

NATIONAL RAILROAD PASSENGER CORPORATION

Office of the Inspector General



OCTOBER 1, 2007 – MARCH 31, 2008

Semiannual Report to Congress



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**REPORT NO. 37
OCTOBER 1, 2007 – MARCH 31, 2008**





May 30, 2008

Honorable Donna McLean
Chairman
Amtrak Board of Directors

Dear Madam Chairman:

On behalf of the Amtrak Office of Inspector General (OIG), I am pleased to present this Semiannual Report to Congress. The OIG Report highlights significant audits, evaluations, and investigations for the six-month period ending March 31, 2008. During the reporting period, the OIG issued 15 audit reports that identified questioned costs of \$398,896 and \$6,390,505 in funds to be put to better use. The OIG performed audits of Amtrak's procurement operations, including the need to purchase a larger volume of concrete ties, and other operational expense areas, including payments to freight railroads for their services, and Amtrak's overtime wages, among others.

OIG investigators and special agents opened 69 new cases in the past six months and closed 62 cases; 283 investigations remain active as of March 31. The OIG has obtained 12 criminal indictments, obtained eight criminal convictions/pleas, no declinations and 12 cases pending prosecutorial review. The OIG's more significant casework included revenue protection and referring embezzlement cases to Amtrak management for disciplinary action.

The OIG Inspections and Evaluations group is continuing to facilitate initiatives to improve the efficiency and effectiveness of the material supply chain in providing parts and materials for Rolling Stock maintenance. In addition, Inspections and Evaluations has been evaluating the efficiency and effectiveness of Amtrak's Right-of-Way maintenance programs. As part of this effort, the OIG engaged a European consultant that has extensive experience evaluating the infrastructure maintenance programs of European Railroads.

During this period, and as a part of evolution within the OIG community, the OIG created a new group, the Office of Management and Policy (OMP), to provide mission and administrative support services by managing: budget formulation and execution; policy development; dissemination of OIG information, including the semi-annual report; human resources; executive resources; and OIG facilities. OMP ensures performance quality and compliance with current and emerging legislation, and

Honorable Donna McLean
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U.S. Government regulations, directives, and mandates. The office is the primary liaison with the Government Accountability Office, and other government departments and agencies. The office has assumed the responsibilities of the former OIG Counter-Terrorism and Intelligence Unit and will provide security oversight and review of Amtrak's Office of Security Strategy and Special Operations.

I want to report that the OIG meets the Internet website requirements called for by the Consolidated Appropriations Act of 2008 (Public Law 110-161). In addition, the OIG is in the process of making its Internet website generally consistent with the requirements of Section 13 of S. 2324 (the Inspector General Reform Act of 2008) and Section 9 of H.R. 928 (the Improving Government Accountability Act), which are very similar. Once implemented, these improvements will significantly enhance the OIG's accessibility and responsiveness.

I want to express my appreciation for the cooperation and support the OIG regularly receive from Congress and from you as our new Chairman. Finally, I want to recognize the extraordinary dedication and professionalism of the OIG's staff, whose performance adds value to Amtrak and the taxpayers who help support national rail passenger service.

Respectfully,

Fred E. Weiderhold, Jr.

Fred E. Weiderhold, Jr.
Inspector General

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Inspector General Viewpoint

FY 2008 MID-YEAR RESULTS

Amtrak continues to benefit from a number of external economic factors, including soaring fuel prices, a continuing deterioration in airline on-time performance and worsening customer service in that sector. Indeed, the cost of gasoline reached \$3.29 per gallon on March 31, up 26 percent over one year ago and 100 percent over five years; airline delays affect more than 22 percent of aircraft departures and almost 26 percent of arrivals, the industry's worst performance in the past decade. Amtrak has taken advantage of these economic conditions and market opportunities: revenue yield per passenger mile has increased to \$.28, an improvement of almost 22 percent over the past four years.

Through March 2008, Amtrak continues to experience business results better than budget and revenue and ridership forecasts. At mid-year, Amtrak has earned \$1.169 billion in total revenue (\$928 million in passenger related revenues); total revenue was 14.7 percent greater than over the same period in FY 2007, with passenger revenues up 13 percent. Total expenses were \$1.047 billion. Amtrak's adjusted losses, before depreciation, were \$220 million, \$13 million more than last fiscal year.

Total ridership for the year was 13.52 million, up 11.7 percent over the same period last year, with Acela being a major driver of performance. Acela's overall performance, and the challenges to maintaining and improving upon FY 2008's results, is discussed below. Amtrak's other Northeast Corridor services, the Regionals, posted a 14.6 percent increase in revenues, with a 12.4 percent increase in ridership.

At the national level (excluding Northeast Corridor performance), ridership and revenue results have been generally positive. For Amtrak's long distance services, Amtrak is besting the prior year in both revenue (+6.5 percent) and ridership (+7.8 percent). Shorter distance state and regional corridors performance is also up, ridership being up 12.6 percent over the same period, and revenues are up 15.8 percent. There was some noteworthy growth with the Hoosier State service (Chicago-Indianapolis) posting a 31 percent ridership growth; the Lincoln service (Chicago-St. Louis) posting a 28.3 gain; the Capitol Corridor Service (San Jose-Sacramento) posting a 13.6 percent increase in ridership; and the Keystones (Philadelphia-Harrisburg) posting a 19.5 percent gain.

AMTRAK'S CHALLENGES AND OPPORTUNITIES

Amtrak is well-positioned to continue to make Incremental improvements in its overall performance for the next several years, but there are risks to this upward trend depending upon how well some key risk areas are managed.

REVENUE OPPORTUNITIES

With the mid-year results in, there are very real opportunities for Amtrak to continue to garner additional passenger revenue growth in FY 2008. Gasoline prices will continue to drive the traveling public to consider lower-cost, more environmentally friendly, travel decisions, especially with price forecasts suggesting higher prices for the foreseeable future. Congestion and delays at major airports are taking their toll on the patience of air travelers, with consumer complaints increasing by more than 61 percent during 2007.

Amtrak's Acela revenues are up by more than \$195 million, or 20.3 percent, over the same period one year ago. Despite already serving 56 percent of the combined airline-intercity passenger rail market between Washington, D.C., and New York City, Amtrak still has some excess capacity to meet customer demands for additional rail services in the Northeast Corridor. Increased availability of Acela frequencies, and continued consistent and reliable on-time performance, will strengthen Acela's growing dominance in the Northeast Corridor marketplace.



Auto Train | Lorton, VA

With respect to long-distance rail passenger services, the Department of Transportation Office of Inspector General (DOT-OIG) issued a report shortly after the end of this reporting period that estimates \$98.5 million in financial benefits if Amtrak's long-distance services' on-time performance (OTP) is improved to 75 percent. Based upon a previous analysis by the OIG, the DOT-OIG estimates of labor cost savings appear to be aggressive and the DOT-OIG estimates of incremental performance payments appears to be understated. In addition, the revenue estimate is considerably higher than the estimate produced by Amtrak's revenue demand model.

The OIG continues to recommend that Amtrak concentrate its improvement of on-time performance toward four of the long distance routes, specifically the Autotrain service, the Coast Starlight, the San Francisco Zephyr, and the New York-Florida Silver Services. The OIG has recommended in prior reports that Amtrak closely examine its long-distance *business model* for some routes.

EXPENSE CONTAINMENT

Approximately 50 percent of Amtrak's operating expenses relate to employee wages, salaries, and benefits. It follows that even small improvements in productivity, when applied across the entire system, can generate significant savings. With the recent settlement of long-standing labor negotiations with all of Amtrak's labor unions, Amtrak must find ways to accommodate the agreed upon wage schedules. These settlements may add as much as \$130 million to Amtrak's annual operating expenses. Amtrak must, as recommended by the Presidential Emergency Board (PEB) more carefully consider and apply work rules to obtain greater efficiency and effectiveness from its workforce. Amtrak must, as recommended by this Office, modify its approach to maintenance and upkeep of its rolling stock, rationalize the use of its major service and inspection and back shop facilities, and be more attentive to revenue enhancement opportunities.

With respect to capital spending, much of Amtrak's capital budget continues to be invested in restoring the 'state of good repair' to the Northeast Corridor. The OIG is in strong support of this initiative, but we believe more work is required to lay out a more rigorous analysis of return on capital invested. Amtrak needs to delineate specifically the results of these large investment programs and the resulting impacts on revenue and expense reduction.

For example, Amtrak can prescribe a level of utility -- class of track to permit high-speed operations -- for all sections of the Northeast Corridor track infrastructure. High speed is defined by the Federal Railroad Administration (FRA) are class 6, 7 and 8 tracks ranging from 110 to 160 mph.

Amtrak can categorize the incremental costs for maintaining track at Class 7 (125 mph) or Class 8 (160 mph), and can tie revenue projections to scheduled performance. Other efforts can be oriented to major bridge and tunnel work, e.g. - to keep the useful life of an asset within 90 percent of its expected useful life before replacement. In addition, a more complete inventory of major programs and projects, by asset type, should be maintained and shared with Congress and rail partners.

SAFETY & SECURITY

SAFETY

Amtrak's overall safety performance has been slowly improving, but establishing a well-embedded safety culture in the railroad is a difficult and long-term task. In fact, while Amtrak was recently awarded an E.H. Harriman Certificate of Commendation for most improvement in employee safety among Class I railroads from 2006 to 2007, the OIG would like to see Amtrak look beyond injury statistics alone, which are still less than optimal among major Class I railroads.

SECURITY

During the reporting period, we created a new group, the Office of Management and Policy (OMP), to provide mission and administrative support services to the OIG by managing: budget formulation and execution; policy development; personnel security; dissemination of OIG information; human resources; and OIG facilities. OMP ensures performance quality and compliance with current and emerging legislation, and Government regulations, directives, and mandates. The office is the primary liaison with the Government Accountability Office, and other government departments and agencies. OMP has assumed the responsibilities of the former OIG Counter-Terrorism and Intelligence Unit, and will provide security oversight and review of Amtrak's Office of Security Strategy and Special Operations (OSSSO).

Amtrak Profile

Amtrak is The National Railroad Passenger Corporation incorporated under the District of Columbia Business Corporation Act (D.C. Code § 29-301 et seq.) in accordance with the provisions of the Rail Passenger Service Act of 1970 (Public Law 91-518). Amtrak is currently governed by a seven-member Reform Board established under the Amtrak Reform and Accountability Act of 1997 (P.L. 105-134; 49 U.S.C. § 24302). The company is operated and managed as a for-profit corporation providing intercity rail passenger transportation as its principal business.

Congress created Amtrak in 1970 to take over, and independently operate, the intercity rail passenger services. Prior to this America's private freight companies ran passenger rail as required by Federal law. Those companies reported they had operated their passenger rail services without profit for a decade or more. With this in mind, when Amtrak began service on May 1, 1971, Amtrak eliminated more than half of the rail passenger routes then operated by the freight railroad companies.

During Fiscal Year (FY) 2007 Amtrak carried approximately 26 million passengers on up to 315 daily intercity trains over 21,100 train miles serving 513 communities in forty-six states and three Canadian provinces. During the first half of FY2008, Amtrak ridership is up by more than 10 percent and ticket revenues are up by more than 13 percent over the same period in FY2007. If Amtrak were an airline, it would rank as the nation's eighth largest domestic carrier in terms of passengers carried and employment, and eleventh in terms of operating revenue (\$2.1 billion).

In terms of market-share, Amtrak serves 56 percent of the combined airline-intercity rail market between Washington, D.C., and New York City. In addition, more than 800,000 people commute every weekday on Amtrak infrastructure or on Amtrak-operated commuter trains around the country under contracts with state and regional commuter authorities.



Coast Starlight | CA

Amtrak employs about 18,400 persons, of whom about 16,000 are agreement-covered employees. These employees work in on-board services, maintenance of way, police, station and reservations services, and other support areas.

Amtrak owns the right-of-way of more than 363 route miles in the Northeast Corridor (NEC; including Washington, DC-New York City-Boston, Philadelphia-Harrisburg, and New Haven, CT-Springfield, MA) and 97 miles in Michigan. Amtrak owns 105 station facilities, and is responsible for the upkeep and maintenance of an additional 181 station facilities and 411 platforms.

Amtrak owns 17 tunnels and 1,186 bridges. It owns most of the maintenance and repair facilities for its fleet of about 2,600 cars and locomotives. Outside the NEC, Amtrak contracts with freight railroads for the right to operate over their tracks. The host freight railroads are responsible for the condition of their tracks and for the coordination of all railroad traffic.

Office of the Inspector General Profile

Amtrak's Office of the Inspector General (OIG) was established as a statutory entity in April 1989, in accordance with the 1988 amendments (P.L. 100-504) to the Inspector General Act of 1978 (P.L. 95-452; 5 U.S.C. Appendix 3). The OIG is an independent and objective entity within Amtrak whose mission is to detect fraud, waste, and misconduct involving Amtrak's programs and personnel, and to promote economy and efficiency in Amtrak operations.

The OIG investigates allegations of violations of criminal and civil law, regulations, and ethical standards arising from the conduct of Amtrak employees in performing their work. The OIG audits and evaluates Amtrak operations and assists management in promoting integrity, economy, efficiency, and effectiveness.

To accomplish these objectives, the OIG establishes policy for audits and investigations relating to all Amtrak programs and operations, and conducts, supervises and coordinates these audits and investigations. Further, the OIG reviews existing and proposed statutes, regulations and policies to evaluate their effect on economy and efficiency in the agency and on the prevention of fraud and abuse and recommends changes as appropriate.

The OIG consists of the following offices with specific responsibilities:

The **Office of Audits** is responsible for conducting independent reviews of Amtrak's internal controls; overseeing and assisting audits of Amtrak's financial statements; reviewing information technology programs and information security; providing accounting counsel to, and oversight of, Finance Department operations; reviewing certain procurements and material acquisitions for appropriateness of cost, pricing and compliance with applicable grant and/or contract terms and conditions; and, monitoring compliance with laws and regulations.

The **Office of Investigations** is responsible for investigating various types of fraud and abuse particularly allegations of financial wrongdoings, kickbacks, construction irregularities, bribery, and false claims; performing reviews of Amtrak's safety and security programs; recommending to the company better internal controls to prevent fraud and abuse; and, reporting violations of law to the Attorney General and prosecutors. It is also charged with reviewing and safeguarding Amtrak's cash and credit card purchases for transportation and food services on board Amtrak trains.

The **Office of Inspections and Evaluations** is a hybrid unit whose staff have specialized skills in engineering, safety, labor/employee relations, mechanical maintenance operations, strategic planning, and finance. This group conducts targeted



inspections of Amtrak programs, providing assistance to managers in their efforts to determine the feasibility of new initiatives and the effectiveness of existing operating methodologies. The evaluative process they utilize, whether requested or mandated, consists of independent studies and analytical reviews that often serve as the cornerstone for strategies to improve program cost efficiency and effectiveness, management, and the overall quality of service delivery throughout Amtrak.

The **Office of Management and Policy (OMP)** provides mission and administrative support services to the OIG by managing: budget formulation and execution; policy development; personnel security; dissemination of OIG information; human resources; and OIG facilities. OMP ensures performance quality and compliance with current and emerging Government regulations, directives, and mandates. The office is the primary liaison with the Government Accountability Office, and other government departments and agencies. OMP also has primary responsibility for Amtrak's security oversight.

The **Office of Counter-Terrorism and Intelligence** reported in previous reports has transitioned to Amtrak's Office of Security, Strategy, and Special Operations. Security oversight responsibilities remain with the OIG and have been integrated within the Office of Management and Policy.

There are eight OIG offices located in Washington, DC (Headquarters), Baltimore, Wilmington, Philadelphia, New York, Boston, Chicago, and Los Angeles.

Office of Audits

SIGNIFICANT AUDITS — CONTRACTS

**Review of RailPlan International, Inc.
Contract S 050 07001, Change Order COR-001 –
\$210,810 in questioned costs
Audit Report 503-2006 – Issued 11/26/2007**

The OIG completed a post award audit of a change order to a contract with RailPlan International, Inc. (RailPlan) for the purchase of additional Amfleet I and II ADA and Unisex toilet modules and for the conversion of Horizon ADA and Unisex toilet modules to Amfleet II modules. The audit objective was to determine the accuracy and acceptability of \$3,925,413 in change order costs billed by RailPlan.

As a result of the audit, the OIG identified a total of \$210,810 in questioned costs, which was primarily due to RailPlan's use of PPIs that were not specific to the items or commodities subject to escalation, namely fiberglass and steel. The contractor was unable to support the material handling rate used and the higher G & A rate applied in its billings for conversion items.

The OIG recommended that the questioned costs be recovered in accordance with the terms of the contract. In response to the audit report, management agreed to present the audit findings in its attempt to recover the amount in question. In March 2008, management advised that Amtrak and RailPlan had reached a tentative agreement to settle the audit findings for a total amount of \$99,659. A settlement letter has been forwarded to RailPlan for signature.

**Review of RailPlan International, Inc.
Contract S 064 90678, Change Orders COR-002
and COR-003.
\$146,212 in questioned costs
Audit Report 504-2006 – Issued 11/26/2007**

The OIG completed a post award audit of two change orders to a contract with RailPlan International, Inc. (RailPlan) for the purchase of deluxe dividing door partition assemblies and mirrors and additional Restroom modules that were previously purchased under the Superliner Remanufacturing project. The audit objective was to determine the accuracy and acceptability of \$2,325,196 in change order costs billed by RailPlan.

As a result of the audit, the OIG identified a total of \$146,212 in questioned costs. The questioned costs were primarily due to RailPlan's improper billing for G & A for the dividing doors and mirrors, which was unauthorized under the contract, and its use of inappropriate PPIs and PPI beginning period in its price escalation for the additional restroom modules.

The OIG recommended that the questioned costs be recovered in accordance with the terms of the contract. In response to the audit report, management agreed to present the audit findings in its attempt to recover the amount in question. In March 2008, management advised that Amtrak and RailPlan had reached a tentative agreement to settle the audit findings for a total amount of \$143,152. A settlement letter has been forwarded to RailPlan for signature.

**State of Maine's "Downeaster" Train Service
Contract Audit
Audit Report 305-2007 – Issued 12/19/07**

Amtrak entered into a contract with the Northern New England Passenger Rail Authority (NNEPRA), an agency of the State of Maine, on December 2, 1996, for the purpose of providing inter-city rail passenger service between Portland, Maine and Boston, Massachusetts. The contract has a term of 20 years from the start of the train service, which began on December 15, 2001.

NNEPRA had the responsibility for upgrading the rail lines for the operation of intercity rail passenger service and providing Amtrak with cab cars for use in the Service. Amtrak is responsible for providing locomotives, passenger coaches and food service cars, from its existing equipment pool, to accommodate four daily round trips between Portland and Boston.

The Downeaster Service recovers approximately 50 percent of its annual operating cost from ticket sales. The remaining 50 percent is recovered through a Grant from the Federal Government and the State of Maine. The federal grant, which is aimed at reducing highway congestion and pollution, expires in September 2008. The State of Maine will assume full responsibility for assuming the cost of the service after that date.

The purpose of OIG audit was to determine if, for calendar year 2006, Amtrak and NNEPRA were adhering to the terms and conditions of the contract; expenditures incurred were accurately reported; and, that Amtrak had an accounting system capable of tracking expenditures and receipt of ticket revenue for the service.

The OIG's review determined that Amtrak and NNEPRA were, and are, adhering to the terms and conditions of the contract and allowable costs were accurately accounted for during the period of OIG's review.

SIGNIFICANT AUDITS – INTERNAL OPERATIONS REVIEW

Review of Arnold Worldwide Advertising Expenses Audit Report 206-2007 – Issued 10/17/07

The OIG performed a limited scope review of Arnold Worldwide Advertising to determine whether management controls were in place over the procurement and payment of advertising, whether programs were approved and administered in accordance with their advertising plan and if payments were consistent with the Agreement. Amtrak's expenditures to Arnold Worldwide Advertising totaled approximately \$18.9 million in FY2006. The audit results disclosed that services were rendered, and charges were adequately supported in accordance with the Agreement and that expenditures were properly processed and approved.

Review of Rocla Concrete Tie Inventory and Procurement *\$1.3 million funds that could have been put to better use* Audit Report 218-2005 – Issued 03/20/08

As a result of findings in a previous audit report (Report #226-2004), the OIG performed an audit on the inventory and procurement process associated with concrete ties procured from Rocla Concrete Tie, Inc. (Rocla). During FY2002 to FY2007 Amtrak issued purchase orders to Rocla totaling approximately \$46 million. The OIG examined seven purchase orders for the period October 2005 through December 2006. During the period reviewed, there was a June 2, 2003, Supplies Contract Agreement and a subsequent Agreement dated April 21, 2006, in place. The OIG noted that unit prices for five of the seven purchase orders reviewed did not agree with the contract unit pricing set forth in the June 2, 2003, Supplies Contract Agreement. Based on the analysis, invoices were submitted that included surcharges which were applied to unit prices that already contained an annual Producer's Price Index adjustment resulting in an over billing of approximately \$1.3 million. Procurement indicated that although not documented, changes were made to the agreement. Reference was noted in the vendor files and in Amtrak staff summaries; however Procurement was unable to provide documentation to support contract changes that was signed by both parties. Absent a formal contract change (change order) or documentation to support the change the OIG audited against the signed Agreement and viewed the over billing as extraordinary contract relief.

The OIG recommended and management agreed that management adhere to Amtrak's Procurement Manual by adequately documenting and formalizing changes to contract terms and

conditions, and agreed to terms and conditions must be adhered to and any change to the contract must be formalized in a change order and documented in the contract file.

In addition, the OIG noted that 24% of the total number of concrete tie inventory issues for the period October 2006 through December 2006 indicated that the inventory transactions was not charged to the proper work element resulting in improper capital project costing. The OIG recommended and management agreed that Amtrak Engineering provide Store Attendants with accurate written notification when requesting inventory.

The OIG is reviewing other issues relating to the provision of concrete ties to Amtrak under the Rocla contract. A number of concrete ties have prematurely failed, well before their end of useful life. Further OIG reviews are planned for this contract.

Beech Grove Wreck Audit Audit Report 405-2007 – Issued 3/31/08

The OIG has completed a review of wreck repair work completed during FY2007. The purpose of the review was to determine whether the Mechanical Department's cost control environment accurately and properly captured and reported all costs associated with wrecked passenger cars repaired/rebuilt at Beech Grove.

The OIG found that Amtrak's Beech Grove Mechanical Facility does not accurately and properly capture and report all costs associated with wrecked passenger cars repaired/rebuilt at Beech Grove. The audit found that the lack of adequate timekeeping controls and internal control weaknesses caused the labor costs to be inaccurately captured and reported.

The OIG provided detailed recommendations to strengthen internal controls and improvements to the timekeeping process to ensure greater effectiveness and efficiency of operations, improve the reliability of financial reports, ensure compliance with company policies and procedures, and avoid poor business decisions based upon inaccurate data.

Review of Amtrak Backshop, Beech Grove In-sourcing – New Jersey Transit Overhauls Audit Report 215-2007 – Issued 03/26/08

The OIG completed a review of the Beech Grove in-sourcing process associated with the sale and overhaul of four P-40 locomotives to New Jersey Transit (NJT) to determine whether Amtrak made a profit on the overhauls and that the in-sourcing activity was in accordance with corporate policies.

The OIG determined that Amtrak generated an average profit of \$70,387 per locomotive overhaul after all costs were applied to the contract price and that Amtrak generated a net cash savings

of \$1,247,159 by satisfying the liens on the locomotives early via a Special Purchase Option.

The audit revealed varying degrees of management noncompliance with corporate insourcing policies. The audit found that management did not properly route the Senior Staff Summary to all departments, specifically, the Chief Finance Office and the OIG for the required financial reviews and management failed to obtain force account insurance. The OIG found the overhaul procedures commenced without an executed agreement on equipment neither party owned. Management agreed with the findings.

Further, management released the equipment to NJT without the contract stipulated acceptance and without receipt of the related payments. The OIG observed that the P-40 locomotive fleet in storage at Bear, DE is not maintained in accordance with lien provisions.

Review of Unbilled Expenses for Rhode Island Contract Audit Report 204-2006B – Issued 03/26/08

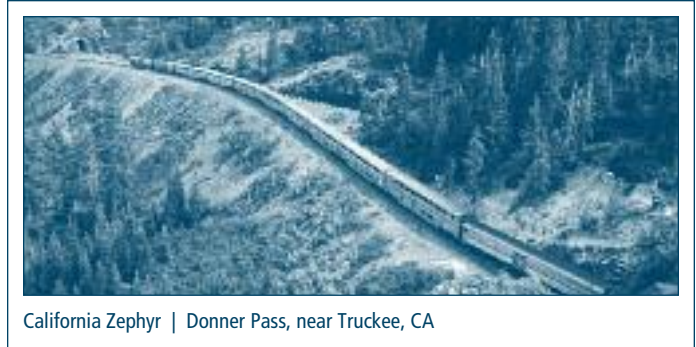
In January 2007, the OIG determined that Amtrak failed to invoice the State of Rhode Island an estimated \$740,000 in reimbursable maintenance of way and conductor/flagmen force account labor expenses. Based on the OIG's recommendation, management performed a comprehensive study which identified \$1,341,757 in unbilled labor expenses associated with force accounts. To date, Amtrak has received \$315,296 in reimbursements from the State of Rhode Island. The OIG reissued the January 2007 audit report in March 2008 to update the results of the audit.

Review of Track Ballast Expenses Discrepancies and weak controls

Audit Report Number 216-2007 – Issued 03/31/08

The OIG completed an audit of ballast expenses to determine the adequacy and effectiveness of vendor invoicing, determine the vendor's process to account for rail cars that are returned to their quarry not completely empty, assess the adequacy of Amtrak's process for receiving and issuing ballast, and determine whether or not Amtrak's projects are properly charged for ballast usage.

The review revealed inadequate documentation to support vendor invoicing; a lack of separation of duties in the charge-out process and an inadequate process to quantify the credits received by the vendor for ballast returned to the vendor's quarry. The review noted discrepancies in internal reports associated with the number of ballast rail cars utilized to transport ballast to a site.



Based on the review, the OIG recommended that the vendor implement a process to provide adequate documentation to support the amount of ballast invoiced. And, the OIG recommended that management perform a review of projects charged for ballast to ensure that charges are accurately entered; implement a formal internal process to identify the contents of ballast rail cars to ensure proper credit from the vendor; and, ensure that personnel responsible for compiling data on internal reports record the information accurately.

SIGNIFICANT AUDITS – SELF-INSURED HEALTH CARE PLANS

Review of Insurance (AmPlan) Claims for Commonly Abused Medical Billing Codes *Patterns indicative of abusive or fraudulent billing codes identified*

Audit Report 102-2006 – Issued 3/26/08

Amtrak administers a self-insured healthcare plan, AmPlan, for its agreement-covered employees. Amtrak spends over \$200 million per year to cover healthcare expenditures for over 60,000 employees and their family members. The National Healthcare Anti-Fraud Association (NHCAA) estimated that at least 3 percent of the nation's healthcare expenditures, or \$51 billion, is lost to fraud. Other estimates by government and law enforcement agencies place the loss as high as 10 percent of annual expenditures, or \$170 billion each year.

Medical billing fraud is committed by using certain billing codes that are often abused or over utilized. The OIG performed a review of the AmPlan claims to determine if there were any patterns indicative of abusive or fraudulent billing. The key findings of this review include instances of repetitive and abusive billing; unusually high volume of claims for a single-

person practice; and, instances where the highest level billing code was used to generate unusually high numbers of claims.

In each case, the OIG concluded that further investigation would be necessary to ascertain if the billings are in fact fraudulent.

SIGNIFICANT AUDITS – INVENTORY

Review of Cycle Inventory – Wilmington, DE, M/E Shop and Boulden, DE, Facility Audit Report 217-2007 – Issued 11/20/07

The OIG conducted an observation of cycle inventory at the Wilmington, DE, Shops and the Boulden, DE, Facility and found that the inventories were generally taken in accordance with instructions. Management agreed with and adequately addressed the OIG's recommendations.

Review of FY2007 Annual Maintenance of Way Inventory Audit Report 213-2007 – Issued 12/19/07

At the request of Amtrak's external auditors, the OIG conducted inventory observations at 15 Maintenance of Way (M/W) stores. Management reported a net variance for all 49 stores of -0.13 percent and a gross variance of 4.62 percent. For the 15 stores observed by the OIG, the FY 07 percentage dollar variances were 2.10 percent net and 2.74 percent gross. The FY 07 variances for the 15 stores observed was acceptable.

The OIG found, however, that the trend of increasing M/W valuation from \$40,629,194 to \$54,052,358, a 33.04 percent FY07 increase; and, there was a decreasing inventory turnover from 2.44 in FY2004 to 1.46 in FY2005 to 1.33 in FY2006 to 0.95 in FY2007. This trend continued into FY2007.

SIGNIFICANT AUDITS – INFORMATION TECHNOLOGY

Information Security Review Information security controls need improvement Audit Report 107-2004 – Issued 3/31/08

Due to the consolidation of the business units and information technology (IT) infrastructure, more business critical information is now centralized at Amtrak. Because of the various entry points into Amtrak's systems, dependence on contractors, and limited resources committed to security administration, Amtrak's information resources are vulnerable to threats ranging from remotely

launched network service exploits to malicious codes spread through emails, spam, questionable websites, and file downloads.

The primary objective of the OIG review was to determine whether an effective system of network and operating system security was established to protect Amtrak's information resources. While Amtrak has improved security controls in some areas such as virus and spam control, and perimeter security including firewall and intrusion detection, it still lacks sufficient security controls in many areas, well-documented policies and procedures, and repeatable processes to mitigate and manage security risks. The OIG found the following exceptions that require management attention:

- Amtrak has not implemented a consistent, comprehensive, end-to-end information risk management security program and framework to protect its information resources. Data and security classification has not been implemented to protect sensitive and critical resources from loss, misuse, and unauthorized access or modification.
- There are servers which do not comply with Amtrak's information security policies, guidelines, and best practices, and therefore are vulnerable to attacks. Audit found outdated software, the latest service packs/security patches missing, unnecessary open ports and services, open shares containing sensitive and confidential information, weak passwords, and an excessive number of administrator and shared accounts.
- To proactively guard against security attacks and breaches, Amtrak needs to improve its compliance monitoring, log review, and enforcement of security policies.
- Effective technology controls have not been implemented to protect business data stored on laptops and other roaming devices.
- Amtrak does not require comprehensive background checks for IT contractors and employees. Current physical security controls at Washington, DC, offices do not provide adequate safeguards.
- Employees and contractors are not provided comprehensive information security orientation, training, and periodic refresher education that effectively communicates Amtrak's information security policies and practices.

Management agreed with all of the OIG's findings and recommendations. The current Amtrak IT leadership has shown the serious commitment and urgency to appropriately address the long outstanding security weaknesses, and significantly improve Amtrak's security posture.



Coast Starlight | Pacific Coast

Analysis of Overtime Wages

Stronger oversight required to control excessive overtime **Audit Report 105-2007 – Issued 1/9/08**

At present, 15 collective bargaining labor agreements govern how Amtrak workers are paid for overtime work. In calendar year (CY) 2006, Amtrak incurred about \$137 million or 16 percent in overtime wages out of a total of \$851 million in wages paid to about 18,500 agreement-covered employees. The OIG performed a limited scope review of the overtime wages paid in CY2006 because of the inherent risk of fraud, waste and abuse.

The primary objective of the OIG review was to analyze the overtime wages of agreement-covered employees who earned more than \$100,000 in total wages during the calendar year 2006. This total amounted to \$7.5 million out of the \$137 million in total overtime wages.

The OIG found that the top five job titles of agreement covered employees earning over \$100,000 were Engineer, Foreman, ARASA Supervisor, Conductor, and Electric Tech/Specialist; and top five locations were New York, Philadelphia, New Haven, Boston, and Oakland districts. The OIG identified instances of potential fraud, waste and abuse that require further investigation and action by management.

The OIG recommended that management review policies, processes and practices for the assignment and distribution of overtime and enhance controls over the approval of overtime. Management agreed to take necessary action to address most of the internal control weaknesses identified.

MANAGEMENT RESPONSES MORE THAN 180 DAYS OLD FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

The OIG continues to monitor and follow up with management on corrective action measures. The following items were reported in previous semiannual reports and additional information is being reported.

Review of Union Pacific Corporations (UP) Billing Processes

\$144,659 Excess Billings Identified

Audit Report 407-2004 – Issued 03/07/2007

Effective January 1, 2000, The National Railroad Passenger Corporation entered into an agreement with the Union Pacific Railroad Company (UP), which consolidated the four previous contracts for the Southern Pacific, the Union Pacific, the Southern Pacific Central States Line, and the Denver and Rio Grande Western Railroads for intercity rail passenger operations on tracks and properties owned by UP. Under the agreement provisions, the UP bills Amtrak each month for specific services and facilities for intercity rail passenger operations. The purpose of the OIG audit was to determine the accuracy, reasonableness, and validity of the charges the UP billed Amtrak for selected items and to develop an audit adjustment claim if appropriate.

The OIG audit from January 1, 2002, through December 31, 2003, and consisted of analyzing the UP's monthly billing costs, records, payments, technical opinions, vendor invoices, Amtrak delay reports, internal/external letters and memoranda, historical documentation of similar railroad billings, where available, and other information, as deemed necessary.

The OIG recommended that management initiate a final settlement letter and that monies due Amtrak be collected. Management verbally agreed, but has not provided a written response to this audit.

Reviews of Southern Pacific Central States Line ***Questioned costs not yet resolved***

Audit Report 01-506 – Response 09/04/2001

Audit Report 01-507 – Response 09/04/2001

Audit Report 01-508 – Response 10/12/2001

Audit Report 01-509 – Response 10/12/2001

Effective January 1, 2000, the four previous contracts Amtrak had with Southern Pacific Central State Line (SPCSL), Denver

and Rio Grande Western Railroad Company, the Southern Pacific Transportation Company, and the Union Pacific Railroad Company were consolidated into one new contract with the Union Pacific Railroad Company (UP). With the consolidation, the UP became the railroad responsible for the negotiation and settlement of the SPCSL audit findings. Since the issuance of the four SPCSL audit reports, the total questioned cost of \$946,559 has been revised to \$703,058.

The OIG has presented to the UP the revised total through written correspondences and also at a meeting with the UP representatives on February 27, 2008. The UP indicated that negotiations of the SPCSL questioned costs would begin after it has had an opportunity to review all findings related to the audits of the previous contracts with the Southern Pacific Railroad and the Union Pacific Railroad.

**Mass Transit Products, Inc. –
Termination for Default for Superliner I Overhaul
Questioned Costs of \$63,184
Audit Report 219-2005 – Response 01/25/2006**

The Procurement and Materials Management Department is still involved in ongoing settlement negotiations with the contractor and their suppliers. The questioned costs are \$63,184. The OIG continue to monitor the actions taken.

**Physical Inventory of ACELA High-Speed Rail Parts
Questioned Costs of \$222,186
Audit Report 215-2006 – Response 02/23/2007**

The OIG assisted in counting the Acela Parts inventory that was owned by the Bombardier/Alstom OEM consortium. Further, the OIG performed and are currently assisting in a pricing review. Questioned costs were originally identified as \$222,186; however, there are still under-priced items and items that have not been entered into Amtrak’s Accounting, Material and Purchasing System (AAMPS). The OIG will continue to monitor.

UNRESOLVED AUDIT ISSUES

Appendices 1 and 2 show the status of management decisions on audit recommendations and dollar values of questioned costs, unsupported cost, and funds to be put to better use.

Section 5(a)(10) of the Inspector General Act of 1978 (P.L. 95-452; 5 U.S.C. Appendix 3), requires “a summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period.” Such reports are shown in Appendices 1 and 2.

In addition, 5 U.S.C. APP. 3 § 5(a)(11) requires “a description and explanation of the reasons for any significant revised management decision made during the reporting period.” There were none during this reporting period. Finally, 5 U.S.C. APP. 3 § 5(a)(12) requires “information concerning any significant management decision with which the Inspector General is in disagreement.” No such decisions were made during this reporting period.

AUDIT STATISTICS	
Status of Audit Projects	
Audits in progress at 10/1/07	43
Audit projects postponed or cancelled	2
Audit projects started	19
Audit reports issued	15
Audit projects in progress 3/31/08	45
Audit Findings	
Questioned costs	\$398,896
Unsupported costs	\$0
Funds to be put to better use	\$6,390,505
Total	\$6,789,401

Office of Investigations

CASE STATUS OF INVESTIGATIONS

10/1/07 – 3/31/08

Total Open Cases as of 10/1/07	276
Closed Cases	(62)
Opened Cases	69
Total Ongoing Cases as of 3/31/08	283

CASE HANDLING

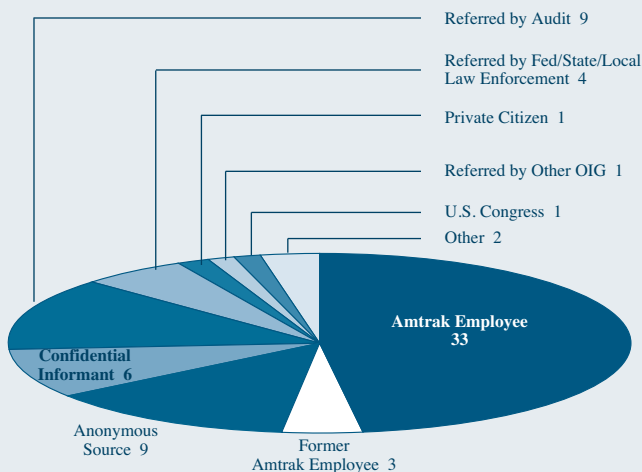
The OIG receives allegations from many sources, including employees, confidential informants, Congressional sources, federal agencies and third parties. Presently, The OIG are handling 283 investigations; in the last six months, the OIG opened 69 cases and closed 62 cases.

SOURCES OF ALLEGATIONS

As set forth in the chart below, entitled “Sources of Allegations,” employees and anonymous referrals accounted for about 61 percent of the allegations during this reporting period, with employees being the source of 33 of the 69 allegations, or 48 percent. All allegations are reviewed, screened and resources are allocated based upon, among other things, the seriousness of the allegations and potential harm to Amtrak or the public.

SOURCES OF ALLEGATIONS

10/1/07 – 3/31/08



HOTLINE

The fraud OIG HOTLINE program has continued to provide employees or third parties an opportunity to report allegations of fraud, waste, abuse, and other wrongdoing. Employees can access the HOTLINE 24 hours a day by calling Amtrak Telephone System (ATS) number 728-3065 in Philadelphia and the toll free number (800) 468-5469 if outside Philadelphia. During working hours from 9:00 a.m. to 4:30 p.m., the OIG answer callers on the HOTLINE system. During other hours or during those occasions when staff are away from the office, callers can leave a message on the HOTLINE answering machine.

People may write in confidentially to P.O. Box 76654, Washington, DC 20013. The OIG received nine telephonic HOTLINE complaints during this reporting period, which is an increase from the previous reporting period. The majority of HOTLINE complaints received during this reporting period were made by anonymous sources and private citizens.

HOTLINE STATISTICS

10/1/07 – 3/31/08

Total

Hotline Complaints Received	9
------------------------------------	----------

Sources of Hotline Complaints

Amtrak Employee	1
Anonymous Source	7
Confidential	1

Classification of Complaints

Administrative Inquiry	5
Criminal – Other	1
False Time and Attendance	1
Theft/Embezzlement	1
Fraud	1

Complaints Referred To:

OI Field Offices	8
Amtrak Police	1

SIGNIFICANT INVESTIGATIONS — EMBEZZLEMENT, THEFT, FRAUD, AND MISAPPROPRIATIONS

Embezzlement sometimes involves falsification of records in order to conceal the theft. Embezzlers commonly steal relatively small amounts repeatedly over a long period of time as was the situation in the case outlined below.

In connection with the OIG's investigation of a San Francisco station agent who was indicted for embezzling nearly \$250,000, on March 5, 2008, he pled guilty to violating 18 U.S.C. § 666 – theft concerning programs receiving federal funds. The station agent is scheduled to appear for sentencing in United States District Court on June 11, 2008. He faces possible imprisonment, as well as a fine and restitution. In addition to any punishment which the Court imposes, the OIG is requesting that the Court order forfeiture and full restitution of the embezzled funds.

Theft and fraud is a problem which affects many organizations, regardless of size, location, or industry. Due to the nature of Amtrak's business, geographic dispersion, and the level of cash transactions, on-board trains and within stations, there are many areas at risk for embezzlement and/or theft of company assets.

Amtrak has implemented certain procedures to assure time and cost savings in its daily business. Despite its efforts, similar to many large organizations, there exists the potential for Amtrak employees, vendors and others to exploit gaps in the system for financial gain. The negative impact to the organization's reputation, employee morale, and the management-employee relationship as a result of these unauthorized and potentially illegal actions results in financial harm.

In addition to employee-related theft and fraud, the OIG has reason to investigate theft or fraud committed by passengers, vendors, consultants, and other outside parties. As a result, the OIG spends considerable time and effort towards identifying and addressing these issues. Additional significant investigations related to theft, fraud, misappropriations, or other criminal activity include the following:

CHICAGO FOOD SERVICE EMPLOYEE MISAPPROPRIATIONS

In a previously reported OIG investigation, the OIG discovered collusion between a former Chicago Debriefing Office clerical employee and several lead service attendants (LSAs), who failed to remit Amtrak funds from on-board sales. With respect to this

CLASSIFICATION OF CASES OPENED DURING THIS PERIOD

10/1/07 – 3/31/08

Type	Number
Fraud	20
Other Criminal	6
Theft/Embezzlement	8
False Claims	2
False Statements	1
False T&A Issues	2
Waste	4
Abuse of Position	4
Mismanagement	5
Conflict of Interest	2
Administrative Inquiries	6
Other Non-Criminal	9
TOTAL	69

case, during this reporting period, ten (10) LSAs pleaded guilty in the Circuit Court of Cook County for violating Chapter 720, Act 5, section 16-1-a (1)A of the Illinois Compiled Statutes, 1999 as Amended, for failure to remit more than \$44,632 in Amtrak funds.

Eight of the former LSAs were sentenced to one year of court supervision, and two were sentenced to 18 months of court supervision. The court ordered restitution in the amount of \$3,800, not including over \$22,000 already recovered.

PAYROLL FRAUD

OIG agents found that an employee in the payroll department converted approximately \$20,000 in Amtrak employee unclaimed property, by using unauthorized checks made payable to a second Amtrak employee. As a result of OIG's investigation, management terminated both employees.

MISUSE OF FUEL CREDIT CARDS

In conjunction with the use and issuance of company vehicles, Amtrak issues fuel credit cards to be used for the sole purpose of purchasing fuel for Amtrak vehicles. While there are established corporate procedures for the management and control of fuel credit cards, the abuse of fuel credit cards continues to be reported. The following reflects an investigation in this area,

The Amtrak OIG received an allegation from the General Services Administration (GSA) Office of Inspector General regarding suspicious credit card activity pertaining to an employee-issued GSA Voyager Fuel Credit Card. The resulting investigation found that the fuel credit card was used to purchase more than \$565 worth of food for the employee's own consumption. As a result of the investigation, management counseled the employee and required him to pay full restitution.

MISUSE OF PROCUREMENT CHARGE CARDS (PCARDS)

The Amtrak Procurement Charge Card Program has been designed to support the purchase of low dollar business expense items in the most economical method possible. The PCard is designed to be used for Amtrak business purchases only and is not to be used to purchase personal goods and services. Despite these requirements, an OIG review identified violations in the use of PCards, such as those illustrated in the following paragraphs.

OIG conducted an investigation into a Michigan engineering clerk's unauthorized use of a PCard. OIG found that the clerk used the Amtrak PCard to purchase numerous items for personal use, including tax preparation software and swimming pool supplies totaling \$2,222. OIG issued an Administrative Report to Management, and the clerk was subsequently administratively charged and resigned from Amtrak.

The OIG referred the matter to the Michigan State Police and the Berrien County Prosecutor's Office. On December 17, 2007, the clerk pleaded guilty to one count of embezzlement by an Agent of Trust, MCL 750.174(4)(a), in the Fifth District court of the State of Michigan, in Niles Michigan. The clerk was sentenced to two years probation, and ordered to pay \$2,222 in restitution to Amtrak. Amtrak has received the \$2,222 restitution payment.

Another Amtrak employee used her Amtrak assigned PCard, without authorization and while on vacation, resulting in three unauthorized purchases of a personal nature. As a result of the investigation, the employee was found to be in violation of Amtrak's Standards of Excellence and terminated from Amtrak service.

The OIG determined that an Amtrak Engineering Department employee had used the company PCard to purchase an electric power hammer for Amtrak-related work. However, the subsequent investigation found that the employee took the power tool home for use on a personal home project ultimately depriving Amtrak of the use of that tool for about two months. As a result, the employee was counseled and the Engineering Department's unwritten policy allowing employees to take small tools home was discontinued.

FAILURE TO SAFEGUARD COMPANY PROPERTY

OIG agents received an allegation that an Amtrak Conductor had accrued \$5,000 in phone charges for a company-issued cell phone. It was discovered that the conductor reported that the phone had been lost or stolen subsequent to notification of the phone charges. As a result, the conductor was charged in a company proceeding with not safeguarding company property, received a three day suspension and, although there was no charge for the phone use, paid restitution for the phone accessories.

THEFT OF AMTRAK PROPERTY

The OIG investigated an employee for removing scrap materials from Amtrak's 16th Street Yard in Chicago, Illinois, and collecting proceeds from the sale of the materials to a scrap yard. The employee admitted to an OIG agent that the employee had removed various scrap materials from Amtrak property and retained the funds received from the sale of the items for his personal gain. The employee was administratively charged for violating Amtrak's Standards of Excellence and subsequently terminated.

AMTRAK RAIL PASS ABUSE

It is Amtrak's policy to provide free and reduced-rate personal travel transportation for its employees and their eligible dependents. If the Rail Pass is used fraudulently or inappropriately, where an individual knowingly falsifies information or permits the unauthorized use of pass privileges, the Corporation reserves the right to suspend or revoke Rail travel privileges.

During this reporting period, an OIG investigation found that an Amtrak Mechanical employee fraudulently obtained tickets for a friend using his assigned Rail Pass. The employee's actions resulted in a potential loss of about \$600 in revenue to Amtrak. The employee subsequently received a 30 day suspension as well as lifetime loss of rail travel privileges for himself and his wife.

MISUSE OF EMPLOYEE RETIREMENT RECOGNITION PROGRAM

Amtrak has established a policy to recognize Amtrak employees for their years of service by presenting appropriate retirement mementos and hosting a departmental reception. Pursuant to company policy, the cost of the reception should be less than \$100.

During a routine OIG investigation on another issue, the OIG discovered that during a three year period between 2004 and 2007 this policy had been violated by exceeding the cap of \$100 in the reception cost more than 30 times by various departments. In one instance, an Amtrak department spent about \$3,000 in

Amtrak funds for one retirement party. As a result of the OIG's finding and report, Amtrak Human Resources Department is reviewing, modifying, and updating this policy.

MISUSE OF CATERING CONTRACT

As the result of an allegation from a confidential source, an OIG investigation found that senior engineering management at an Amtrak facility had allowed more than \$4,000 to be spent in excess of the limits on a catering contract for safety luncheons. More than \$3,100 of this amount was spent unnecessarily for meals not consumed. In conjunction with the OIG findings, the division engineer responsible for the facility received a Letter of Instruction, the assistant division engineer received a Letter of Reprimand, oversight was tightened and department-wide spending guidelines were strengthened.

MISUSE OF PASSENGER LAPTOP

The OIG worked jointly with the Amtrak Police Department (APD) in locating an Amtrak employee who may have taken, and was ultimately in possession of, a passenger's laptop missing from a train in Washington, D.C. An OIG special agent located the employee, an assistant conductor. Upon questioning by the APD, the employee admitted to using the laptop for personal use. Subsequently the laptop was returned to the passenger by the APD, and the employee was terminated for violating Amtrak's Standards of Excellence.

CITIZENS VICTIMIZED BY CONFIDENCE MAN POSING AS AMTRAK EMPLOYEE

In August 2006, three District of Columbia citizens reported they had been victimized by a confidence man representing himself as an Amtrak night supervisor in search of people to work as coach cleaners on the midnight shift. The confidence man told the citizens they had to pay \$140 each for uniforms and shoes. Once the perpetrator received the requested money from the victims, at either the Ivy City facility or Union Station in Washington, D.C., he would escape through a restricted entry door. Working along with the APD, OIG agents were able to identify the suspect who was subsequently arrested and charged with attempted fraud.

OIG Agents were able to obtain the cooperation of two victims who positively identified the suspect. OIG Agents subsequently sought and obtained an arrest warrant. In December 2007, the suspect plead guilty in the District of Columbia to Theft II and received a sentence of 120 days in jail, and was ordered to pay full restitution to the victims.

MAIL FRAUD COMMITTED BY FORMER AMTRAK EMPLOYEE

In June 2007, the OIG was informed that an Amtrak employee was under investigation by the United States Postal Service for defrauding the National Academy of Sciences (NAS) of \$1,231,108. At the time, the employee was working for Amtrak in the Reprographics Department in a similar capacity as he had been with NAS. When this was brought to the attention of his supervisors, the employee was terminated and his computer seized by OIG Agents. After a thorough OIG investigation, it was determined that the former employee did not continue his fraudulent activity while in Amtrak employment.

The former employee pleaded guilty in the United States District Court of the District of Columbia to one count of Mail Fraud and one count of Aiding and Abetting. On January 18, 2008, the former employee was sentenced to serve concurrently 41 months for mail fraud and 36 months for Causing an Act to be Done and was ordered to pay \$1,231,108 in restitution to NAS.

UNAUTHORIZED RAILROAD RETIREMENT BOARD BENEFITS

The Railroad Retirement Board (RRB) is an independent entity in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement-survivor and unemployment-sickness benefit programs for the Nation's railroad workers and their families. Abuse of these benefits is not uncommon. The following two examples illustrate these types of abuse.

The OIG received an allegation from, and worked jointly with, the RRB Office of Inspector General in researching and providing information towards the sentencing of a former Amtrak employee for more than \$250,000 in Railroad Retirement and Veteran's Administration survivor benefits fraud. As a result the joint investigations the former employee was indicted for theft of government funds. He was sentenced to three years supervised probation and required to pay \$132,968 in restitution to RRB as well as \$136,948 restitution to the Veterans Administration.

As the result of an allegation and the subsequent OIG investigation, it was revealed that an Amtrak LSA had submitted fraudulent medical documentation in support of an on-the job injury. During the interview phase of the investigation, the LSA indicated he had obtained blank copies of a doctor's letterhead and completed the medical documentation, including the applicable doctors' signatures, resulting in the receipt of over \$7,000 of Railroad Retirement funds. As a result of these actions, the LSA was terminated from Amtrak on February 6, 2008.

MISUSE OF LEAVE OF ABSENCE

The OIG received an allegation that a New England station manager had mishandled the Transportation Communications Union (TCU) Leave of Absence (LOA) Rule, which allows 30 calendar days or less leave of absence for personal reasons upon approval of the employing officer. The subsequent investigation revealed two TCU employees had been permitted extended periods of leave, beyond the 30 days allowed, in order to serve jail sentences related to Driving Under the Influence (DUI) charges.

In addition, the manager had paid one of the employees several days of sick leave in conjunction with the LOA knowing full well that the absence was not sick related. As a result the manager was placed on 120 days of probation.

In conjunction with the above investigation related to medical fraud, the OIG discovered another employee had submitted documents for personal gain to Human Resources in which he had forged his supervisor's signature in an attempt to misrepresent his absence as one of personal injury rather than incarceration. As a result of OIG's findings, the employee was terminated.

RECOMMENDATIONS TO ENHANCE EFFICIENCY, EFFECTIVENESS AND COST SAVINGS

An important function of the OIG is providing information and recommendations to management and officials to improve the company's efficiency and effectiveness. During this reporting period, OIG investigations have led to recommendations, concerning quality improvement to which management generally responded positively and implemented, for the most part, as detailed in the examples below:

WORK REDUNDANCY AND TIME RECORDING

During the review of an anonymous correspondence regarding inequitable distribution of overtime involving certain Sunnyside Yard (SSYD) agreement personnel, which was not sustained, OIG discovered two areas of concern. One such concern centered on "work redundancy," and the other on employee "time recording."

The work redundancy issue involved two separate entities within the Mechanical Department at SSYD essentially performing the same function. The time reporting issue involved employees using a manual sign-in/out log to record their work hours rather than an automated card key system. While a card key system had



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once been used the equipment itself was not operable. As a result of the OIG findings, management advised the OIG that corrective action would be taken in the way of streamlining the two aforementioned entities and installing a viable card key system.

PURCHASE OF PRODUCTION EQUIPMENT

The OIG received an allegation that Engineering Department Management was circumventing the procurement policies and procedures in the purchase of production equipment. While the subsequent investigation revealed that Engineering Management had complied with procurement policies and procedures, the OIG made a recommendation that all capital expenditures should be recorded and reported in accordance with Federal Government standards and Amtrak Corporate policies and procedures. Engineering Management agreed with the recommendation and informed the OIG that a separate work element number, assigned to each piece of equipment being overhauled to ensure all capital expenditures associated with the equipment overhaul, will be accurately recorded and reported.

OVERTIME DOCUMENTATION

The OIG investigated an allegation indicating conductors and engineers working at SSYD were receiving overtime monies that they were not entitled to receive. Although the subsequent investigation did not substantiate the allegation, the OIG found deficiencies within the process being used to approve and document overtime. As a result of an OIG Management Referral identifying these concerns, management took the appropriate action to correct these oversights.

TIME AND ATTENDANCE REVIEWS

Amtrak's success depends on using available resources in an efficient and productive manner, including their most valuable resource, Amtrak employees. Therefore, it is important for employees to report to work on time and perform their duties during their assigned hours, including those designated for over-time. Falsification of timecards, incomplete or inaccurate timecards and the failure of employees to adhere to Amtrak's attendance policy not only results in a cost to the corporation and employee morale; but, ultimately affects productivity and in some cases safety and reliability.

The OIG receives and investigates allegations regarding time and attendance issues in an effort to assist in addressing and preventing time and attendance fraud. The OIG refers most time and attendance issues to management for its analysis and action, with the OIG monitoring management's actions. The following is illustrative of OIG time and attendance investigations which the OIG conducted during this reporting period.

The OIG received an allegation that an Amtrak foreman routinely reported to work late and suffered no consequences for the late arrivals due to her position within the company. Upon conducting an investigation, OIG agents determined that the foreman worked for another railroad from 4 p.m. until midnight and had been arriving to work late as a result of the commute time between the two jobs, rather than the personal reasons given to management.

Although Amtrak employees may hold a second job, according to Amtrak policy employees are not allowed to hold a position with another railroad or transportation competitor. As a result of charges that the employees had violated Amtrak's policies for Trust and Honesty Standard in the Standards of Excellence, the employee admitted that she was not honest in her explanations to supervisors to receive consideration for her late arrivals and was ultimately demoted.

REVENUE PROTECTION UNIT

The Revenue Protection Unit (RPU) provides pivotal support in connection with OIG's efforts to detect and deter theft, fraud and abuse. Staffed with three management positions and a pool of part-time Revenue Protection Consultants, working on an as needed basis nationwide, RPU focuses primarily on revenue-protection activities and provides critical guidance and support in the strengthening of management accountabilities and responsibilities as well as internal controls.

RPU INITIATED TRAIN SERVICE REVIEWS

Amtrak provides food and beverage service on board trains to millions of passengers each year through sales conducted on board trains in café cars and dining cars, provided on select trains. These sales generate millions of dollars in revenue each year as well as providing opportunity for revenue abuse by dishonest employees.

During this reporting period, RPU analyzed the applicable support documents for on board food and beverage sales for 189 trains for 59 various LSAs. The completed reviews resulted in 11 administrative referrals consisting of various findings covering theft and fraud to failure to follow procedures. At the completion of this reporting period, discipline had been assessed, based on the RPU referrals, for six LSAs with discipline consisting of counseling and remedial training.

The success of this program, which began in 2003, as well as increased controls and accountability on the LSA remittance process has been indicated through the gradual decrease of viable candidates for review as well as significant findings.

PROSECUTIVE REFERRALS

10/1/07 – 3/31/08

Referrals	U.S. Attorney	Local/State	Total
Criminal Cases			
Indictments	0	12	12
Convictions/Pleas	3	5	8
Pending*	0	12	12
Declinations	0	0	0
Civil Cases			
Suits Filed	0	0	0
Settled	0	0	0
Pending	0	0	0
Total Civil and Criminal			32

*Some of these will be reflected under pending civil cases because these matters are being handled by the United States Attorney's office in parallel proceedings. In cases where there have been convictions or pleas, we may be awaiting sentencing, restitution, or other resolutions.

Office of Inspections and Evaluations



Pennsylvanian | Amish Farmland, PA

SIGNIFICANT INSPECTIONS & EVALUATIONS

AMTRAK MECHANICAL OPERATIONS – OIG CONTINUING TO HELP WITH IMPLEMENTATION OF PREVIOUS RECOMMENDATIONS.

Report E-05-04 – Issued 9/6/2005

In September 2005, the OIG issued report E-05-04, which resulted from a year-long system-wide review of Amtrak's Mechanical Maintenance Operations. In this report, the OIG recommended that Amtrak adopt a more modern maintenance philosophy based on Reliability-Centered Maintenance (RCM). An RCM-based program requires that all maintenance activities be supported by sound technical and economic justifications.

The OIG's report recommended specific actions that Amtrak should take to transition to RCM and to make the operations more efficient. For the past two and a half years the OIG has been working with the Mechanical Department to help them implement the OIG recommendations.

Implementation of Reliability-Centered Maintenance

Although day to day administration of this initiative is now under the Chief Operating Officer (COO), the OIG remains engaged in an oversight role to help facilitate progress. The OIG has performed additional analysis, resulting in recommendations to help Amtrak overcome implementation challenges and help insure that benefits are achieved.

Equipment Reliability Improvements

The OIG continues to facilitate and support the establishment of teams dedicated to conducting Root Cause Analyses into recurring equipment failures. The teams that have been established have made significant contributions to the improvements in reliability of both the Acela trainsets and the high horsepower locomotives. Efforts to improve on these initial successes and expand to other fleets of equipment are on-going.

Mechanical Maintenance Facility Rationalization and Process Improvement

Recommendations in the OIG report on Mechanical Maintenance Operations addressed rationalizing Amtrak's maintenance facilities and streamlining Amtrak's maintenance processes. These recommendations are in various stages of implementation.

One of the improvement efforts that the OIG is heavily involved in is the movement of all P42 diesel locomotive maintenance to Chicago. Through consolidation and the implementation of a new, streamlined maintenance philosophy, the OIG estimates that maintenance costs can be reduced more than \$5 million per year. To assist with this initiative, the OIG has engaged a full-time consultant with considerable experience with diesel locomotive maintenance operations to work with and advise Amtrak's Mechanical Department.

This consolidation should be complete before the end of the fiscal year. In addition to this specific effort, the OIG is also providing advice and assistance with other initiatives as part of teams established to improve the efficiency and/or effectiveness of the maintenance operation.

Locomotive Camera Installations – OIG-initiated project expected to show significant reduction in settlement costs

The OIG is facilitating a project with the Mechanical Department for the installation of 30 cab-mounted locomotive video cameras. Freight railroads have shown that these types of cameras have made a huge difference in their ability to defend themselves in claims involving grade-crossing accidents, thereby significantly reducing settlement costs and court awards from these types of lawsuits. This OIG initiated, limited-scope project is intended to provide experience with the cameras to allow Amtrak to collect lessons learned and update its technical specifications. Plans are being prepared for the installation of cameras on the remainder of Amtrak's diesel and cab car fleet in FY 2009. The installation on the Acela trainsets and the electric locomotives is planned to follow in FY 2010.

OPERATION REDBLOCK

Operation RedBlock – Program should be held accountable for demonstrating results

Report E-08-01 – Issued 03/04/2008

The Operation RedBlock (ORB) concept began at Amtrak in 1987 as a labor-developed, management-supported program to promote the awareness and education of drug and alcohol use in the workplace through union-led volunteer prevention committees. This OIG evaluation focused on how well the program was performing in achieving results and meeting goals. As part of the OIG's evaluation, the OIG benchmarked Amtrak's ORB program to similar programs in the other Class 1 railroads.

The OIG's report contains seven findings with fourteen recommendations to improve the overall effectiveness and efficiency of the program. While the ORB program provides a valued service for employees and the company through its employee prevention committees working together on substance-abuse issues, the OIG found it difficult to evaluate the overall effectiveness of the current ORB program. For example, the program does not measure itself against performance goals or develop meaningful reports to allow for identification of trends and emerging issues.

The OIG found that the program receives minimal oversight at the corporate level and lacks adequate financial oversight at the local committee level. The OIG found that neither the current organizational structure nor some of the current practices optimally support the long-term rehabilitative interests of the individual employees and the company.

PROCUREMENT AND MATERIAL SUPPLY CHAIN MANAGEMENT – OIG FACILITATING IMPROVEMENTS

Alstom Parts Contract

The OIG continues its efforts in facilitating improvements and resolving shortfalls identified in the OIG initial evaluation of the Acela Parts Contract. As reported previously, Amtrak entered into a contract with Alstom TLS in 2006 to supply and manage the parts inventory for the Acela trainsets. This contract has an estimated value of close to \$200 million over the five-year term.

Based on the value of the contract and the importance of the contract to the success of Amtrak's premium Acela service, the OIG continues to work with Amtrak's Mechanical, Procurement and Information Technology departments to ensure that Amtrak adequately measures and monitors the contractor's performance. The OIG is in the process of developing a "lessons learned" report as a guide for Amtrak to use in managing similar contracts

in the future. This report should be published during the next reporting period.

As part of this effort, the OIG questioned whether Amtrak was getting the proper credit for components returned to inventory after bench testing. Based on the OIG's inquiry, Amtrak determined that Alstom was overcharging Amtrak by approximately \$500,000 a month. The total amount of the credit owed is still being calculated and will be reported in the next semiannual report.

Mechanical Supply Chain Effectiveness

At the request of the Vice President of Procurement, the OIG is sponsoring and helping to facilitate an initiative to improve the efficiency and effectiveness of the material supply chain in providing parts and materials for Rolling Stock maintenance. Cross functional teams have been established to evaluate current practices in demand planning, supplier management, order fulfillment and warranty management.

Facilitated by industry experts from the Thomas Group, the teams are reviewing current processes and revising them to more align with industry best practices. The OIG anticipates continuing in this facilitation role until the end of the fiscal year and then producing a report that documents the overall results.

AMTRAK'S RIGHT-OF-WAY MAINTENANCE – PERFORMANCE AND COSTS BENCHMARKED AGAINST EUROPEAN RAILROADS

The OIG is continuing to evaluate the efficiency and effectiveness of Amtrak's Right-of-Way maintenance programs. As part of this effort, the OIG engaged a European consultant that has extensive experience evaluating the infrastructure maintenance programs of European railroads. The results show that Amtrak's infrastructure performance is in line with comparable European railroads, but Amtrak's costs are somewhat higher. This is partially attributable to the fact that the average age of Amtrak's infrastructure is significantly older than the average age of the railroad infrastructure in Europe and confirms that a backlog of maintenance exists in Amtrak's Northeast Corridor to be able to achieve a state-of-good-repair.

The benchmarking exercise has also identified areas of opportunity for Amtrak to improve its performance and efficiency where it is feasible to adopt the best practices of the European railroads. The OIG is continuing to work with Amtrak's Engineering Department and its European consultant to identify the specific best practices that can be adopted in each of Amtrak's infrastructure maintenance programs. The OIG plans on issuing a formal report on this ongoing evaluation during the next reporting period.

AMTRAK'S PUBLIC FUNDING LEVELS – COMPARISON TO EUROPEAN RAILROADS

Whenever comparisons are made between Amtrak and European passenger railroads, a discussion typically ensues around European railroads' claims of profitability. As a follow-on effort to OIG's work benchmarking Amtrak's right-of-way maintenance against European railroads, the OIG asked the European consultant to provide Amtrak information on the amount of public funding provided to European railroads. The OIG's intent is to compare Amtrak's level of public funding to the level of funding provided to European Railroads and to test their claims of profitability.

After examining a representative sample of European passenger train operations over a multi-year period, The OIG found that:

- When all revenues and expenses for the entire passenger train system are taken into consideration, all of the European passenger train operations the OIG studied operate at a financial loss and consequently require significant public subsidies. And,
- The average annual subsidies for European passenger train operations are much higher than those for comparable Amtrak services.

This report has been posted on the OIG website.

HUMAN CAPITAL MANAGEMENT – EVALUATION INITIATED

The OIG recently initiated an evaluation to determine how effectively and efficiently Amtrak manages its human capital. Amtrak is facing numerous human capital challenges in attracting and retaining a world-class, diverse workforce. These challenges include: increased competition for skills within the railroad community, private industry, and government sectors; and, an increase in attrition from retirements projected over the next five years.

The evaluation will examine how Amtrak identifies its manpower needs and then recruits, hires, develops and retains manpower, with the skills needed, to accomplish Amtrak's mission and achieve Amtrak's strategic goals. As part of the data gathering effort, the OIG has already conducted more than 80 interviews with both management and human capital professionals throughout the company. The OIG will submit the formal report early in 2009.

Office of Management and Policy

OIG ESTABLISHES OFFICE OF MANAGEMENT AND POLICY AND ASSUMES SECURITY OVERSIGHT RESPONSIBILITIES

During this reporting period, the OIG established the Office of Management and Policy. This unit is responsible for providing mission and administrative support services to the OIG by managing: budget formulation and execution; policy development; personnel security; dissemination of OIG information; human resources; and OIG facilities. OMP ensures performance quality and compliance with current and emerging Government regulations, directives, and mandates. The office is the primary liaison with the Government Accountability Office, and other government departments and agencies. It is also responsible for security oversight of Amtrak's OSSSO and Amtrak police programs.

OFFICE OF COUNTER-TERRORISM AND INTELLIGENCE

As noted in previous semiannual reports the Office of Counter-Terrorism and Intelligence transitioned from an oversight entity and assumed expanded responsibilities to Amtrak's Office of Security, Strategy and Special Operations. The OIG retained the responsibility for security oversight under the Office of Management and Policy.



Chicago, IL

Other OIG Activities

COORDINATION WITH INDEPENDENT PUBLIC ACCOUNTANTS

Section 805(1) of the Rail Passenger Service Act of 1970 (Public Law 91-518; 49 U.S.C. § 24315(d)) requires Amtrak to have its financial statements audited annually by an independent certified public accountant in accordance with generally accepted auditing standards. In January 2008, Amtrak's independent certified public accountant, KPMG LLP, the U.S. member firm of KPMG International, a Swiss cooperative, reported that Amtrak's Consolidated Financial Statements present fairly, in all material respects, Amtrak's financial position as of September 30, 2006, and September 30, 2007, and results of its operations and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As part of the annual audit process, the OIG informs the external auditors on the scope of the ongoing audit activities being conducted by the OIG, and continues to coordinate significant audit issues with Amtrak management and the external auditors, as necessary.

TEAM MATE IMPLEMENTATION

OIG SECURE SUBNET AND TEAMMATE UPGRADED (PHASE III)

As reported earlier, Amtrak OIG has successfully implemented a secure subnet and TeamMate application to take advantage of electronic work papers, and automate the audit processes. All offices are now actively using TeamMate, and all new audit projects are created electronically.

During this semi-annual period, the OIG started the Phase III to upgrade the secure subnet and TeamMate. The OIG successfully upgraded the TeamMate software to version 8.1.3, and updated the protocol document and library to reflect the changes as a result of software upgrade and the lessons learned from using the application for over a year.

The OIG implemented 360 degree reporting to generate audit programs and audit reports. The OIG infrastructure improvements included the successful implementation of the test environment, improved configuration management using the Ecora Auditor Professional software, and hardening of internal firewall by reviewing and tightening the firewall rules. In near future, the OIG will bring all of the OIG servers in full compliance with the SANS best practice and enterprise standards.

Appendices



Appendix 1

INSPECTOR GENERAL AUDIT REPORTS ISSUED WITH QUESTIONED COSTS

10/1/07 – 3/31/08

	Number	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	2	\$871,275	\$277,348
B. Reports issued during the reporting period.	4	\$398,896	\$0
Subtotals (A + B)	6	\$1,665,826	\$277,348
LESS			
C. For which a management decision was made during the reporting period.	4		
(i) dollar value of recommendations that were agreed to by management.		\$842,996	\$68,780
(ii) dollar value of recommendations that were not agreed to by management.		\$282,516	\$208,568
D. For which no management decision has been made by the end of the reporting period.	2	\$540,314	\$0

Appendix 2

INSPECTOR GENERAL AUDIT REPORTS ISSUED WITH FUNDS TO BE PUT TO BETTER USE

10/1/07 – 3/31/08

	Number	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period.	0	\$0
B. Reports issued during the reporting period.	3	\$6,390,505
Subtotals (A+B)	3	\$6,390,505
LESS		
C. For which a management decision was made during the reporting period.	2	\$0
(i) dollar value of recommendations that were agreed to by management.		\$5,090,505
(ii) dollar value of recommendations that were not agreed to by management.		\$0
D. For which no management decision has been made by the end of the reporting period.	1	\$1,300,000

Appendix 3

OFFICE OF THE INSPECTOR GENERAL DETAILED LISTING OF ALL ISSUED AUDIT REPORTS

10/1/07 – 3/31/08

Date Issued	Report Number	Report Title	Questioned Costs	Unsupported Costs	Funds to be Put to Better Use
10/17/07	204-2007	East Side Access Project – Labor Review	\$41,874	\$0	\$0
10/17/07	206-2007	Arnold Worldwide Advertising - Expenses	\$0	\$0	\$0
11/20/07	217-2007	Cycle Inventory – Boulden & Wilmington, DE	\$0	\$0	\$0
11/26/07	503-2006	RailPlan International, Inc COR 001 to Contract #S 050 07001	\$210,810	\$0	\$0
11/26/07	504-2006	RailPlan International, Inc COR-002/COR-003 to Contract #S 064 90678	\$146,212	\$0	\$0
12/19/07	213-2007	Observation of FY07 Annual MW Inventory	\$0	\$0	\$0
12/19/07	305-2007	Downeaster Train Service Contract	\$0	\$0	\$0
01/09/08	105-2007	Analysis of Overtime Wages	\$0	\$0	\$3,748,758
3/26/08	204-2006B	New England Division Conductor/ Flagman-Reissued	\$0	\$0	\$1,341,747
3/20/08	218-2005	Rocla Concrete Ties	\$0	\$0	\$1,300,000
3/26/08	102-2006	Commonly Abused Medical Billing Codes	\$0	\$0	\$0
3/31/08	107-2004	Information Security Review	\$0	\$0	\$0
3/31/08	217-2006	Ballast	\$0	\$0	\$0
3/31/08	405-2007	BEE Wreck Audit	\$0	\$0	\$0

Appendix 4

OFFICE OF THE INSPECTOR GENERAL
SUMMARY OF REPORTS TO PRESIDENT OF AMTRAK
CONCERNING INFORMATION OR ASSISTANCE
UNREASONABLY REFUSED OR NOT PROVIDED

10/1/07 – 3/31/08

Nothing to report for this period.

Appendix 5

OFFICE OF THE INSPECTOR GENERAL REVIEW OF LEGISLATION AND REGULATIONS

10/1/07 – 3/31/08

Section (4)a 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 and to make recommendations in the semiannual reports ... concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by such establishment or the prevention and detection of fraud and abuse in such programs and operations...”

Furthermore, Section 4(a) also states that it is the duty and responsibility of the Inspector General “to recommend policies for, and to conduct, supervise, or coordinate relationships between such establishment and other Federal agencies, State and local governmental agencies, and nongovernmental entities with respect to (A) all matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by such establishment, or (B) the identification and prosecution of participants in such fraud or abuse...”

In order to enhance the OIG’s ability to meet these Section (4)a, responsibilities, we created a new group, the Office of Management and Policy (OMP), to ensure compliance with current and emerging legislation, and Government regulations, directives, and mandates. The office is the primary liaison with the Government Accountability Office, and other government departments and agencies. In addition, the OIG has an agreement with Amtrak’s Government and Public Affairs Department that allows the OIG to review and comment on the company’s annual grant and legislative request, and other legislative and regulatory concerns of the company. Existing legislation and regulations are also reviewed, as necessary, as a part of every audit and investigation.

During the period covered by this report the OIG continued to cooperate with and monitor Congressional efforts to draft and enact Amtrak reauthorization legislation, as well as legislation intended to update the Inspector General Act. This period has also been the first where specific funding has been made available by appropriations for the OIG to conduct its mission. In addition, after the reporting period, the House Transportation and Infrastructure Committee reported legislation, H.R. 6003 (the Passenger Rail Investment and Improvement Act of 2008), which would authorize a separate line item for the OIG. This line item authority and appropriations, together with the IG Act reforms proposed in S. 2324 (the Inspector General Reform Act of 2008) and H.R. 928 (the Improving Government Accountability Act) will significantly strengthen the independence, effectiveness and accountability of the OIG.

Appendix 6

GLOSSARY OF AUDIT TERMS AND ABBREVIATIONS

The terms the OIG use in reporting audit statistics are defined below:

Questioned Cost	A cost or expenditure of funds for an intended purpose that is unnecessary, unreasonable, or an alleged violation of Amtrak’s corporate policy or procedure.
Unsupported Cost	A cost that is not supported by adequate documentation at the time of the audit.
Funds To Be Put To Better Use	Funds identified in an audit that could be used more effectively by taking greater efficiency measures.
Management Decision	Management’s evaluation of our audit finding and its final decision concerning agreement or non-agreement with our recommendation.

Abbreviations/acronyms used in the text are defined below:

AAMPS	Amtrak’s Accounting, Material and Purchasing System	NHCAA	National Health Care Anti-Fraud Association
ARASA	The American Rail and Airway Supervisors Association	NJT	New Jersey Transit
ADA	Americans with Disabilities Act	NNEPRA	Northern New England Passenger Rail Authority
Amtrak	National Railroad Passenger Corporation	NRPC	National Railroad Passenger Corporation (Amtrak)
APD	Amtrak Police Department	OEM	Original Equipment Manufacturer
APP	Appendix	OIG	Office of Inspector General
ATS	Amtrak Telephone System	ORB	Operation RedBlock
COR	Change Order	OSSSO	Office of Security, Strategy and Special Operations
CY	Current Year	PCard	Procurement Charge Card
DOT-OIG	Department of Transportation, Office of the Inspector General	P.L.	Public Law
DUI	Driving Under the Influence	PPI	Producer’s Price Index
FRA	Federal Railroad Administration	RCM	Reliability Centered Management
FY	Fiscal Year	RPU	Revenue Protection Unit
G&A	General and Administrative	RRB	Rail Retirement Board
IT	Information Technology	SPCSL	Southern Pacific Central State Line
LOA	Leave of Absence	SSYD	Sunnyside Yard
LSA	Lead Service Attendant	T&A	Time and Attendance
M/E	Maintenance of Equipment	TCU	Transportation Communication Union
MPH	Miles Per Hour	UP	Union Pacific
M/W	Maintenance of Way	U.S.C.	United States Code
NAS	National Academy of Science		
NEC	Northeast Corridor		

Reporting Requirements Index

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