planned projects to ensure that the system will continue to handle the current reservation volume, it did not deliver certain significant system improvements needed by the Finance, Marketing, and Operations departments. Also, we noted that there was no plan to integrate the reservation system with the technology improvement efforts managed by other departments. This situation created risks for the system's future viability and the potential for lost revenues and additional costs.

- **Protecting train operations and data from cybercrime.** Recent breaches of data from major federal and private repositories highlight the vulnerability of IT systems to sophisticated hackers. Recent concerns have focused on operations systems—such as communications and signal systems—that if breached, could have catastrophic public safety implications. The Executive Vice President for Information Technology and Chief Information Officer commented that, although he is confident in the security of the IT department's systems, cyber security needs constant attention because of evolving threats.

- **Preserving the integrity of system data.** During the independent audit of the company's FY 2013 financial statements, the auditors identified deficiencies related to inadequate policies and procedures for user access to IT systems. During FY 2014, these problems persisted and additional ones arose that will likely be the subject of considerable focus in the independent auditor's FY 2014 report. Because of the weaknesses and potential vulnerabilities identified, the auditors performed extensive manual testing to verify data integrity and the company suffered lost productivity and increased costs to facilitate the additional testing.

## Efforts to Improve Information Technology and Impediments to Progress

This year, the company began or made significant progress on several IT initiatives in support of the company's goals of financial excellence and superior customer service. Below we discuss the company's progress and impediments for its key IT improvement initiatives.

- In June 2015, the IT department opened a Service Delivery Center in Atlanta to support the company's IT operations and key business applications nationwide. The center will support a service desk, quality assurance/quality control, database administration, change management, software development, and other functions. The IT department projects that in five years, the center's lower cost of operation will save the company about $6 million annually.

- In February 2015, the company launched an Internet Booking Lite program—IB Lite— as a back-up to the main website if it becomes unavailable. While in the IB Lite mode, a passenger can make, change, and cancel a reservation and print a ticket. This back-up system ensures that customers can make bookings if the main system is down; it is intended to ensure that ticket revenues will be unaffected.

- A Chief Relationship Office was established in the IT department to improve communication and collaboration with other company departments that use IT services or have ongoing IT development projects.

- The ongoing, multi-year Operations Foundation program, led by the Operations department, is intended to improve the department's efficiency, effectiveness, and customer service. The program focuses on automated processes for managing labor and equipment scheduling, baggage, rolling stock and fixed assets utilization, and food and beverage services.

- The Marketing department initiated a Customer Experience Program to modernize outdated IT customer service systems and their user interfaces. The program is intended to improve the functionality of the company's website and station kiosks, enhance customer service capabilities for call center and station agents, reduce transaction costs, and decrease the risk of system failure.

### System Development Concerns

Although the company's FY 2015 enterprise IT capital budget was $138 million, the Chief Information Officer controlled only about $51 million—37 percent of the budget. As a result, some executives raised concerns about the company's management of its IT capital programs. Specifically, they noted that the Operations and Marketing departments control almost 60 percent of the company's IT capital budget. Executives noted that this has led to what they described as "shadow" IT organizations and that such organizations can result in the development of automated systems that overlap the function and content of other systems. Company executives state that the proliferation of decentralized, autonomous systems can make it more difficult and expensive to share and manage data across the company.

## Appendix A

# RELATED REPORTS

In conducting our analysis of the issues, we referenced the following recent audit and key external reports. Reports dated before FY 2013 are included if specifically referenced in this report. Reports referenced in multiple sections of this report are listed by primary challenge area. Complete text of these and all Amtrak OIG reports are available at www.amtrakoig.gov.

### Sustaining Commitment to Improving Governance

- *Governance: Non-Career Officials Were Not Involved in Responding to Freedom of Information Act Requests* (OIG-A-2015-014, August 21, 2015)
- *Governance: Profile of Timesheet Data of Agreement Employees for Calendar Year 2014* (OIG-MAR-2015-011, June 18, 2015)
- *Safety and Security: Opportunities to Improve Controls Over Police Department Workforce Planning* (OIG-A-2015-006, February 12, 2015)
- *Governance: Opportunities Exist to Improve the Efficiency of Procurement Practices for Goods and Services* (OIG-A-2015-005, February 11, 2015)
- *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 Corporate Governance: Implementing a Risk Management Framework is Essential to Achieving Amtrak's Strategic Goals* (OIG-A-2012-007, March 30, 2012)

## Enhancing Financial Performance in a Public/Private Environment

- *Issues in the Reauthorization of Amtrak*, Congressional Research Service (March 11, 2015)
- *Quality Control Review: Single Audit Report, National Railroad Passenger Corporation and Subsidiaries, Year Ended September 20, 2013* (OIG-A-2015-004, February 9, 2015)
- *Quality Control Review: Independent Audit of Amtrak's Consolidated Financial Statements for Fiscal Years Ended 2013 and 2012* (OIG-A-2015-003, January 13, 2015)
- *Northeast Corridor Commuter and Intercity Rail Cost Allocation Policy* (Northeast Corridor Infrastructure and Operations Advisory Commission, as amended, December 17, 2014)
- *Amtrak 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)

## Improving Train Operations

- *Safety and Security: Progress Made Implementing Positive Train Control, but Significant Challenges Remain* (OIG-A-2015-013, June 19, 2015)
- *Safety and Security: Opportunities Exist to Improve the Safe-2-Safer Program* (OIG-A-2015-007, February 19, 2015)
- *Train Operations and Business Management: Addressing Management Weaknesses Is Key to Enhancing the Americans with Disabilities Program* (OIG-A-2014-010, August 4, 2014)
- *Food and Beverage Service: Potential Opportunities to Reduce Losses* (OIG-A-2014-001, November 1, 2013)

- *Railroad Safety: Amtrak Has Made Progress in Implementing Positive Train Control, but Significant Challenges Remain* (OIG-E-2013-003, December 20, 2012)
- *Railroad Safety: Amtrak is Not Adequately Addressing Rising Drug and Alcohol Use by Employees in Safety-Sensitive Positions* (OIG-E-2012-023, September 27, 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)
- *Americans with Disabilities Act*: *Leadership Needed to Help Ensure That Stations Served by Amtrak Are Compliant* (OIG-109-2010, September 29, 2011)
- *Operation RedBlock: Actions Needed to Improve Program Effectiveness* (OIG-E-11-01, March 15, 2011)

## Improving Asset Management

- *Northeast Corridor Five-Year Capital Plan: Fiscal Years 2016-2020* (Northeast Corridor Infrastructure and Operations Advisory Commission, April 2015)
- *Asset Management: Opportunities Exist to Enhance Decision-Making Process for Utilization of Long-Distance Equipment* (OIG-E-2015-001, October 23, 2014)
- *Asset Management: Amtrak Followed Sound Practices in Developing a Preliminary Business Case for Procuring Next-Generation High-Speed Trainsets and Could Enhance its Final Case with Further Analysis* (OIG-E-2014-007, May 29, 2014)
- *Asset Management: Amtrak Is Preparing to Operate and Maintain New Locomotives, but Several Risks to Fully Achieving Intended Benefits Exist* (OIG-E-2013-021, September 27, 2013)
- *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*)*
- *Evaluation of Amtrak's FY 2010 Fleet Strategy: A Commendable High-Level Plan That Needs Deeper Analysis and Planning Integration* (OIG-E-11-2, March 31, 2011)

## Improving Human Capital Management

- *Human Capital: Incentive Awards Were Appropriate, But Payment Controls Can Be Improved* (OIG-A-2015-009, March 13, 2015)
- *Management of Overtime: Best Practices Can Help in Developing Needed Policies and Procedures* (OIG-A-2013-009, March 26, 2013)
- *Human Capital Management: Weaknesses in Hiring Practices Result in Waste and Operational Risk* (OIG-A-2012-14, July 19, 2012)
- *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)
- *Training and Employee Development* (OIG-E-09-06, October 26, 2009)
- *Human Capital Management* (OIG-E-09-03, May 15, 2009)

## Improving Acquisitions and Procurement

- *Acquisition and Procurement: New Jersey High-Speed Rail Improvement Program Has Cost and Schedule Risks (*OIG-A-2015-012, June 18, 2015)
- *Acquisition and Procurement: Improved Management Will Lead to Acela Parts Contract Cost Savings* (OIG-A-2015-008, March 10, 2015)
- *Acquisition and Procurement: Gateway Program Projects Have Certain Cost and Schedule Risks* (OIG-A-2015-002, December 19, 2014)
- *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 Ac*t: *Opportunities Exist to Recover Funds and Reduce Future Costs by Improving Procurement Policies* (OIG-A-2013-016, July 29, 2013)

## Using Information Technology to Improve Business Operations

- *Information Technology: Reservation System Infrastructure Updated, but Future System Sustainability Remains an Issue (*OIG-A-2015-010, May 19, 2015)
- *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)

### Appendix B

## ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| ADA | Americans with Disabilities Act |
| FY | Fiscal Year |
| IT | Information Technology |
| OIG | Amtrak Office of Inspector General |
| PRIIA | Passenger Railroad Investment and Improvement Act of 2008 |
| The company | Amtrak |

## OIG MISSION AND CONTACT INFORMATION

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|---|---|
| **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 (you can remain anonymous):<br><br>Web: www.amtrakoig.gov/hotline<br>Phone: 800-468-5469 |
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