



Memorandum

To: William Feidt
Executive Vice President/Chief Financial Officer
Scot Naparstek
Executive Vice President/Chief Operations Officer

From: Stephen Lord 
Assistant Inspector General, Audits

Date: February 22, 2017

Subject: Potential Violations of Relocation and Corporate Lodging Policies

In response to a May 2016 OIG investigation on an employee's use of Amtrak's (the company's) benefits for relocation and corporate lodging, we conducted additional analysis examining company practices in this area.

Under the company's relocation program,¹ current and new management employees can receive lump-sum relocation payments for assuming new positions within the company. Employees are eligible for relocation payments when the distance between their permanent residence and new work location is at least 50 miles farther than the distance between their permanent residence and former work location. The employee must complete the relocation within one year following the start of work in the new location. The payments are intended to cover (1) temporary living expenses, including meals and lodging; (2) the expenses associated with "home-finding trips" during an employee's relocation of residences for the new position; and (3) the employee's (and family's) expenses for the physical move to the new residence. Amtrak has outsourced the administration of this program, including making relocation payments, to a relocation service company.²

¹ Amtrak's U.S. Domestic Relocation Program provides financial assistance, professional services, and administrative support for employees (including new hires) and their spouses/partners and dependent family members during the transition to a new job. This program became effective on June 1, 2015, and updates the rules associated with the program previously described in Amtrak P/I Number 7.25.1 "Relocation," dated August 8, 2012.

² This company is Brookfield Global Relocation Services.

Unrelated to the relocation program, the company also authorizes employees of the Operations department to use the corporate lodging program³ to procure lodging for business-related purposes, such as for overnight accommodations when visiting distant work sites. Personal use of the corporate lodging program is specifically prohibited. Amtrak has outsourced the administration of this program to a logistics company specializing in crew accommodations and workforce travel management.⁴

On May 6, 2016, we reported on the results of our investigation into allegations that ██████████ (Assistant Superintendent ██████████) and his supervisor, ██████████ (Superintendent of Operations ██████████), violated company policies on the use of the corporate lodging program during ██████████ relocation. We found that, contrary to company policy, ██████████ was reimbursed twice for temporary living expenses on three company-funded relocations in 2011, 2012, and 2014.

On each of the relocations, ██████████ improperly used the company's corporate lodging card to pay for his temporary living expenses after he received lump-sum payments from the relocation program that included allowances to cover his temporary living expenses. We also learned that ██████████ authorized ██████████ to use the corporate lodging card during his 2014 relocation and failed to properly address the issue when it was brought to his attention. We concluded that ██████████ and ██████████ through their actions, either violated or acted inconsistently with the Amtrak Standards of Excellence Policy,⁵ as well as other directives on relocation expenses and use of the corporate lodging card.

Our report also questioned the sufficiency of the company's internal controls, noting that ██████████ received the double reimbursements on three occasions in three different years. Further, although the double reimbursements were detected prior to the complaint to our office, company management failed to take action to reconcile the matter. These factors were cited as major considerations in decisions made by federal and state prosecutors not to prosecute ██████████

³ Chapter 3 of the Crew Base Manual, dated May 13, 2016, identifies policies and procedures for working with the vendor to secure hotel stays in the United States and Canada during employees' job assignments.

⁴ This company is Travelliance, Inc.

⁵ The Amtrak Standards of Excellence Policy provides the company's standards for integrity. The policy states that all Amtrak employees must always be honest and truthful, and that Amtrak has no tolerance for employees who are dishonest. Additionally, the policy states that no employee may take for personal gain any funds, property, or services belonging to the company.

In response to questions raised based on our investigative report, we used our data analytics tool to review all of the company's data relating to payments for relocation and corporate lodging services during calendar years 2009 through 2015. Specifically, we analyzed all of the relevant data in the company's human capital and payroll system, including employees' job locations, residence addresses, and relocation payments.

Our analysis identified 402 employees who received relocation payments during this period, including 76 who also used the corporate lodging card at the company's expense during the same period in the cities where their jobs or homes were located. These 76 employees received relocation payments of about \$1.05 million and incurred corporate lodging costs of about \$121,000—an average of about \$14,000 in relocation payments and \$1,600 in corporate lodging expenses per employee. Some employees, however, received much higher amounts.⁶ Some or all of these instances may be for legitimate business-related purposes, and this information may not have been reflected in the data we reviewed.

The following examples show how two employees incurred expenses for relocation and corporate lodging that were significantly higher than average. In both cases, the company's employment records show that the employees' permanent residences did not change with their job moves. As discussed earlier, the employee must complete the relocation within one year following the start of work in the new location

- A [REDACTED] department **received about \$46,000 in relocation payments and about \$20,000 in corporate lodging expenses during the same period.** From 2012 through 2015, an employee received three relocation payments totaling \$45,791 to defray the costs of job moves. However, the employee's permanent residence address—near [REDACTED]—never changed. The employee also incurred \$19,396 in corporate lodging expenses during the same period. Specifically:
 - In 2012, the employee received a relocation payment of \$10,000 after accepting a new position in [REDACTED] however, the employee's listed permanent residence in [REDACTED] did not change. During 2012, the employee also used corporate lodging for 174 nights in [REDACTED] which cost the company \$11,658.

⁶ Our analysis showed that \$31,522 of the corporate lodging charges (about 26 percent) were incurred for multiple hotel reservations made on the same night for the same employee, potentially resulting in improper payments. The reason for these reservations was not apparent in the data we reviewed.

- In October 2013, this employee assumed a new position in [REDACTED] and received an additional relocation payment of \$22,014 although the employee's permanent residence remained in [REDACTED].
- In January 2015, this employee assumed a new position in [REDACTED]. The employee received a relocation payment of \$13,777, but the employee's permanent residence never changed in the company's employment records. The employee also separately incurred corporate lodging expenses of \$7,738 for 71 nights in [REDACTED] from December 2014 through September 2015.
- **A [REDACTED] department received about \$21,000 in relocation payments and incurred about \$17,000 in corporate lodging expenses during the same period.** In December 2012, the company transferred a [REDACTED] from [REDACTED] to [REDACTED]. The employee received two separate relocation payments of \$11,244 and \$10,117 in 2013 and 2014, respectively. The employee also incurred \$17,269 in corporate lodging expenses in [REDACTED] for 8 straight months (226 nights) starting in January 2013. The employee's permanent residence address did not change from [REDACTED] to [REDACTED] until September 2015.

As stated above, we recognize that employees may receive relocation payments and use corporate lodging services simultaneously for legitimate business-related purposes, and that this information may not be reflected in the data we reviewed. In that regard, we did not conduct additional analysis or employee interviews to identify potentially improper double reimbursements. However, given the previously identified violations of company policy, our analysis indicates there may be additional opportunities to identify and address potentially improper double payments for temporary living expenses using the corporate lodging card.

Accordingly, we provided the list of the 76 employees who may have received relocation payments and used corporate lodging services simultaneously; and discussed our observations with officials from the company's Operations department in December, 2016. They confirmed that they did not have a process in place to ensure that an employee completes their relocation within one-year after receiving their lump-sum payment. They told us that they will review our analysis and provide us with a response by June 30, 2017, on the actions taken to address the issues we identified in this memorandum. We recommend that this review include an assessment of the data for potentially improper double reimbursements, violations of company policies, and other potential control weaknesses.

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

We conducted this analysis in accordance with standards we developed for alternative products. We analyzed the company's human capital and payroll data and discussed these data with officials from the Finance and Operations departments. We appreciate the time and cooperation these personnel provided.

If you or your staff have any questions or need additional information, please contact me (Stephen.Lord@amtrakoig.gov, 202-906-4742); Jason Venner, Deputy Assistant Inspector General (Jason.Venner@amtrakoig.gov, 202-906-4405); or Vijay Chheda, Senior Director (Vijay.Chheda@amtrakoig.gov, 202-906-4661).

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