



OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

SEMIANNUAL REPORT to the United States Congress

October 1, 2018–March 31, 2019
Report # 59





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From the Inspector General



OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION



I am pleased to submit our Semiannual Report to the United States Congress. This report—our office’s 59th—highlights our audits and investigations for the six months ending March 31, 2019, pursuant to the Inspector General Act of 1978, as amended.

During this period, our audit work continued to focus on high-impact areas, with an emphasis on safety, security, and reducing costs and increasing revenue. For example, our work found significantly more drug- and alcohol-related issues among employees in safety-sensitive positions—such as train engineers—than the company identified through its detection programs. We also updated our work on the company’s background check process, and found that the company had strengthened its procedures, but needed additional measures to ensure its contracted employees were properly screened. Additionally, we identified opportunities for the company to reduce its costs associated with servicing and inspecting trains and found it could have avoided \$23.2 million in unnecessary costs if it better managed its leased and owned properties.

Our investigative work this period led to more than \$4 million in recoveries and restitutions in various fraud-related cases. In one, we uncovered a contract steering scheme in which a former Amtrak procurement official steered more than \$7.6 million in contracts to a manufacturing firm in exchange for \$20,000 in bribes, trips, and other items. In another, our work led to a \$260,000 settlement between the Department of Justice and an Amtrak contractor that had allegedly overbilled the company since 2012. Further, our agents continue to support ongoing, complex health care fraud investigations across the country, which ultimately impact insurance claims against the company.

Finally, we bid farewell to our former Inspector General, Tom Howard, who retired in January. His 44 years of service to the accountability community and the nation have left a lasting, positive mark and we remain indebted to his contributions. It is my honor to carry on the work of our dedicated and talented team—where we will continue to provide independent, thoughtful, and objective oversight on issues of importance to the company, the Board of Directors, Congress, and the public.

We trust you will find this report informative.

A handwritten signature in black ink that reads "K. H. Winters".

Kevin H. Winters
Inspector General

OIG Profile

Authority, Mission, Vision, and Focus Areas

Authority

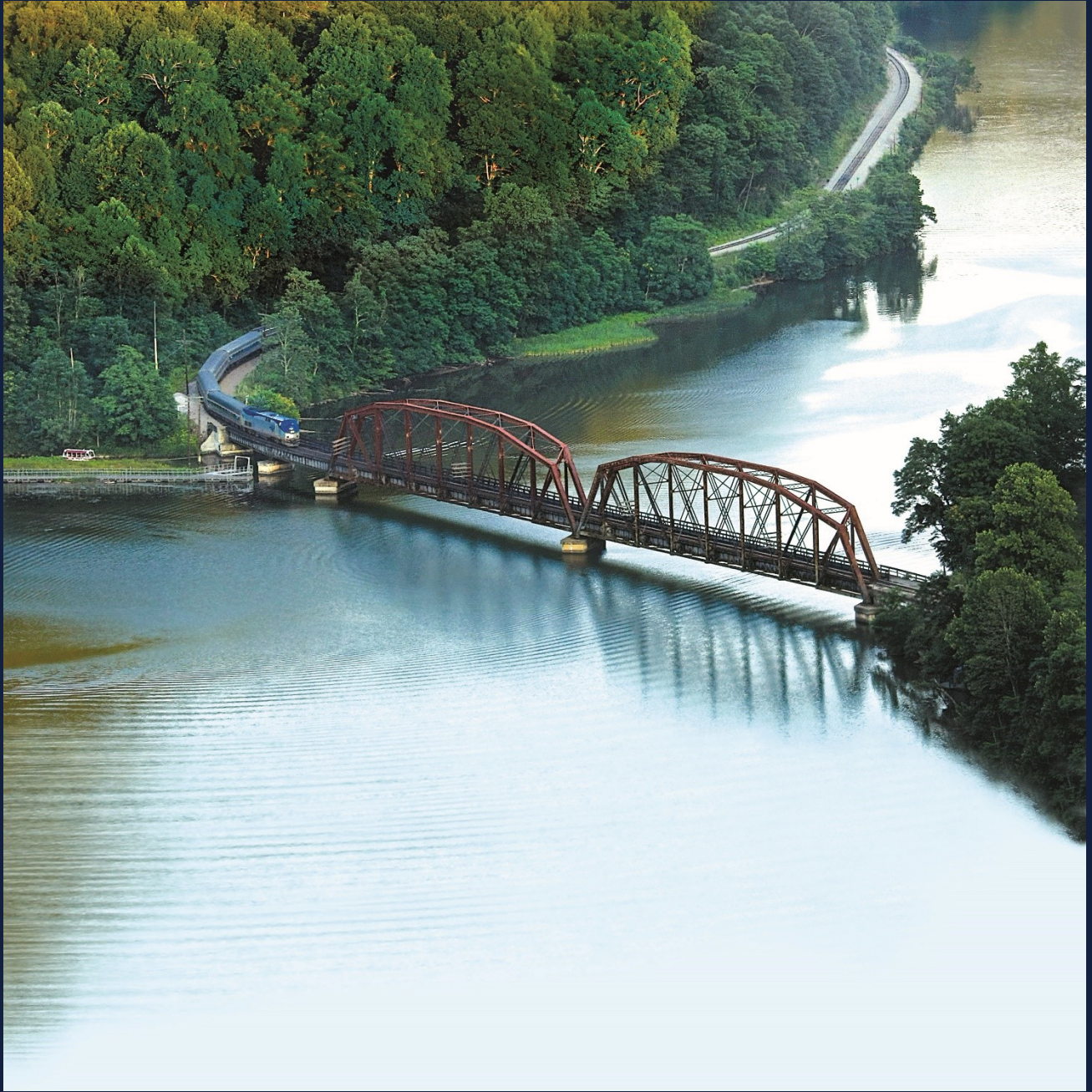
The Inspector General Act of 1978 (Public Law 95-452, 5 U.S.C. Appendix 3), as amended in 1988 (P.L. 100-504), established the OIG for Amtrak to consolidate investigative and audit resources into an independent organization headed by the Inspector General to promote economy, efficiency, and effectiveness; and to detect and prevent fraud, waste, and abuse. Subsequently, the Inspector General Reform Act of 2008 (P.L. 110-409) and the Inspector General Empowerment Act of 2016 (P.L. 114-317) amended and strengthened the authority of inspectors general.

Mission

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.

Vision

Amtrak OIG will operate as a model OIG, generating objective and sophisticated products that add value. Utilizing modern infrastructure and effective support systems, and following efficient, disciplined processes that meet the standards of the accountability community, our diverse and talented team will work professionally with, but independently from, Amtrak management.



Significant Activities:

Safety and Security

Safety and Security: Opportunities to Improve the Effectiveness of Controls for Detecting Drug- and Alcohol-Related Issues of Employees in Safety-Sensitive Positions

(Report No. OIG-A-2019-005, March 13, 2019)

Amtrak (the company) has identified safety as its top priority, and our most recent report on management challenges gave credit to the company for taking steps to improve its safety culture and performance. However, we also noted—and our prior work showed—that maintaining an effective drug and alcohol program has been a longstanding challenge for the company. For example, in 2017, the National Transportation Safety Board reported that three company employees involved in the collision of Amtrak train 89 with a backhoe near Chester, Pennsylvania, had drugs in their system. This report assessed the effectiveness of company efforts to detect drug and alcohol issues among employees in safety-sensitive positions.

We identified opportunities to improve the effectiveness of the company’s controls for detecting drug- and alcohol-related issues among employees in safety-sensitive positions. For example, our work found significantly more drug- and alcohol-related issues than were identified through the company’s detection programs. Specifically, the company identified 153 of about 6,200 employees in safety-sensitive positions who had drug- or alcohol-related issues from calendar years 2014 through 2016. However, according to our analysis, medical claims were submitted for an additional 169 employees in safety-sensitive positions for using, abusing, or being dependent on drugs or alcohol during this same 3-year period; therefore, the company could not take the appropriate actions to mitigate the risk of their potential impact on safety.¹

¹ We used “de-identified” company data that did not include employee identities.

Significant Activities

To the extent these employees were misusing drugs or alcohol, they were not identified by the company's testing and voluntary counseling program. Nevertheless, our work identified weaknesses in the company's drug and alcohol controls that, if corrected, could have helped detect some of these additional 169 employees and ensure safer railroad operations.

The company had taken steps to address some of these weaknesses, but several remained, including ensuring testing requirements were consistently met, testing data were efficiently collected, and that testing records were complete. For example, of the 783 locomotive engineers employed from calendar year 2014 through calendar year 2016, 33 did not have a single annual drug test (4 percent), and 448 had fewer than the 3 required annual drug tests (57 percent).² In addition, of the 4,943 employees in safety-sensitive positions as of April 2017, we identified 107 who were not included in the database the company uses to select individuals for random testing. We also found that processes to train supervisors to detect impairment and oversight of prescription drug use could be improved.

To help improve the company's ability to detect employee drug and alcohol use, we recommended that the company take several steps to address these issues. In commenting on a draft of this report, the Executive Vice President / Chief Administration Officer agreed with our recommendations and identified specific actions the company plans to complete by December 2019 to implement them.

Ongoing Work—Safety and Security

Audit of Amtrak's Strategy and Planning for Physical Security in Washington, D.C.

Our objective is to assess efforts to improve physical security and access controls at Washington Union Station and Ivy City Yard, including company actions taken to mitigate any weaknesses identified in prior internal security risk assessments.

² These employees performed safety-sensitive work over the entire three-year period. They also may have been subject to other types of drug testing such as random tests, as discussed in the report.

Human Capital Management

Human Resources: Background Checks Process Has Improved, but Some Inefficiencies and Gaps Persist

(Report No. OIG-A-2019-001, November 1, 2018)

The goal of the company's background checks process is to ensure that prospective employees and contractor employees working in the company are qualified and do not pose safety or security risks to company operations. These checks include reviewing employees' criminal, education, and employment histories to ensure that they do not indicate potential problems. This report was an update to a July 2012 review we conducted on the company's background checks process. Our objective was to assess the efficiency and effectiveness of this process for company employees and contractor employees working in the company.

We found that, since our last review, the company had strengthened the efficiency and effectiveness of its background checks process but had opportunities to further enhance the process. Specifically, we found that the company had taken steps to ensure that background checks were generally completed before new employees started work, as well as steps to strengthen its criminal history reviews—two weaknesses we identified in our prior report. However, we also found the following:

- **Education and employment history reviews were inefficient.** In fiscal year (FY) 2017, the vendor that conducts the company's background checks referred 478 of the 1,882 checks it conducted back to the company to complete because of discrepancies in education histories and referred 543 for discrepancies in employment histories. This generally occurred for two reasons: (1) limitations in the company's contract with the vendor and (2) weaknesses in the company's oversight of the vendor. As a result, the company spent resources resolving questions the vendor could have resolved.
- **The company does not ensure that contractors conduct background checks.** The company did not comply with its policies requiring contractors to certify in writing that they have completed background checks on the employees they

Significant Activities

provide to the company. Further, the policies require the company to conduct independent audits to verify that contractors conduct these checks, and that contractors use a company-approved vendor to ensure that checks meet company standards. However, at the completion of our audit work, the company had not identified which departments are responsible for completing each of these steps. As a result, the company lacked assurance that contractor employees working in the company—many of whom have access to mission-critical or sensitive information and assets—do not pose a risk to company operations.

We recommended that the company strengthen its oversight of the background checks process by ensuring that its vendor follows company guidance for resolving questions about the education and employment histories of prospective employees. In addition, we recommended that the company address background check vulnerabilities in its contractor workforce by clarifying departments' responsibilities. Finally, we recommended that the company clarify its policy requiring the company to develop a list of approved vendors that contractors can use to conduct checks. The Executive Vice President / Chief Administration Officer agreed with our recommendations and described actions the company is taking, or plans to take, to address them.

Time Card Fraud

November 2018 (Investigation)

A Building & Bridges Supervisor in Baltimore, Maryland, was terminated from employment following an administrative hearing on October 23, 2018, for violating company policy by claiming and receiving pay for unworked hours and instructing a subordinate employee, also based in Baltimore, to use the Supervisor's company identification card to clock the supervisor in and out for his shifts on several occasions. The subordinate employee was also found to have violated company policy for his role in assisting the Supervisor and, following an administrative hearing on October 25, 2018, the subordinate employee was suspended for 30 days.

Employee Theft of Cash

December 2018 (Investigation)

An employee in Los Angeles, California, resigned on December 4, 2018, following our investigation, which revealed the employee stole money from the Employee Committee Fund. During an interview, the employee admitted to stealing over \$20,000 from the fund and using the money to pay for personal expenses. The employee resigned from the company immediately following the interview. Judicial proceedings are pending.

Falsified Compliance Document

December 2018 (Investigation)

A Service Engineer resigned on December 20, 2018, following a joint investigation with New York's Metropolitan Transportation Authority OIG which revealed the employee simultaneously worked at both Amtrak and the Metropolitan Transportation Authority. The employee failed to disclose his dual employment on Amtrak's Certificate of Compliance form. When confronted with the investigation's findings, the employee immediately resigned from the company.

Distribution of Misbranded and Unapproved Drugs

January 2019 (Investigation)

An Assistant Foreman and a co-conspirator were charged in federal court for allegedly taking part in a scheme to market and distribute misbranded and unapproved new drugs. According to court documents, the Assistant Foreman and his co-conspirator were charged with conspiring to distribute and cause the receipt and delivery of misbranded drugs and unapproved new drugs, and to impede the functions of the Food and Drug Administration.

The Assistant Foreman was the principal for All American Peptide—an online company that marketed and distributed substances used by bodybuilders and others engaged in weight training to enhance performance and mitigate the side effects of performance-enhancing substances. Between April 2018 and December 2018, undercover law enforcement agents made five purchases of misbranded drugs and unapproved new

Significant Activities

drugs from the All American Peptide website, according to court documents. The co-conspirator participated in the scheme by packaging and mailing misbranded and unapproved drugs and receiving payments from customers.

The conspiracy charge carries a maximum potential penalty of up to five years in prison and a fine of up to \$250,000 or twice the gross financial gain or loss. Our investigators supported the joint investigation that included special agents from the Food and Drug Administration Office of Criminal Investigations in New York, inspectors from the U.S. Postal Inspection Service, and attorneys from the U.S. Attorney's Office, District of New Jersey.

Misuse of Computers

January 2019 (Investigation)

A Foreman was formally reprimanded and disqualified from his current position on January 22, 2019, for one year after he admitted to violating the company's Standards of Excellence and Acceptable Use policies for computer and network systems. The employee inappropriately viewed movies while on duty after they were uploaded to his company computer. A Locomotive Technician was counseled for his part in bringing the movies to work and providing them to the Foreman.

Time Card Fraud

February 2019 (Investigation)

Two employees—Narcisse Tsaba, an Electrician, and Jean-Jacques Lontchi, a Locomotive Inspector—resigned on February 4 and February 12, 2019, respectively. The two employees previously pleaded guilty to misdemeanor fraud charges in the District of Columbia Superior Court for participating in a fraudulent timekeeping scheme. The former employees inappropriately received pay from both Amtrak and the Washington Metropolitan Area Transit Authority by claiming to be at one employer while physically reporting to the other. The Court ordered Tsaba to pay \$7,492 in restitution and Lontchi \$3,524 in restitution. This joint investigation was conducted with the Washington Metropolitan Area Transit Authority Office of Inspector General.

Acceptance of Gratuities

February 2019 (Investigation)

A Superintendent in Los Angeles, California, was terminated from employment on February 9, 2019, following the issuance of our investigative report that determined the Superintendent violated company policy. Our investigation found that the Superintendent awarded more than \$22,000 in advertising and other work to a vendor without a formal agreement and accepted gifts from the owner of the company. This matter was referred for prosecution to the U.S. Attorney's Office, Northern District of Illinois, on or about September 26, 2018. On the same date, the matter was declined for prosecution.

On February 19, 2019, the vendor was suspended, and Amtrak is no longer purchasing goods or services from, or providing services to, the vendor.

Theft of Company Property

February 2019 (Investigation)

A Foreman / Trackman in Los Angeles, California, was terminated from employment on February 25, 2019, following the employee's administrative hearing for violating company policies. Our investigation found that the Foreman / Trackman stole items from a locker room supply cabinet and lied about it during his interview with our agents.

Employee Theft of Cash

February 2019 (Investigation)

A former Ticket Agent, Krisandra Stewart, who was assigned to Los Angeles Union Station pleaded guilty to felony charges for theft of company funds in U.S. District Court, Central District of California, on February 25, 2019. Our investigation determined that Stewart would wait until train conductors electronically scanned passenger tickets and would then reset the ticket status as if it had not been scanned at all. This process of resetting the ticket status allowed the tickets to be refunded or

Significant Activities

exchanged. Subsequently, she processed the reset tickets for cash refunds, taking and keeping the money from her cash drawer.

As part of her plea agreement, Stewart was selected for the Conviction and Sentence Alternatives program of the Central District of California. She will be required to pay \$3,616 in restitution, \$700 for a special assessment, and successfully complete the yearlong program prior to her sentencing.

As the result of our investigation into this scheme, five other Ticket Agents resigned prior to their administrative hearings.

Passenger Travel Policy Violation

February 2019 (Investigation)

A Passenger Conductor, two Assistant Passenger Conductors, and an Usher / Gateman were disciplined for policy violations on February 5, 2019. The employees allowed and/or assisted non-ticketed passengers to receive unauthorized free travel aboard company trains on several occasions, generally at the request of other Amtrak employees. The employees received suspensions ranging from four to five days each.

Machinery Sabotage and Fraudulent Overtime Pay

March 2019 (Investigation)

A Sheetmetal Technician in Los Angeles, California, was terminated from employment on March 15, 2019, following an administrative hearing for violating company policy. Our investigation found that the employee intentionally sabotaged a wheel truing machine in the Los Angeles yard in order to earn overtime compensation for its repair. On October 17, 2018, the United States Attorney's Office, Central District of California, declined prosecution.

Train Operations and Business Management

Train Operations: Opportunities to Reduce the Cost of Servicing and Inspecting Trainsets

(Report No. OIG-A-2019-002, November 7, 2018)

This report was the second in a series about the Mechanical department's operating efficiency and focused on the department's service and inspection activities. Workers at service and inspection sites inspect the company's locomotives and passenger cars to ensure that they meet safety standards, and clean and service the trainsets to ensure that they meet the company's guidelines for cleanliness. The company has a total of 62 of these locations nationwide—50 smaller outlying sites, as well as 12 larger preventative maintenance facilities. This audit focused on the service and inspection functions conducted at the 50 sites. The department staffs 16 of these sites with company employees and the remaining 34 with contractors and is responsible for overseeing operations at all of these sites. In FY 2017, the service and inspection activities at the 16 company-staffed sites cost about \$30.4 million and at the 34 contractor sites about \$11.5 million. This report assessed opportunities for the Mechanical department to reduce the cost of its service and inspection operations at its 50 outlying sites.

We found that the Mechanical department had opportunities to reduce the cost of performing service and inspection activities by (1) adjusting workloads and staffing to achieve greater efficiencies, and (2) better managing overtime. The department had recently taken steps to reduce costs in other areas of its operations, but it did not fully assess changes that could make its service and inspection activities more cost-effective and efficient without affecting service delivery. We concluded that the department could put \$2.3 million to \$6.4 million to better use annually by implementing these changes.

As part of the Mechanical department's efforts to realign its workforce and reduce costs, we recommended that the department consider taking steps to reduce costs at its 50 service and inspection sites, including shifting more service and inspection work to

Significant Activities

preventative maintenance facilities, reducing unnecessary positions, and better managing overtime use. In commenting on a draft of this report, the Chief Mechanical Officer agreed with our recommendations and highlighted efforts the company has initiated or plans to take, including assessing workload and staffing options and issuing a new policy on overtime.

Train Operations: Opportunities Exist to Improve Private Railcar Management and Business Practices

(Report No. OIG-A-2019-003; February 6, 2019)

Since beginning operations in 1971, the company has provided the owners of private railcars the opportunity to couple and move their railcars with regularly scheduled trains for a fee. As part of these movements, the company also provides private railcar owners with ancillary services, such as short-term parking, car washes, and waste tank services. In addition to movements, the company also provides long-term parking and mechanical services. In FY 2018, the company generated about \$3.7 million in revenue from private railcar services, including \$2.8 million from movements, \$462,000 from long-term parking, and \$392,000 from mechanical services. In April 2018, the company made changes to these services in response to concerns that they were interfering with its core mission of providing passenger rail services as safely, punctually, and efficiently as possible. Our objectives were to assess the extent to which the company is (1) identifying and billing private railcar owners for the costs associated with movement and long-term parking services and (2) effectively managing the program.

Our report found that the company had opportunities to improve longstanding program management weaknesses in its private railcar program. Many were fundamental—such as insufficient controls to manage its costs and revenues, an absence of standard operating procedures, and limited safety and parking guidelines. For example, the company had not identified most of its costs for operating the private railcar program and services. Thus, the company does not know the extent to which it is capturing these costs through its pricing decisions. Additionally, weak program management practices led to lost revenue and missed opportunities to generate additional revenues and posed safety and liability risks for customers and employees.

To improve the management of the private railcar program, we recommended that the company identify its costs to provide movements and long-term parking services, factor these cost data into its pricing and program decisions, establish a mechanism for providing regular financial and performance reports, finalize and implement standard operating procedures, and develop and implement safety guidelines. The Executive Vice President / Chief Operating Officer agreed with our recommendations and identified specific actions and planned completion dates to address them.

Ongoing Work—Train Operations and Business Management

Audit of Mechanical Department Maintenance Activities. Our objective is to identify opportunities, if any, to improve the efficiency and reduce the cost of the company’s preventative maintenance operations.

Controls Over Reimbursable Ancillary Services. Our objective will be to assess the extent to which the company is effectively and efficiently managing these services, including the process and controls related to identifying the full cost of and billing for these services.

Acquisition and Procurement

Acquisition and Procurement: Weaknesses in Contract Oversight Pose Financial, Operational, and Legal Risks

(Report No. OIG-A-2019-004, March 4, 2019)

In FY 2018, the company spent about \$1.9 billion on contracts to support company operations. Given the company’s extensive reliance on contractors and the large expenditures involved, effective contract oversight is essential for ensuring that the company receives high-quality goods and services in accordance with contract terms. However, our prior work has identified weaknesses in contract oversight. Contracting officer’s technical representatives (COTR) in particular play a critical role by monitoring contractors’ day-to-day performance. Given the importance of this role, this report

Significant Activities

assessed the extent to which the company has taken steps to ensure that COTRs conduct effective contract oversight.

We found that the company did not have a well-defined, managed process to ensure that COTRs conducted effective post-award contract oversight.

Specifically, the company:

- lacked standards defining the COTR role and responsibilities
- provided limited training for COTRs
- did not consistently make, communicate, or track COTR assignments
- did not consistently hold COTRs accountable for their performance

As a result, we found numerous instances in which poor COTR performance—or the absence of a COTR—posed financial, operational, and legal risks to the company.

Accordingly, we recommended that the company clarify and institutionalize the role of the COTR. This includes establishing contract oversight as a distinct function with defined roles and responsibilities for COTRs, providing them with training, better managing their assignments to ensure that the company consistently oversees contracts, and holding them accountable for performing effectively. The Executive Vice President / Chief Administration Officer stated that the company agreed with our recommendations and identified specific actions the company plans to complete by March 2020 to implement them.

Contract Steering Scheme

January 2019 (Investigation)

A former Amtrak employee was sentenced on January 22, 2019, in U.S. District Court, Eastern District of Pennsylvania, to a year and one day incarceration for federal program bribery. Also, the court ordered the employee to forfeit funds and property totaling \$20,042. Timothy Miller, who pleaded guilty on April 19, 2018, to one count of federal program bribery, was employed as a Lead Contract Administrator with Amtrak and was responsible for procuring equipment and services and managing the account

for diesel and locomotive seat-cushion vendors. According to court documents, Miller steered four fleet maintenance contracts worth more than \$7.6 million to a single vendor in exchange for approximately \$20,000 in bribes, trips, and other items of value.

A cross-agency team of special agents from Amtrak OIG, the Federal Bureau of Investigation (FBI), and the Department of Transportation OIG conducted the investigation that resulted in the conviction.

Asset Management

Real Property: Improving Management Processes Could Reduce Costs and Generate Additional Revenues

(Report No. OIG-A-2019-006, March 29, 2019)

The company spends \$37.3 million annually on property leases, including \$18.3 million for leased office space in FY 2017. In fall 2017, the company identified real property as an area where it could reduce costs as part of its broader goal of eliminating its operating loss within two to three years. In February 2018, the company began consolidating space at specific properties to reduce costs with an emphasis on fully utilizing property that the company owns and reducing its reliance on leased space. Our report assessed the effectiveness of the company's real property management processes.

We identified several opportunities to strengthen the effectiveness of the company's real property management processes. Specifically, we found that the company could have avoided at least \$23.2 million in unnecessary costs and could realize as much as \$6.8 million in additional revenue if it had better data on its real property portfolio, used analytic tools such as business cases to make decisions about real property, and adopted a long-term facility plan. The company could strengthen its processes through the following actions:

- **Improving the quality of information.** We found that improving the quality of the company's cost and utilization data on corporate office space, consistent with management control standards, could improve the company's ability to plan and

Significant Activities

manage this space. For example, the company did not have processes for collecting data on office assignments, hiring, departures, and relocations. Without these data, the company was not aware that two of its buildings in New York City had vacancy rates of over 50 percent. We estimated that, with better data, the company could have avoided up to \$2.8 million in lease costs on one of the buildings through December 2020.

- **Implementing an analytical decision-making process.** We also found that a more formal analytical process could help the company make better decisions about leased corporate office space. The lack of such processes led to costly lease extensions for space that exceeded the company's needs, as well as missed opportunities to generate revenues. For example, we found that the company will spend at least \$2.8 million on unneeded space at the ClubAcela lounge in Boston South Station which, at 7,000 square feet, is more than twice the size needed to accommodate current and future projected passenger growth.
- **Developing a long-term facility plan.** We found that a long-term facility plan could help the company minimize real property costs, better utilize space, and ensure that its office space inventory aligns with the company's long-term financial goals. Without such a plan, the company has been making decisions about real property on a facility-by-facility basis without considering how each decision supports the company's long-term financial goals for reducing its costs. This approach led to \$17.6 million in unnecessary costs, including \$9.6 million for a temporary police building in Washington, D.C., despite available space in nearby buildings.

We recommended that the company finalize plans and develop a timeline for collecting quality data consistent with management control standards and, once completed, use the data to develop meaningful property metrics consistent with common practices in the private and public sectors. To do so, it will need to develop a process for collecting current information on office assignments, hiring, departures, and relocations. We also recommended that the company require sponsoring departments to prepare business cases or similar analyses to make decisions about property leases. Finally, we recommended that the company develop a long-term facility plan to ensure that

individual departments' real property decisions are consistent with the company's long-term strategic goals. The Executive Vice President / Chief Administration Officer indicated that the company agreed with each of our recommendations and identified specific actions the company plans to complete by December 2020 to implement them.

Ongoing Work—Asset Management

Audit of the Company's Management of the Maintenance-of-Way Equipment.

Our objective is to assess the effectiveness of company policies, procedures, and controls to promote the efficient use of the equipment and to prevent and deter fraud, waste, and abuse.

Audit of the Company's Management of Its Vehicle Fleet. Our objective is to assess the effectiveness of the company's policies and practices in managing its vehicle fleet. We may expand our scope or modify our objective during the course of the audit.

Governance

Health Care Fraud

During this reporting period, we were involved in multiple investigations related to health care fraud, where we are supporting the FBI-led Greater Palm Beach Health Care Fraud Task Force in its ongoing investigation into a series of complex insurance fraud schemes in Florida. Our investigators were invited to be part of the task force in 2014 after Amtrak insurance providers received fraudulent charges from substance abuse treatment centers and facilities known as "sober homes" in the area. The Task Force is comprised of more than 10 organizations including federal, state and local law enforcement agencies.

Testing Lab and Corporate Officers Sentenced for Health Care Fraud and Money Laundering

Smart Lab LLC (Smart Lab), and the corporation's Chief Executive and Chief Operating Officers were sentenced November 1, 2018, for their participation in a

Significant Activities

multimillion-dollar health care fraud scheme that involved the filing of fraudulent insurance claim forms and defrauding health care benefit programs.

H. Hamilton Wayne, of Palm Beach Gardens; Justin Morgan Wayne, of Boca Raton; and Smart Lab, of Palm Beach Gardens, previously pleaded guilty to one count of conspiracy to commit health care fraud. Smart Lab Chief Executive Officer H. Wayne was sentenced in U.S. District Court, Southern District of Florida, to 63 months in prison, to be followed by 3 years of supervised release; Smart Lab Chief Operating Officer J. Wayne to 46 months in prison, to be followed by 3 years of supervised release; and the corporation to 3 years of probation. Smart Lab LLC, and its two officers were jointly and severally ordered to pay \$2,897,389.50 in restitution to the victims of their offenses. H. Wayne was separately ordered to pay \$954,344 to the TRICARE program for his involvement in a separate fraud matter involving a company named RX to You, along with a \$50,000 fine. J. Wayne was separately ordered to pay a \$20,000 fine.

The Waynes established relationships in which H. Wayne and co-conspirators would solicit bodily fluid samples from substance abuse treatment centers for confirmatory drug testing at Smart Lab's facility. According to court documents, the scheme sought insurance payments for testing that was medically unnecessary. In exchange for the submission of bodily fluid samples, Smart Lab would kick back a portion of insurance reimbursements for the testing, fraudulently disguised as payments for sales commissions, to the treatment centers. Amtrak's insurance programs paid more than \$114,000 to Smart Lab over the course of the scheme.

Sales Representative Sentenced in Health Care Fraud Scheme

A sales representative was sentenced to prison and ordered to pay more than \$81,000 in fines December 19, 2018, for his participation in a money laundering conspiracy involving alcohol and drug addiction treatment centers and clinical laboratories.

Lanny Fried, of Miami Beach, previously pleaded guilty to one count of conspiracy to commit money laundering. He was sentenced in U.S. District Court, Southern District of Florida, to 57 months in prison, to be followed by 3 years of supervised release. Additionally, Fried was ordered to pay a \$81,163.17 fine.

Fried would receive commissions from Smart Lab of approximately 50 percent of insurance reimbursements for the substance abuse treatment facilities he referred to Smart Lab. In reality, the commissions were kickbacks for the referral of excessive, medically unnecessary, fraudulent, and duplicative confirmatory drug testing. Through an agreement with Smart Lab, Fried would use a portion of the commissions to pay kickbacks to the owner of Reflections Treatment Center, Smart Lab's largest account, to induce the owner to continue referring urine samples to Smart Lab. From 2005 through 2017, Smart Lab paid Fried more than \$600,000.

Seven Sentenced for Health Care Fraud and Other Crimes

Seven defendants were sentenced for their roles in schemes related to defrauding health care benefit programs, unlawful dispensing of opioids, and money laundering.

The following defendants were sentenced between January 24 through February 13, 2019:

- Dr. Arman Abovyan, of Boca Raton, was sentenced February 13, 2019, to 135 months in prison, to be followed by 3 years of supervised release, and was ordered to pay \$1,058,097.88 in restitution. He was previously convicted at trial of one count of conspiracy to commit health care fraud; one count of conspiracy to possess, distribute, and dispense controlled substances; and seven counts of unlawfully dispensing controlled substances. Co-defendant Tina Marie Barbuto, of Boca Raton, was sentenced January 24, 2019, to 36 months in prison, to be followed by 3 years of supervised release, and was ordered to pay \$3,132,806.13 in

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restitution. She previously pleaded guilty to one count of conspiracy to commit health care fraud.

- Mark Jeffrey Hollander, of Miami, was sentenced January 28, 2019, to 21 months in prison, to be followed by 2 years of supervised release. Bosco Jose Vega, of Miami, was sentenced February 1, 2019, to 9 months in prison, to be followed by 1 year of supervised release. Both defendants previously pleaded guilty to one count of engaging in a monetary transaction of a value greater than \$10,000 that was derived from health care fraud.
- John Michael Skeffington, of Boca Raton, was sentenced January 25, 2019, to 52 months in prison, to be followed by 3 years of supervised release. He previously pleaded guilty to one count of participating in a health care fraud conspiracy and one count of obstructing a criminal health care investigation. Co-defendants Babette Hayes, of Sarasota, and Mona Montanino, of Boca Raton, were both sentenced to probation after previously pleading guilty to one count of obstructing a criminal health care investigation.

Medical Director Sentenced in Health Care Fraud Scheme

Dr. Kenneth Rivera-Kolb, the Medical Director of a substance abuse treatment center in Wellington, Florida, was sentenced to prison in U.S. District Court, Southern District of Florida, on March 14, 2019, after pleading guilty in October 2018 to unlawfully distributing controlled substances (opioids, barbiturates, and benzodiazepines). Rivera-Kolb, of Largo, was sentenced to 30 months in prison to be followed by 2 years of supervised release.

In 2013, Rivera-Kolb was hired to serve as the Medical Director of Angel's House LLC (Angel's Recovery), a substance abuse treatment facility located in Wellington, Florida. According to court documents, Rivera-Kolb was purportedly responsible for evaluating patients and prescribing medically necessary treatment and testing. In February 2015, Rivera-Kolb had his medical

license suspended by the State of Florida for a period of four years. Despite the absence of a medical license, he continued to serve as the medical director of Angel's Recovery and knowingly prescribed controlled substances at the facility.

Angel's Recovery was owned and operated by Tovah L. Jasperson and her father, Alan M. Bostom. In addition to the treatment facility, Angel's Recovery also operated sober homes that were purportedly in the business of providing safe and drug-free residences for individuals suffering from drug and alcohol addiction. Jasperson previously pleaded guilty to conspiracy to commit health care fraud and was sentenced to 78 months in prison. Bostom previously pleaded guilty to knowingly and willfully falsifying, concealing, and covering up by a trick, scheme, and device a material fact in a matter involving health care benefit programs and was sentenced to 30 months in prison.

Conflict of Interest Review

December 2018 (Investigation)

We identified a potential conflict of interest issue involving a former member of the Amtrak Board of Directors (Board) who had previously been a management official at another company within the transportation industry. Specifically, Amtrak and this company developed a partnership agreement while the former Board member was still actively serving on the Board. Our review sought to determine whether the agreement complied with applicable ethics standards.

We determined that the Board member did not violate any applicable laws in this matter, and we did not find evidence that the member directly benefitted from the partnership agreement. However, our review found the Board was not well-served by the company's processes designed to identify and mitigate potential conflicts of interest.

In particular, we found that the Board had no meaningful visibility into Amtrak's developing partnership with this company, and thus had no opportunity to mitigate any potential conflict of interest by a fellow Board member. Instead, the Board learned of the partnership decision at the same time the public did and immediately inherited the risks associated with a potential conflict of interest.

Significant Activities

As a result, we found opportunities to improve the process for preventing actual or apparent conflicts of interest for Board members, including the following:

- requiring the company to communicate to the Board on business matters that may raise conflict of interest issues with particular Board members;
- better adhering to the company's oversight procedures for Board members' self-disclosure; and
- providing personalized ethics training for Board members.

In response to our review, the Board and company have taken various actions and made significant changes to Board procedures and ethics training, such as adopting revised Corporate Governance Guidelines and the Board of Directors Code of Business Conduct and Ethics, as well as establishing appropriate departmental trainings on the topics addressed in our review and providing a new process for the individual orientation and training session for each newly appointed Director.

Bribery

February 2019 (Investigation)

Two executives at a textile company, based in Milford, Delaware, pleaded guilty to federal program bribery charges in U.S. District Court, Eastern District of Pennsylvania, in February. Donald Crothers, the company's vice president for marketing and contract administration, and John Gonzales, the company's executive vice president and chief financial officer, pleaded guilty for their roles in a bribery scheme to secure Amtrak contracts for seat cushions. The executives bribed former Amtrak employee, Timothy Miller, then a Lead Contract Administrator, to steer four fleet maintenance contracts to their company in exchange for approximately \$20,000 in bribes, trips, and other items of value. Crothers pleaded guilty on February 4, 2019, and Gonzales' guilty plea came the following day. Our investigators worked with special agents from the FBI and the Department of Transportation OIG to conduct the investigation that resulted in the charges.

Contract Settlement

March 2019 (Investigation)

The United States reached a \$260,000 civil settlement with a contractor who was providing catenary services to Amtrak. HNTB, Inc. provided services as part of the New Jersey High Speed Rail Improvement Program under an Amtrak contract. We initiated an investigation after discovering discrepancies in HNTB's billing during a review of select Amtrak contracts.

Ongoing Work—Governance

Monitoring the Work of the Independent Public Accountant Conducting the FY 2018 Audit of Amtrak's Consolidated Financial Statement. Our objectives are to (1) determine whether the Independent Public Accountant performed the audit of the company's Consolidated Financial Statements in accordance with generally accepted government auditing standards and (2) monitor the company's administration and facilitation of the audit.

Monitoring the Work of Amtrak's Independent Public Accountant Conducting the FY 2018 A-133 Audit. The objective is to determine whether the Independent Public Accountant performed the single audit in accordance with generally accepted government auditing standards and the Office of Management and Budget Circular A-133.

Controls Over Procurement Cards. The objective is to assess the effectiveness of the company's controls in preventing and detecting inappropriate use of procurement cards, including potential fraud, waste, and abuse.

Financial Impact of the Company's On-Time Performance. Pursuant to the Conference Report (H.R. Rep. No. 116-9) accompanying the Consolidated Appropriations Act of 2019,³ we are conducting an audit of the financial impact of the company's on-time performance. The Conference Report directs us to update a 2008 Department of

³ Consolidated Appropriations Act of 2019, P.L. No. 116-6 (February 15, 2019).

Significant Activities

Transportation OIG report titled “Effects of Amtrak’s Poor On-Time Performance”⁴ no later than 240 days after the enactment of the Act.

Controls Over Medical Payments to Health Care Facilities. Our objective is to assess the effectiveness of the company’s controls to mitigate the risk of fraud in claims for medical services provided by healthcare facilities, such as ambulatory surgery centers, independent laboratories, and durable medical equipment suppliers.

Information Technology

Ongoing Work—Information Technology

Audit of Train Control Systems Security. Our objective is to assess the status and effectiveness of company efforts to address identified security vulnerabilities in the train control systems.

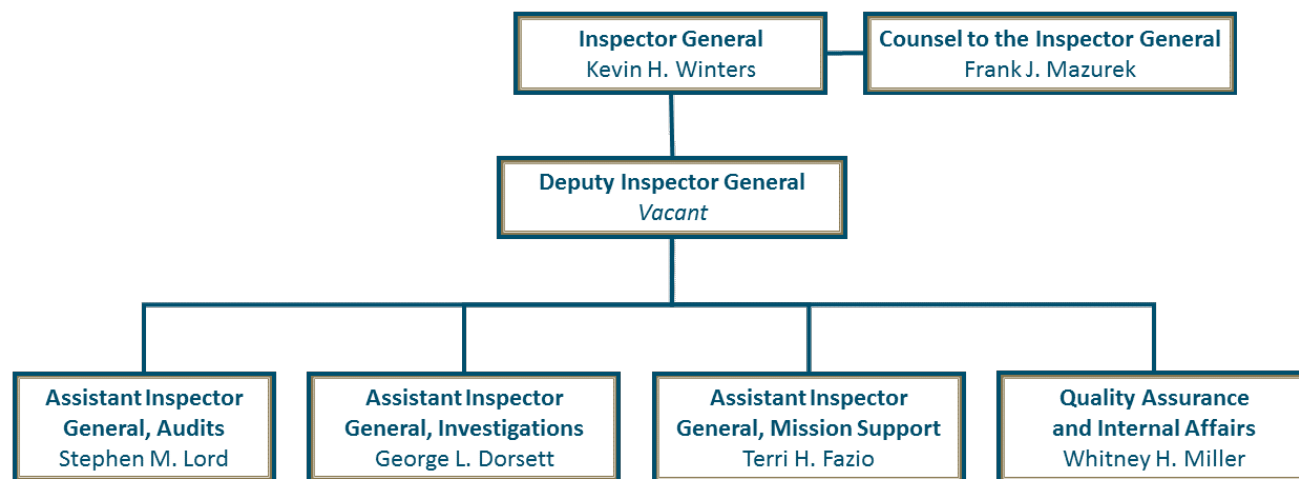
⁴ Department of Transportation OIG, *Effects of Amtrak’s Poor On-Time Performance*, CR-2008-047, March 8, 2008.



OIG Organization

OIG Organization

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



The Inspector General provides policy direction and leadership for the OIG and serves as an independent and objective voice to management, the Board of Directors, and Congress by identifying opportunities and promoting solutions for improving the company’s programs and operations, while preventing and detecting fraud, waste, and abuse.

The Deputy Inspector General serves in the stead of the Inspector General, as required, and leads the operational and support staffs within the OIG.

Counsel to the Inspector General. This office provides legal assistance and advice to OIG senior management and supports audits, investigations, and special reviews. The Office of Counsel also coordinates OIG legal matters with external entities, such as the Department of Justice, and federal and state law enforcement.

Audits. This office conducts independent and objective performance and financial audits across the spectrum of the company's programs and operational activities. It produces reports aimed at improving the company's economy, efficiency, and effectiveness, while seeking to detect and prevent fraud, waste, and abuse.

Investigations. This office pursues allegations of fraud, waste, abuse, and misconduct that could affect the company's programs, operations, assets, and other resources. It refers investigative findings to the Department of Justice for criminal prosecution or civil litigation, or to management for administrative action. It also develops recommendations to reduce vulnerability to abuse and criminal activity.

Mission Support. This office provides budget and financial management; contracting and procurement; information technology; general administrative support and human capital, which ensures that the best qualified people are hired, developed, retained, and rewarded appropriately in accordance with applicable laws, regulations, and OIG policy. It also ensures that an effective and efficient performance management system is implemented to provide employees with timely and meaningful feedback and coaching on performance.



Appendix 1 Fiscal Year 2019 Performance Measures (10/1/2018 – 3/31/2019)

<i>Audit Results</i>	
Products Issued	6
Questioned Costs	\$—
Funds Put to Better Use	\$30,100,000

<i>Advisory Functions</i>	
FOIA ^a Requests Received	25
FOIA Requests Processed	13
Referred to Amtrak	12
Response Pending	—
FOIA Appeals Received	—
FOIA Appeals Processed	—
Legislation Reviewed	1
Regulations Reviewed	9
Outside Agency Consultation	1

Note:

^a Freedom of Information Act

Appendix 1

Investigative Results	
Financial Impact	
Recoveries/Restitution	\$4,337,345.50 ^a
Cases Opened	
Major Misconduct and General Crimes	32
Contract and Procurement Fraud	8
Health Care Fraud	3
Judicial and Administrative Actions	
Criminal Referrals to Department of Justice ^b	8
Criminal Referrals to State and Local Prosecuting Authorities ^c	6
Criminal Referrals Declined	5
Arrests	17
Indictments/Informations ^d	15
Convictions	12
Investigative Reports Issued ^e	2
Administrative Actions	20
Investigative Workload	
Investigations Opened	43
Investigations Closed	39
Investigations of Senior Employees Closed and Not Disclosed to the Public	—
Hotline Contacts/Referrals	
Referred to Amtrak Management	114
Referred to Customer Service	41
Referred to Other Agency	1
Referred for Investigation	15
No Action Warranted	21
Referred to Amtrak Police Department	2
Request from Other Agency	1

Notes:

^a This includes approximately \$3.8 million in restitution to numerous health care providers impacted by fraud identified by a joint health care fraud investigation we conducted in conjunction with the FBI, Department of Labor, Internal Revenue Service, Office of Personnel Management, and the United States Attorney’s Office, Southern District of Florida. Of that amount, Amtrak’s health care provider paid more than \$114,000 for insurance claims related to the case.

^b These referrals include individual subjects that are referred for federal prosecution to the Department of Justice.

^c These referrals include individual subjects that are referred for prosecution to state and local prosecutors.

^d Indictments/Informations include all indictments, informations, and complaints sealed and unsealed, of individuals who were charged during this reporting period by federal, state, and local prosecutors. Of the 15 indictments/informations/complaints reported during this reporting period, 4 were referred for prosecution this reporting period and 11 were referred for prosecution in a prior reporting period.

^e Investigative Reports Issued is the number of investigative reports issued to the company that detail our investigative findings.

Appendix 2 Audit Products

(10/1/2018 – 3/31/2019)

Audit Products						
Date Issued	Report Number	Report Title	Focus Area	Questioned Costs	Unsupported Costs	Funds to be Put to Better Use
11/1/18	OIG-A-2019-001	Background Checks Process has Improved, but Some Inefficiencies and Gaps Persist	Human Resources	\$—	\$—	\$—
11/7/18	OIG-A-2019-002	Opportunities to Reduce the Cost of Servicing and Inspecting Trainsets	Train Operations	—	—	6,900,000 ^a
2/6/19	OIG-A-2019-003	Opportunities Exist to Improve Private Railcar Management and Business Practices	Train Operations	—	—	—
3/4/19	OIG-A-2019-004	Weaknesses in Contract Oversight Pose Financial, Operational, and Legal Risks	Acquisition and Procurement	—	—	—
3/13/19	OIG-A-2019-005	Opportunities to Improve the Effectiveness of Controls for Detecting Drug- and Alcohol-Related Issues of Employees in Safety-Sensitive Positions	Safety and Security	—	—	—
3/29/19	OIG-A-2019-006	Improving Management Processes Could Reduce Costs and Generate Additional Revenues	Asset Management	—	—	23,200,000
Total (\$)				\$—	\$—	\$30,100,000

Note:

^a \$2.3 million annually, projected over three years.

Appendix 2

<i>Ongoing Audit Projects</i>	
Project Status	Number of Projects
Audit Projects In-process, as of 9/30/2018	11
Audit Projects Canceled	—
Canceled Audit Projects Not Disclosed to the Public	—
Audit Projects Started Since 9/30/2018	6
Audit Products Issued Since 9/30/2018	6
Audit Projects In-process, as of 3/31/2019	11

Appendix 3 Questioned Costs

(10/1/2018 – 3/31/2019)

<i>Audit Reports Issued with Questioned Costs</i>			
Category	Number	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	—	\$—	\$—
B. Reports issued during the reporting period	—	—	—
Subtotals (A+B)	—	—	—
Less			
C. For which a management decision was made during the reporting period	—	—	—
(i) dollar value of recommendations agreed to by management	—	—	—
(ii) dollar value of recommendations not agreed to by management	—	—	—
D. For which no management decision has been made by the end of the reporting period	—	—	—

Appendix 4

Appendix 4 Funds Put To Better Use (10/1/2018 – 3/31/2019)

Audit Reports Issued with Funds to be Put to Better Use

Category	Number	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period	—	\$—
B. Reports issued during the reporting period	2	30,100,000
Subtotals (A+B)	2	30,100,000
Less		
C. For which a management decision was made during the reporting period		
(i) dollar value of recommendations that were agreed to by management	2	30,100,000
(ii) dollar value of recommendations that were not agreed to by management	—	—
D. For which no management decision has been made by the end of the reporting period	—	—

Appendix 5 Audit Reports Described in Previous Semiannual Reports for Which Corrective Actions Are Not Complete

Reports Described in Previous Semiannual Reports for Which Corrective Actions Are Not Complete

Report ^{a,b}	Report Number/Date	Questioned Costs	Unsupported Costs	Funds to be Put to Better Use
Food and Beverage Service: Further Actions Needed to Address Revenue Losses Due to Control Weaknesses and Gaps	E-11-03 June 23, 2011	\$—	\$—	\$—
Americans with Disabilities Act: Leadership Needed to Help Ensure That Stations Served By Amtrak Are Compliant	109-2010 September 29, 2011	—	—	—
Management of Overtime: Best Practice Control Can Help in Developing Needed Policies and Procedures	OIG-A-2013-009 March 26, 2013	—	—	—
Food and Beverage Service: Potential Opportunities to Reduce Losses	OIG-A-2014-001 October 31, 2013	—	—	154,200,000 ^c
Train Operations: Adopting Leading Practices Could Improve Passenger Boarding Experience	OIG-A-2016-011 September 7, 2016	—	—	—
Acquisition and Procurement: Adopting Additional Leading Practices to Manage the Baltimore Penn Station Redevelopment Could Help Mitigate Project Risks	OIG-A-2017-002 December 14, 2016	—	—	—
Acquisition and Procurement: Improved Management and Oversight of GE Diesel Locomotive Service Contract Could Lead to Savings	OIG-A-2017-005 February 3, 2017	—	—	5,300,000

Appendix 5

Reports Described in Previous Semiannual Reports for Which Corrective Actions Are Not Complete

Report ^{a,b}	Report Number/Date	Questioned Costs	Unsupported Costs	Funds to be Put to Better Use
Acquisition and Procurement: Master Services Agreements Are Not Strategically Managed, and Award and Oversight Processes Can Be Improved	OIG-A-2017-006 February 22, 2017	—	—	—
Governance: Better Adherence to Leading Practices for Ethics Programs Could Reduce Company Risks	OIG-A-2017-012 June 26, 2017	—	—	—
Acquisition and Procurement: Improved Management of Diesel Fuel Program Could Lead to Cost Savings	OIG-A-2017-013 August 14, 2017	—	—	27,600,000
Information Technology: Improving Security of Publicly Accessible Websites Could Help Limit Cyber Risk	OIG-A-2018-001 October 23, 2017	—	—	—
Train Operations: The Acela Express 2021 Program Faces Oversight Weaknesses and Schedule Risks	OIG-A-2018-002 November 16, 2017	—	—	—
Governance: Opportunities to Improve Controls over Medical Claim Payments	OIG-A-2018-005 March 14, 2018	23,400,000	—	—
Train Operations: Opportunities to Reduce the Cost of Rebuilding and Manufacturing Components at Maintenance Facilities	OIG-A-2018-006 April 16, 2018	—	—	9,000,000 ^d
Safety and Security: Longstanding Physical Security Vulnerabilities in Philadelphia Pose Risks	OIG-A-2018-007 April 24, 2018	—	—	—
Information Technology: Opportunities Exist to Improve the Company's Ability to Restore IT Services After a Disruption	OIG-A-2018-010 September 10, 2018	—	—	—
TOTAL		\$23,400,000	\$—	\$196,100,000

Notes:

^a We received comments for all audit reports within 60 days.

^b Please visit <https://www.amtrakoig.gov/reports/audits> for a copy of the reports listed in this table.

^c \$51.4 million annually, projected over three years.

^d \$3 million annually, projected over three years.

Appendix 6 Review of Legislation, Regulations, and Major Policies

Section 4(a)(2) of the Inspector General Act of 1978, as amended, provides that the Inspector General shall review existing and proposed legislation and regulations relating to programs and operations of such establishment. Also, the Inspector General shall make recommendations in the semiannual reports concerning the impact of such legislation or regulations on the economy and efficiency in the administration of such programs and operations administered or financed by such establishment—or the prevention and detection of fraud and abuse in such programs and operations.

One of these programs, in particular, that the OIG has completed an extensive amount of work on is Amtrak’s Ethics Program, which has shown that the company has experienced a series of recurring ethical lapses at all levels across the company. Since September 2014, the OIG has publicly reported on numerous ethical lapses related to conflicts of interest, theft, timecard and fuel card fraud, improper gifts, and improper hiring. The OIG assessed and conducted a comprehensive review of the company’s ethics policies and activities (for example, training) and recommended necessary action in order to help prevent and detect criminal conduct or other unethical behavior.

As a direct result of our continued work in this area, the company has made important strides in creating or revising important resources for all employees and contractors to adhere to with respect to preventing and detecting criminal and other unethical behavior. In July 2018, Amtrak and its Board of Directors announced the “Ethics Corner,” a new source of information for all employees and contractors intended to reinforce the company’s commitment to ethics. In addition, based on our work and feedback, Amtrak recently issued three new or revised policies: the Standards of Excellence, Code of Ethics and Business Conduct, and the Ethical Conduct and Conflicts of Interest policy—all of which establish clear and high ethical standards for Amtrak employees and contractors and provide guidance for each to conduct the company’s business in a way that always meets those standards.

Finally, during the last reporting period, the OIG also reviewed and provided comments on nine Amtrak corporate policies and continued its efforts to help ensure the protection of taxpayers’ dollars entrusted to Amtrak.

Appendix 7

Appendix 7 Peer Review Results

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

During fiscal year 2016, our Office of Audits was the subject of a Council of the Inspectors General on Integrity and Efficiency (CIGIE) peer review by the Office of Personnel Management OIG. The Office of Personnel Management OIG determined that the system of quality control for our audit function has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Accordingly, the Office of Personnel Management OIG provided a “pass” rating and made no recommendations. The report was released on January 29, 2016.

Also during fiscal year 2016, our Office of Investigations was the subject of a CIGIE peer review by the Department of the Interior OIG. The Department of the Interior OIG concluded that the system of internal safeguards and management procedures for our investigative function was in compliance with the quality standards established by CIGIE and the Attorney General’s Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority. Department of the Interior OIG identified a number of best practices in the investigative operations that they believed warranted acknowledgement.

Our office did not complete any peer reviews of any other OIG during the reporting period.

Appendix 8 Glossary of Terms, Acronyms, and Abbreviations⁵

Management Decision. The evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions that management concludes are necessary.

Questioned Cost. A cost that is questioned by the OIG because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Recommendation that Funds Be Put to Better Use. A recommendation by the OIG that funds could be more efficiently used if management took actions to implement and complete the recommendation, including (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (5) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (6) any other savings that are specifically identified. (*Note:* Dollar amounts identified in this category may not always allow for direct budgetary actions but generally allow the agency to use the amounts more effectively in the accomplishment of program objectives.)

Unsupported Cost. An unsupported cost is a cost that is questioned by the OIG because the OIG found that, at the time of the audit, the cost was not supported by adequate documentation.

⁵ All definitions are from the Inspector General Act of 1978, as amended.

Appendix 8

Acronyms and Abbreviations

CY	Calendar Year
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COTR	Contracting Officer's Technical Representative
FBI	Federal Bureau of Investigation
FY	Fiscal Year
IT	Information Technology
OIG	Office of Inspector General

Appendix 9 Reporting Requirements Index

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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

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