AMTRAK OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

BUDGET ESTIMATE:
Fiscal Year 2019

SUBMITTED TO THE COMMITTEES ON APPROPRIATIONS, U.S. SENATE, AND U.S. HOUSE OF REPRESENTATIVES

February 14, 2018

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NATIONAL RAILROAD PASSENGER CORPORATION
OFFICE OF INSPECTOR GENERAL

FY 2019 BUDGET REQUEST

INSPECTOR GENERAL'S OVERVIEW

We are committed to carrying out our mission under the *Inspector General Act of 1978* (as amended) as a high-performing Office of Inspector General (OIG)—delivering timely, high-quality, and value-added work to improve the economy, efficiency, and effectiveness of Amtrak's (the company's) programs and operations. We exercise independent oversight to provide the company, its customers, the public, and Congress with unbiased assessments—conducting audits and investigations.

Our Fiscal Year (FY) 2019 budget request of $23.274 million is consistent with the President's Budget. This funding request will allow us to continue our current level of oversight of the company's programs and operations, including work in emerging areas such as the company's efforts to improve infrastructure. We also continue to pursue our commitment to staff and equip the organization with highly qualified personnel and cutting-edge technology such as data analytics and computer forensics tools, which have proven particularly effective in identifying fraud, waste, and abuse. Moreover, this funding will support our ability to identify opportunities to help the company achieve its strategic goals of safety, financial excellence, and customer service.

We are also committed to the highest standards of excellence in achieving our mission and vision. We continue taking steps to increase our skills and capabilities and focus our attention on high-risk/high-impact issues that can have the largest positive impact on the company's programs and operations. Our efforts to date have led to significant improvements in the company's economy, efficiency, and effectiveness—and will continue to do so.

STRATEGIC PLAN

We are using the "Balanced Scorecard" framework to manage our strategic planning and execution. The Balanced Scorecard framework is a multidimensional approach to strategic planning and execution that focuses on defining and assessing how four performance perspectives—stakeholder expectations; internal processes; people, learning and development; and use of resources—contribute to the accomplishment of strategic goals and objectives.

To help us achieve our vision of operating as a model OIG, generating objective and sophisticated products that add value, we are pursuing three strategic goals.

- Address high-risk/high-impact issues
- Be objective, independent, and trustworthy
- Provide accurate and timely information and actionable recommendations

The framework's strategy management system provides a structured way for continually assessing where we are, where we need to get to, and whether our objectives and supporting initiatives are the right ones to help us achieve our goals, mission, and vision.

SIGNIFICANT ACCOMPLISHMENTS

During FY 2017, we issued 17 audit products, identifying $123 million in questioned costs and funds to be put to better use. The reports included numerous recommendations to improve the efficiency and effectiveness of the company's operations and programs.

During the same period, our investigations resulted in 24 indictments, 30 convictions, and $2.5 million in restitutions and recoveries. We opened 39 investigative cases and processed 385 complaints from the OIG Hotline.

Following is a selection of audit and investigation summaries we reported during FY 2017.

Office of Audits

We seek to ensure that the company spends its funds wisely and receives appropriate value for its expenditures. To do this, our audits are centered on seven focus areas:

- Governance
- Acquisition and Procurement
- Information Technology
- Train Operations and Business Management
- Human Capital Management
- Safety and Security
- Asset Management

Summaries of some of our recent audit products follow.

PRELIMINARY OBSERVATIONS ON THE NEW YORK PENN STATION INFRASTRUCTURE RENEWAL PROGRAM

Two derailments this spring at New York Penn Station (Penn Station) led to significant delays for the company's passengers and rail commuters across the New York City region, raising questions about the aging infrastructure at the nation's busiest train station. In response, the company launched the New York Penn Station Infrastructure Renewal Program (Renewal Program), which company documents describe as compressing several years of planned construction work into about a one-year period—including two months of intensive continuous track outages—to renew important assets in various locations throughout the station. In May 2017, we began reviewing the Renewal Program (then in its early stages of formulation) and shared our preliminary observations on the program with the company in July 2017.

We found that the company has taken several important steps to help ensure the Renewal Program stays on schedule and provide timely and relevant information to stakeholders. For example, it has created an internal executive steering committee to coordinate all efforts related to the Renewal Program across departments, augmented its track maintenance workforce in New York City by temporarily relocating personnel from elsewhere in the system, developed a cost estimate that includes contingencies, and constructed a work schedule that it considers sufficient to accommodate anticipated worker fatigue. The company also made positive strides in communicating with its internal and external stakeholders.

However, because of the scope of work and compressed time frames for completing the scheduled track repair, we identified risks in the company's plans for implementing the Renewal Program that warranted management attention. These risks involve potential weaknesses in the project management framework, as well as limitations in the company's plans for both communicating with stakeholders and mitigating passenger inconvenience. To address these risks, company officials told us they are taking a number of steps, which are in various stages of development. They agreed that completing these risk-mitigation efforts is particularly important given their potential to undermine the Renewal Program's prospects for success, the company's short- and long-term ridership and revenues, and the company's relationships with key Northeast Corridor stakeholders. In addition, shortcomings in any of these areas may result in reputational harm and reinforce questions that we and others have raised about the company's capability to effectively manage its critical infrastructure assets.

Company officials agreed that the issues we identified pose risks to the successful completion of the Renewal Program and the long-term reputation of the company. However, the officials told us they have plans in place or efforts underway to address many or all of these risks, and they are confident that those risks within the company's control will be successfully mitigated to ensure the Renewal Program's success and long-term protection of the company's brand.

ACQUISITION AND PROCUREMENT: IMPROVED MANAGEMENT OF DIESEL FUEL PROGRAM COULD LEAD TO COST SAVINGS

Our review of the company's management controls for purchasing, delivering, and testing diesel fuel found the company's purchasing practices for diesel fuel are inconsistent with leading practices, particularly strategic sourcing—a process that moves an organization away from numerous individual procurements to a broader, aggregate approach—that can help leverage an entity's purchasing power.

Because the company has a large number of diesel fuel contracts, which constitute a significant expense, using a strategic sourcing approach could result in potential cost savings. We estimate that consolidating diesel fuel contracts could reduce the company's costs by $9.2 million to $18.4 million annually given the purchases made in FY 2016. Further, eliminating the testing of diesel fuel at certain locations and relying on suppliers' inspection and quality control systems to ensure quality, with occasional spot checks, could save an additional $187,500 annually. In addition, strengthening management controls by enhancing the authority of the senior accountable official responsible for overseeing fuel deliveries would help ensure that the fuel in company storage tanks is tested regularly, and that adequate records of all corrective actions taken as a result of these tests are maintained.

The company's Executive Vice President, Chief Operating Officer and the Executive Vice President, Chief Administrative Officer, identified planned actions that addressed the intent of our recommendations and included implementation dates for all recommendations.

INFORMATION TECHNOLOGY: OPERATIONS FOUNDATION PROGRAM—RESTRUCTURING COULD HELP CONTROL COSTS AND LIMIT RISKS

The Operations Foundation program is a large, complex information technology (IT) and business process initiative designed to improve train operations and the movement of passengers. It consists of a portfolio of 15 "themes," which are groups of ongoing and planned projects. The themes are designed to modernize specific business processes and tools, primarily through the use of new or upgraded IT systems.

Our work showed the program is over budget and behind schedule, and the projected costs of the ongoing projects collectively outweigh their quantified benefits by about $125 million. As a result, the company risks spending additional funds on a program with limited prospects for success. In the past, the company has struggled to successfully implement smaller and less complex IT programs; therefore, a program of this scope and complexity may exceed the company's capacity to manage it.

We recommend that the company conduct a strategic review of the program to help mitigate program risks and focus company resources on projects with the best prospects for success. Conducting a strategic review will also provide an opportunity to update cost and schedule estimates, revise the related cost-benefit analyses, and allow the company to take an integrated, enterprise-wide approach to developing the technology for the program. This review could help the company avoid significant costs and free up about $71 million in funds that could be put to better use.

The company agreed with our recommendations and described actions it had already implemented or planned to implement that meet the intent of our recommendations.

GOVERNANCE: BETTER ADHERENCE TO LEADING PRACTICES FOR ETHICS PROGRAMS COULD REDUCE COMPANY RISKS

Our investigative work over the years identified persistent ethical violations within the company so we undertook a review of the company's ethics program. This review showed the company's current ethics-related activities partially align with some leading practices; however, these actions do not, in the aggregate, constitute a comprehensive and effective ethics program necessary to help prevent and detect criminal conduct or other unethical behavior. Without a robust ethics program that is fully in line with these practices, the company remains vulnerable to legal risks from employees' unethical actions, as well as harm to the company's reputation. Moreover, taxpayer dollars will remain at risk.

We recommended that the company take several steps to implement a comprehensive ethics program, including setting the management "tone at the top" and establishing an executive steering committee and a full-time program director. Once established, we recommended that the new Program Director coordinate with appropriate stakeholders to implement the critical components of an ethics program, such as defining program roles and responsibilities, implementing a communications plan and training program, and measuring program performance.

The company agreed with our recommendation to set a clear tone at the top regarding ethics, and our recommendation to establish an executive steering committee for the ethics program. However, management declined to establish a program director position for the ethics program, stating that it would assess the need for additional resources as it implemented the remaining recommendations in our report and developed an overall compliance program where responsibility for the ethics program will reside. We do not believe that delaying the ethics position while waiting for further assessments or the development of a compliance program is in the company's best interest. Many of the opportunities for ethics program improvement identified in our report are due in large part to limitations in how the company has organized, resourced, and implemented its ethics-related activities. Our recommendations were intended to address those limitations. Foremost is getting someone to assume ethics program duties full-time—and without delay.

Therefore, we continue to believe that a dedicated, full-time program director is fundamental for the company to succeed in developing an ethics program that is consistent with the leading practices of organizations with high-functioning ethics programs. Without a dedicated program director, or other action to provide additional resources to its ethics-related activities, we are skeptical that the company will be able to effectively implement the remaining recommendations in our report, particularly those involving activities that would be the responsibility of a program director and support staff.

ACQUISITION AND PROCUREMENT: MASTER SERVICES AGREEMENTS ARE NOT STRATEGICALLY MANAGED, AND AWARD AND OVERSIGHT PROCESSES CAN BE IMPROVED

Since FY 2009, the company increased its use of a contracting vehicle called a Master Services Agreement (MSA) from as few as 10 in FY 2009 to at least 76 ongoing in FY 2016. Designed as a mechanism to expedite acquiring professional services, such as IT support, the company has spent at least $404 million on MSA contracts from October 2008 through September 2016, based on available data. The company uses these MSAs for a variety of purposes. For example, the company's IT department began using MSAs in FY 2009 to augment its permanent staff by acquiring contractors with specialized skillsets, and other departments are using them to complete specific projects when professional services are needed.

Our objective was to evaluate the company's use of MSAs. To do this, we identified leading practices for awarding and overseeing service contracts from the American Productivity and Quality Center, U.S. Office of Management and Budget, U.S. Department of Transportation, several universities, and other sources. We also applied management control standards from the Committee of Sponsoring Organizations of the

Treadway Commission for private entities and the U.S. Government Accountability Office for public entities.

We made nine recommendations aimed at strengthening strategic oversight of MSAs that will help the company better manage these contracts and realize additional cost savings. These recommendations included establishing a central tracking mechanism to collect information on the company's use of MSAs, developing a plan to reduce the company's reliance on long-term IT staff augmentees, developing new management controls and guidance, and providing additional staff training.

The company's response described actions that met the intent of eight of our nine recommendations. While management generally agreed with our recommendation to develop a plan to reduce the company's reliance on long-term staff augmentees in the IT department, the management response did not communicate intended actions and a time frame for developing a plan for achieving this goal. The company subsequently submitted a document describing plans aimed at decreasing the number of staff augmentees in the IT department's workforce; however, the document was unsigned and undated, and raised additional questions about the IT department's overall plan for reducing its reliance on long-term staff augmentees. Accordingly, we do not consider management's comments responsive to the intent of this recommendation and requested additional information to clarify when and how it will develop a plan to reduce the number of long-term staff augmentees in the IT department's workforce.

Office of Investigations

Detecting and Deterring Fraud. We have continued to work with Amtrak management and federal, state, and local prosecutors to address potentially fraudulent activities through our investigative operations. We handle a wide variety of cases which may involve company employees, contractors, or members of the general public engaging in activities involving fraud, waste, and abuse.

Summaries of some of our recent investigative cases follow.

CIVIL SETTLEMENT AGREEMENT RESULTS IN $676,328 RESTITUION PAID TO AMTRAK

One of the largest privately-held companies in the United States, headquartered in Willow Grove, Pennsylvania, pleaded guilty to unlawfully employing aliens, in connection with a scheme in which the highest levels of company management remained willfully blind while lower level managers hired and rehired employees they knew to be ineligible to work in the United States. Following the guilty plea hearing, the company was sentenced to pay a forfeiture money judgment in the amount of $80,000,000 and abide by an Administrative Compliance Agreement, as set forth by U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) Philadelphia. Pursuant to a separate Civil Settlement Agreement, the company was to pay an additional $15,000,000 to satisfy civil claims arising out of their failure to comply with immigration law. As part of this settlement, Asplundh paid Amtrak $676,328 in restitution.

TIME AND ATTENDANCE FRAUD

We investigated a company supervisor after an audit of employee payroll and overtime hours revealed that the supervisor had unusually high claims of overtime. We found that the supervisor fraudulently claimed 41 regular hours and 685.75 overtime hours, resulting in a loss of more than $71,000 for the company. The supervisor was arrested in July 2016 and charged with theft of government property. On February 15, 2017, the supervisor pleaded guilty in the U.S. District Court for the District of New Jersey and was sentenced on June 8, 2017 to 24 months of probation and 6 months of home confinement. In addition, the supervisor was ordered to pay the company $71,946 in restitution. The supervisor retired in August 2016.

In a related case, we found another supervisor had fraudulently claimed 27.75 regular hours and 195.25 overtime hours, causing a conservative $20,000 loss to the company. This supervisor resigned, but also received a federal conviction, was sentenced in May 2017 to 3 years of supervised probation and restitution. Finally, we substantiated similar misconduct by certain subordinates of both supervisors. Ultimately they either resigned or the company terminated their employment.

HEALTH CARE FRAUD

We participated in an investigation with the Greater Palm Beach Health Care Fraud Task Force involving a series of “sober homes”—purportedly in the business of providing safe and drug-free residences—for individuals suffering from drug and alcohol addiction in Palm Beach and Broward County, Florida. It was alleged that the individuals who established these sober homes conspired with others to obtain patients, including dependent children of Amtrak employees, who would receive ineffective and medically unnecessary substance abuse treatment and testing that could be billed to the patients’ insurance.

The investigation disclosed that kickbacks and bribes—disguised as “case management fees,” “consulting fees,” “marketing fees,” and “commissions” were paid to sober home owners for referring their residents. The co-defendants met weekly to collect the payments, which were based on the number of insured patients that received treatment each week. To obtain residents for the sober homes, the conspirators provided free or reduced rent and other benefits to individuals with insurance who agreed to reside at the sober homes, attend drug treatment, and submit to regular drug testing that could be billed to the residents' insurance plans. The scheme resulted in multi-million dollar losses to health care benefit programs.

To date, 12 defendants, including two physicians, have pleaded guilty to health care fraud, money laundering, and other related charges. On March 15, 2017, two sober homes owners pleaded guilty in U.S. District Court for the Southern District of Florida in connection with the health care fraud and money laundering scheme.

CONFLICT OF INTEREST

We investigated allegations that a company employee had an undisclosed personal relationship with an employee of an Amtrak contractor, inappropriately steered company contracts to that contractor, and obligated company funds without authorization. In addition, sources alleged that the employee falsified her employment application by misrepresenting professional certifications that she held; disclosed sensitive information to a third party; abused the company's telework policy; and misused her company-issued computer and cell phone.

Our investigation revealed that, from 2012 through 2016, the Amtrak employee and the contractor's employee did, in fact, have a personal relationship and engaged in a pattern of behavior to ensure that work was awarded to the contractor without the company's full knowledge of their relationship. We also found that the employee approved $445,000 in purchase requisitions for the contractor and improperly obligated approximately $80,000 of company funds to the contractor without authority or proper approval.

Finally, we also concluded that the employee misrepresented her professional credentials on her employment application; misused several company-issued electronic devices for excessive personal use; and routinely violated the company's telework policy. On February 1, 2017, Amtrak ended the employee's employment with the company.

GUILTY PLEA – POSSESSION WITH INTENT TO DISTRIBUTE COCAINE

On June 9, 2017, a former Amtrak baggage handler pleaded guilty in the U.S. District Court, Northern District of Illinois, to knowingly and intentionally possessing with the intent to distribute cocaine, in violation of Title 21, U.S. Code, Section 841(a)(1).
In addition, the former employee violated company policies, and was ultimately terminated on November 22, 2016, for stealing an Amtrak Express Freight shipment for personal gain, which he acknowledged contained 3 to 4 kilograms of cocaine that he and his associate sold. Further judicial proceedings are pending.

MISUSE OF POSITION

A supervisor in Michigan misused his position to the extent he violated numerous company policies. We found that in October 2015, contrary to company policy, the supervisor concealed a serious operating rules violation committed by two track inspectors. In addition, we found that the supervisor committed numerous other policy violations, including unauthorized possession of a firearm on company property and used company resources for his personal benefit. As a result of the investigation, the company dismissed the person from employment on September 12, 2016.

Subsequently, we also found that two Amtrak foremen improperly performed work at the residence of the supervisor during company time while using company equipment, and that they provided false, incomplete, or misleading information to OIG Special Agents. On December 13, 2016, the company terminated their employment.

In addition, we found that eight other employees engaged in similar prohibited activities such as performing work at the supervisor's residence, helping another company employee move to a new residence on company time, and misusing company equipment and resources. The company suspended one employee for 20 days and the other seven employees for 10 days.

AMTRAK EMPLOYEE AND CALIFORNIA HEALTH CARE PROVIDERS CHARGED IN HEALTH CARE FRAUD SCHEME

In the largest-ever health care fraud enforcement action by federal prosecutors, 120 defendants nationwide—including an Amtrak employee and health care provider—were charged for allegedly participating in health care fraud schemes that cumulatively allege approximately $1.3 billion in false billings.

An Amtrak employee, a licensed acupuncturist, and an employee who worked for the acupuncturist were arrested in the Los Angeles, California area on July 11, 2017 for their roles in one of the schemes. The three individuals were indicted and charged on June 22, 2017.

The acupuncturist was charged with eight counts of health care fraud and three counts of money laundering, her employee was charged with five counts of health care fraud, and the Amtrak employee was charged with two counts of health care fraud. The charges arise from allegations that the acupuncturist recruited Amtrak employees to visit her business and then billed the Amtrak health care plan for acupuncture and other services that were not actually provided. The indictment also charges that the acupuncturist laundered payments received from Amtrak for the false bills through various accounts, including accounts held in the names of relatives.

FALSIFICATION OF SAFETY RELATED DOCUMENTS, OBSTRUCTION AND RETALIATION

We initiated an investigation into several allegations against two Amtrak supervisors for potential violations of various company policies associated with the falsification of official company safety documents that were furnished to the Federal Railroad Administration. Our investigation found that the two supervisors instructed their subordinate employees to falsify, sign, and backdate multiple safety-related job briefing forms. Doing so created the illusion that the briefings were documented on the dates indicated. On May 11, 2017, the two supervisors received 30-day suspensions from service. Our investigation also found that the two supervisors were directed to falsify the job briefing forms by their supervisor, an Amtrak Assistant Division Engineer, who retired on March 14, 2017.

SUMMARY OF OUR FY 2019 BUDGET REQUEST

For FY 2019, we are requesting $23.274 million which is the total provided for our office in the FY 2018 President's Budget. Our request is broken down as follows:

- $17.643 million for personnel and related costs.
- $3.415 million for operational and equipment expenses, including funding for office space, special equipment for criminal investigators, staff training, and information technology equipment and support services.
- $2.216 million for consultants and contracted services.

The request includes $276,000 for staff training requirements, and $51,202 to support the Council of Inspectors General on Integrity and Efficiency. The Inspector General certifies that the $276,000 for staff training satisfies all known training requirements for FY 2019, in accordance with Public Law 110-409, the Inspector General Reform Act of 2008.

Our funding request will allow us to continue our current operations and will also ensure that we have resources for travel, training, and other critical mission-support activities. During FY 2017, we made significant progress toward reaching our desired staffing level and anticipate that we will reach that level early in FY 2018. We will continue to adjust our use of contractors as we increase our staffing level. The FY 2019 funding request will enable us to sustain the improvements we made to operate as a model OIG and continue delivering high-quality, high-impact work that identifies cost savings and improves the company's operations and programs.

Emerging Areas for FY 2019

During FY 2019, we will continue to focus our audit and investigation efforts in the areas of Governance, Acquisition and Procurement, Information Technology, Train Operations and Business Management, Safety and Security, Human Capital Management, and Asset Management, subject to available resources. Our overall goal will be to identify ways to improve the economy, efficiency, and effectiveness of the company's programs and operations, while continuing to detect and prevent fraud, waste, and abuse.

We will also continue to ensure that our work is addressing emerging areas where the company is undertaking or planning initiatives intended to advance its strategic goals. A brief discussion of some areas where we have initiated or plan to perform work on emerging issues follow.

Acela Express 2021. In August 2016, Amtrak received a loan through the Federal Railroad Administration's Railroad Rehabilitation and Improvement Financing Program to purchase 28 new high speed trainsets for $1.6 billion and undertake ten infrastructure improvements needed to operate and maintain these trains for $850 million. Collectively, these projects—called the Acela Express 2021 program—represent the largest single investment the company has made in its 45 years of service. The new equipment will replace the 20 Acela trainsets currently providing high-speed service on the Northeast Corridor, allowing the company to increase service frequency between Washington, D.C. and Boston.

The first trainset prototype is scheduled to be delivered by Alstom in December 2019, and the new trainsets are scheduled to enter revenue service between January 2021 and June 2022. In addition, all ten of the related infrastructure projects are in the design phase, with construction scheduled from 2018 to 2020. Four of these projects must be completed before the new trains enter revenue service and are aimed at making improvements to the company's service and inspection facilities in Washington, D.C.; New York City; and Boston; and various trackside safety upgrades.

Given the company's past challenges in managing major acquisition programs, as well as the high-risk nature of this program, we plan to assess the company's plans for executing and overseeing the program, identify risks to accomplishing the stated objectives, and monitor how actual performance compares with cost and schedule estimates.

Revenue Growth Initiative. Amtrak's Revenue Growth Initiative (which includes the Terminal Development and Asset Monetization Initiatives) proposes to develop five of its busiest stations and surrounding assets using public-private partnerships with master developers. The company selected a master developer for Chicago Union Station in

May 2017 and selected another for Baltimore Penn Station in December 2017. The company plans to enter into similar agreements for the Philadelphia 30th Street Station in 2018, New York Penn Station in 2019, and Washington Union Station at a date that has yet to be determined.

We plan to assess the adequacy of the company's management and oversight of the initiative and its components compared to leading practices in the private and public sectors and to monitor cost, schedule, and performance in relation to estimates and plans.

Gateway Governance Program. The Gateway Program is an estimated $24 billion family of projects designed to double rail capacity between New York and New Jersey. Program projects include constructing two new rail tunnels under the Hudson River, expanding New York's Penn Station, and replacing the century-old Portal Bridge, among other infrastructure enhancements. Over the past three years, we have reported on progress made by the company on an early Gateway project to construct box tunnels beneath Hudson Yards and 11th Avenue in New York City in order to preserve a right-of-way for the planned Hudson River tunnel. Despite some minor schedule slippages and cost increases, these projects are now substantially complete.

While the company is working to identify funding for advancing additional projects, we plan to assess the company's efforts to establish an effective governance structure for the program. As the company secures funding for additional projects within the program, we will assess its plans for executing and overseeing the projects and monitor the cost, schedule, and performance in relation to estimates and plans.

Health Care Fraud. In FY 2017, we increased efforts to combat fraud, waste, and abuse in the health care arena. This is an important area because the company's medical plan is self-insured, thus, it bears the fiduciary responsibility for limiting opportunities for fraud, waste and abuse in medical payments and ensuring that these funds are spent as intended. Health care fraud poses both safety and financial risks to the company, its employees, and their family members. Our work to date has generated notable results and our plan is to continue our efforts in this emerging area. Our efforts will be enhanced by the use of data analytics that will support FY 2018 and FY 2019 audit and investigative work, enhancing our ability to assess financial exposure, improper claims payments, billing anomalies, safety risks, and other potential fraud, waste, and abuse scenarios.

Revenue Program Fraud. Starting in FY 2018, we are increasing our efforts to combat fraud, waste, and abuse in the company's revenue areas involving the eVoucher and Guest Rewards/Points Loyalty Programs. Recent investigations and information developed from company representatives suggest the company is losing significant revenue to fraud associated with both programs. Additionally, the company sustains significant losses attributable to credit card fraud. We have provided training to our special agents and are working with industry and financial partners in an effort to aggressively investigate these matters in coordination with the Amtrak Police Department and other law enforcement agencies. Our work has generated several investigations into these areas and we are working to identify and shut down the schemes used to commit this fraud and to identify any culpable employees. Our efforts in this emerging area will be enhanced by the use of data analytics and the continued collaboration with company officials and outside law enforcement agencies.

BUDGET TABLES

BUDGET REQUEST BY SOURCE OF FUNDS
NATIONAL RAILROAD PASSENGER CORPORATION
OFFICE OF INSPECTOR GENERAL

APPROPRIATION
(dollars in millions)

ACCOUNT NAME	FY 2017 ACTUAL	FY 2018 REQUEST	FY 2019 REQUEST
Salaries and Expenses	**23.274**	**23.274**	**23.274**

AUTHORIZED PERSONNEL RESOURCES - SUMMARY
NATIONAL RAILROAD PASSENGER CORPORATION
OFFICE OF INSPECTOR GENERAL

ACCOUNT NAME	FY 2017 Actual	FY 2018 Request	FY 2019 Request
Full-Time Equivalents	96	101	101

OBJECT CLASSIFICATION - FY 2017 TO FY 2019
NATIONAL RAILROAD PASSENGER CORPORATION
OFFICE OF INSPECTOR GENERAL
SALARIES & EXPENSES
($000)

	OMB ACCOUNT ID: 575-00-2996	**FY 2017 ACTUAL**	**FY 2018 REQUEST**	**FY 2019 REQUEST**
	Personnel Services and Benefits			
11.0	Personnel compensation	13,468	13,967	14,436
12.0	Personnel benefits	2,335	3,068	4,362
	Total Personal Services and Benefits	**15,804**	**17,035**	**18,798**
	Contractual Services and Supplies			
21.0	Travel and transportation (persons)	435	468	583
22.0	Transportation (things)	4	6	6
23.2	Rental payments to others	731	806	806
23.3	Communications, utilities, and miscellaneous charges	557	399	399
24.0	Printing and reproduction	1	6	6
25.1	Advisory and assistance services	2,520	3,024	1,146
25.3	Other purchases of goods and services from government accounts	478	587	587
26.0	Supplies and materials	237	441	441
	Total Contractual Services and Supplies	**4,961**	**5,736**	**3,974**
31.0	Equipment	510	502	502
	Total obligations	**21,275**	**23,274**	**23,274**

** Several years ago, the benefit rate for management employees grew to 80% of the salary rate. Amtrak took actions to reduce the cost of benefits that included adjustments to the health care programs and freezing participation in the defined benefit retirement program. Amtrak projected that the actions would reduce the benefit rate and result in significant estimated savings by reducing future liabilities for benefits. For accounting purposes, Amtrak is recording the estimated savings as an offset to benefit costs over the 3 year period of FY 2016 to FY 2018. As a result, the annual benefit rate was reduced to an average rate of 15% for the three year period. However, in FY 2019, after the estimated savings have been recovered, the benefit rate is expected to stabilize at 30% - 35% of the employee salary rate.*