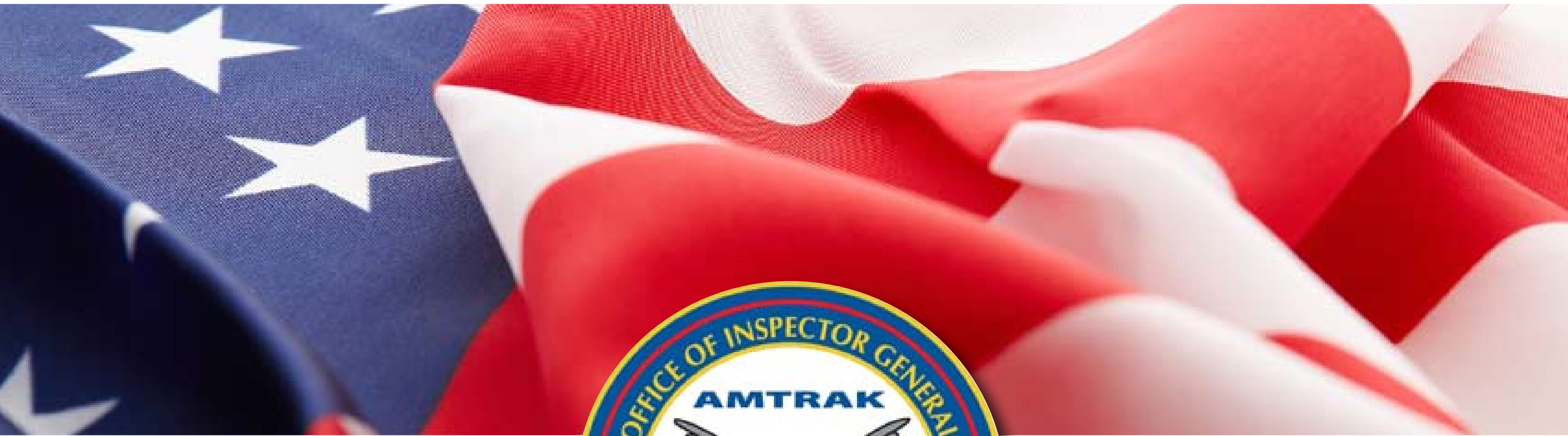
NATIONAL RAILROAD PASSENGER CORPORATION ★ OFFICE OF THE INSPECTOR GENERAL



Semiannual Report to Congress

04/01/08 – 09/30/08

AMTRAK

The OIG Vision

The Office of Inspector General (OIG) strives to provide Amtrak's employees, its customers, the public, and the Congress with the highest quality service and programs through vigilance, timely action, accuracy, and an overall commitment to excellence across the broad range of OIG responsibilities.

The OIG Mission

The OIG will conduct and supervise independent and objective audits, inspections, evaluations, and investigations relating to agency programs and operations; promote economy, effectiveness and efficiency within the agency; prevent and detect fraud, waste, and abuse in agency programs and operations; review security and safety policies and programs, and, review and make recommendations regarding existing and proposed legislation and regulations relating to Amtrak's programs and operations.

The Inspector General's Guiding Principles

Amtrak's Office of Inspector General (OIG) will:

- ★ *Work with Amtrak's chairman, the board of directors, and the Congress to improve program management.*
- ★ *Maximize the positive impact and ensure the independence and objectivity of the OIG audits, investigations, inspections, and evaluations, and other reviews.*
- ★ *Use OIG audits, investigations, inspections, and evaluation, and other reviews to improve integrity and recommend changes to prevent fraud, waste and abuse.*
- ★ *Be innovative and question existing procedures and suggest improvements.*
- ★ *Build relationships with program managers based on a shared commitment to improving program operations and effectiveness.*
- ★ *Strive to improve the quality and efficacy of reports and recommendations.*

NATIONAL RAILROAD PASSENGER CORPORATION
Office of the Inspector General, 10 G Street, NE, 3W-300, Washington, DC 20002-4285

AMTRAK®

October 31, 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 September 30, 2008.

Amtrak ended FY 2008 with record ridership and revenues, well above budget forecasts, allowing Amtrak to operate with one of the lowest annual subsidy levels in its thirty-seven year history. While there were many larger economic drivers for these excellent business results, including higher gas prices much of the year, and rising fares and service problems in the airline industry, Amtrak generally positioned itself well to take advantage of these opportunities. Amtrak improved its Customer Services indices on a number of routes, and Amtrak successfully partnered with a number of State and regional authorities in their achievement of record ridership and revenue gains as well.

Against the results of a banner year for Amtrak, there remain areas where Amtrak needs to continue to improve its core operations, and it is the OIG's responsibility to assist the Board and management in making these improvements. While some improvements have been made in the capital budgeting processes and management of capital spending, more can be done to ensure that capital dollars are being used effectively and on the more important projects. Amtrak can also do more in the area of operating reform, including consolidation and rationalization of maintenance facilities and making more effective use of the idle time of these critical assets.

With respect to OIG operations, we continued our audits and review of Amtrak's procurement operations, payments to freight railroads for access and support services, and we examined controls over payroll operations, and disbursement of overtime wages.
Our investigators and special agents opened 88 new cases and closed 56 cases; 315 investigations remain active as of September 30. The OIG obtained eight criminal indictments, six criminal convictions/pleas, and one declination to prosecute; 14 other cases are pending prosecutorial review. The OIG casework continues to reflect the need for Amtrak to protect better its passenger revenues, and we are working with management to improve controls over the $1.4 billion revenue stream.

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. This unit is engaged in working with management to oversee and better monitor the operations of the Acela product line. The OIG helped identify the need for Amtrak to initiate a Fuel and Energy Management Steering Committee, headed by the Chief Operating Officer, and the OIG will be more actively engaged in energy oversight in the new fiscal year.

The previous report highlighted the establishment the Office of Management and Policy within the OIG. The unit was established to assist in the evaluation of laws, regulations, and policies affecting Amtrak's programs and operations. The unit will continue its oversight of Amtrak's security operations and fulfilling responsibilities under H.R. 1 to improve the effectiveness of Amtrak's overall security readiness and response capabilities.

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). The OIG underwent a complete review of its website, and is implementing changes to include the establishment of an OIG specific server, an interactive website and database of reports and selected documents. The website will be consistent with, and meet or exceed all the standards of, the requirements of Section 13 of the Inspector General Reform Act of 2008, and Section 9 the Improving Government Accountability Act. These improvements have significantly enhanced the OIG's accessibility and responsiveness.

It is important that the Chairman and the Board of Directors fully support the OIG to ensure that the Office can accomplish its statutory mission consistent with the best practices prevalent in the OIG community. In the coming Fiscal Year, the OIG will work cooperatively to find ways to make Amtrak management more accountable and effective in providing services to the traveling public.

Respectfully,

Fred E. Weiderhold, Jr.

Fred E. Weiderhold, Jr.
Inspector General

Table of Contents

Amtrak Profile	8
Office of Inspector General Profile	9
Inspector General Viewpoint	10
Congressional Issues	11
Significant Audit Activities	12
Significant Activities: Investigations	18
Significant Inspections and Evaluations	24
Performance Measures	27
Appendices	29
Reporting Requirement Index	37

Amtrak Profile

The National Railroad Passenger Corporation, "Amtrak," is 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). Under the provisions of the Passenger Rail Investment and Improvement Act of 2008 (Public Law 110-432; 49 U.S.C. § 24302), Amtrak's Board of Directors will be reorganized and expanded to nine members. 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 nation's 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, more than half of the rail passenger routes then operated by the freight railroad companies were eliminated.

During fiscal year (FY) 2008 Amtrak carried approximately 28.7 million passengers on up to 315 daily intercity trains on more than 21,100 route miles serving 513 communities in 46 states, the District of Columbia, and three Canadian provinces. During fiscal year 2008, Amtrak ridership was up by more than 11 percent and ticket revenues were up by more than 14.2 percent over the fiscal year 2007.

In terms of market-share, Amtrak serves 63 percent of the combined airline-intercity rail market between Washington, D.C., and New York City. 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. 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.

Amtrak's Office of Inspector General (OIG) was established as a statutory entity on April 1, 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; to promote economy and efficiency in Amtrak operations; and, to keep Congress and the Amtrak Board of Directors fully informed about problems and deficiencies, and the necessity for, and progress of, corrective action.

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, investigates, inspects, and evaluates Amtrak operations, policies, and procedures, and assists management in promoting integrity, economy, efficiency, and effectiveness.

Amtrak's Office of Inspector General is led by Fred E. Weiderhold, Jr. The OIG consists of four groups: Audits; Investigations; Inspections and Evaluations; and, Management and Policy. Audits is headed by Gary E. Glowacki; Inspections and Evaluations is headed by Calvin Evans; Investigations, and legal counsel, is headed by Colin Carriere; and, Management and Policy is headed by Bret Coulson. The OIG has field offices in Washington, DC, Baltimore, Wilmington, Philadelphia, New York, Boston, Chicago, and Los Angeles.

Audits:

Audits is responsible for conducting independent reviews of Amtrak's internal controls and recommending improvements to better safeguard its assets; testing the reliability of financial reporting and providing accounting counsel over company operations; reviewing information technology programs and information security; reviewing 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.

Investigations and Legal Counsel:

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.

Legal Counsel is responsible for providing legal assistance and advice to the Inspector General, Audits, Inspections and Evaluations, and Investigations. Counsel provides legal and investigatory directions to Investigations, coordinates with outside attorneys including local and federal agencies and law enforcement attorneys, and appears in court on behalf of the OIG and its employees.

Inspections and Evaluations:

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 and evaluations 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 inspection and evaluations process they utilize, whether requested or mandated, consists of independent studies and analytical reviews that often serve as the cornerstone for strategies to improve cost efficiency and effectiveness, and the overall quality of service delivery throughout Amtrak.

Management and Policy:

Management and Policy provides mission and administrative support services to the OIG by managing: budget formulation and execution; policy development; human resources, education, and training; dissemination of OIG information; human resources; and OIG facilities. Management and Policy 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. Management and Policy has primary responsibility for Amtrak's security oversight; and, works closely with, and provides oversight on, the policy, programs, and procedures for Amtrak's Office of Security Strategy and Special Operations, and the Amtrak Police Department.

As stated in my cover letter, Amtrak ended FY 2008 with record ridership and revenue results, posting an 11.1 percent increase in total ridership and a 14.2 percent increase in total passenger revenue over FY 2007. While Amtrak's overall year-end business results have not been audited, it is projected that Amtrak's net operating losses are $381 million, which is at or near its lowest levels since Amtrak's inception.

Amtrak enters the new fiscal year amidst considerable uncertainties in the market place. Amtrak must prepare itself and be ready to adjust its operations to weather the ongoing economic downturn and resulting recessionary pressures, which will most likely continue into FY 2010. Amtrak's ridership gains outside the Northeast Corridor appear to be holding going into the First Quarter, mirroring a pattern affecting transit systems, which will bode well. However, the company is legitimately concerned about the softening of the business travel market in the Northeast and ridership losses on Acela. The OIG is reviewing the capacity and train set assignments for Acela, and we are encouraging Amtrak to manage the Acela product very closely to ensure that the reliability and marketability of the business line is protected.

Shortly after the close of the Fiscal Year, Congress passed a rail safety bill, which included the Passenger Rail Investment and Improvement Act as an amendment (P.L. 110-432). This multi-year reauthorization is a landmark event for Amtrak, in terms of allocating Federal dollars as operating and capital subsidies for Amtrak for the next five years, as well as requiring Amtrak to undertake major reforms and initiatives in several areas.

The OIG views the Passenger Rail Investment and Improvement Act as a reconfirmation of Congress's support for national passenger rail service and as a significant opportunity for Amtrak to grow responsibly its major business services. The authorization allows the states to participate more in the development of their rail corridor services, allocating $1.9 billion in new intercity passenger rail grants, and an additional $325 million in congestion relief grants.

The OIG plans to work closely with Amtrak management and the new Amtrak Board of Directors to ensure compliance with the spirit and letter of this landmark legislation.

Legislation and Regulations Reviewed

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to Amtrak's programs and operations and to make recommendations concerning their impact. The OIG uses results from its audits, inspections and evaluations, investigations, and legislative experiences as the basis for its recommendations to Congress. During the reporting period, the OIG reviewed 13 proposed changes to legislation, regulations, policy, and procedures that could affect Amtrak and provided comments both internally within, and to, the relevant Congressional committees and staff.

During the semiannual period, the OIG performed reviews of several pieces of pending legislation and met with Congressional staff from House and Senate Appropriations and Authorization committees to discuss potential impacts that pending legislation would have on both Amtrak's operations as well as impact on the OIG mission. The current six month period saw significant congressional activity relevant to Amtrak. These activities included the consideration of the annual appropriations for the OIG and Amtrak, and the passage of both an Amtrak reauthorization and the OIG's underlying Inspector General reauthorization.

The specific legislation reviewed is found in Appendix 5.

Procurement and Material Management Issues

Fuel Supply - Gas City Contract
$423,223.86 in questioned costs
Audit Report 403-2008 – Issued 05/28/08

The Office of Inspector General (OIG) – Audits completed a review of payments to Gas City Ltd., a locomotive fuel delivery vendor. The purpose of the review was to determine whether Gas City Ltd. delivered fuel to Amtrak's Chicago and New Orleans facilities in accordance with agreement provisions, whether Amtrak correctly paid Gas City Ltd. for the deliveries, and whether management's controls over the fuel process are adequate and effective.

The OIG found that Gas City Ltd. did not deliver fuel to Amtrak's Chicago and New Orleans facilities in accordance with agreement provisions, that Amtrak overpaid Gas City Ltd. $423,223.86 for fuel delivered to Chicago and New Orleans, and that management's controls over the fuel process are inadequate and ineffective.

The OIG recommended that Procurement and Material Management revise existing policies and procedures for the purchase, receipt, and payment of diesel fuel; the implementation of various controls to improve the process and prevent future overpayments to vendors; that management comply with contract provisions and document all changes by written supplement; and, that management seek recovery of the $423,223.86 from Gas City Ltd. Management agreed and the vendor reimbursed the entire amount of the overcharges.

Thames River Bridge Project, Grouting Program: Audit of Subcontractor Judy Company Incorporated
Question costs of $230,733.
Report 306-2007 – Issued 9/10/08

In September 2005, Amtrak entered into a contract with Cianbro Construction Company to replace the movable span on the Thames River Bridge in New London, Connecticut. The contract was modified in November 2006, due to an emergency situation resulting from unexpected movement of two bridge piers. The modification added a grouting program that was designed to stabilize the river bottom below the bridge and prevent the bridge piers from moving. The modification total for the grouting program was set at a cost not to exceed $11,089,625. Cianbro Corporation subcontracted with Judy Company of Kansas City, Kansas to perform drilling and grouting work.

The OIG completed a limited scope review of $5,053,134 of costs submitted by Judy Company for work performed on the grouting program. The objective of the audit was to determine whether the cost or pricing data submitted by Judy Company was accurate, complete, and current. The results of the audit indicated that Judy Company's submitted costs were not entirely accurate, complete, or current. Specifically, the OIG questioned a total of $230,733 which resulted from: duplicate billing of material costs; equipment costs which were not computed in agreement with contract provisions; and, corresponding reductions for overhead and profit.

The OIG recommended that Amtrak pursue a price reduction for the grouting modifications in the amount of $230,733. Amtrak's procurement department agreed with the findings and recommendation.

JJID Inc. Overbrook Drainage Improvement Project
Questioned Costs $122,697
Audit Report 209-2008 – Issued 9/3/2008

On March 21, 2007, Amtrak entered into a contract with JJID, Inc. to perform drainage improvements from Overbrook to Merion, PA on the Harrisburg line. The contract was awarded at a not-to-exceed total dollar limitation amount of $827,000 subject only to downward revision based upon Amtrak post award audit. The total project cost including change orders and profit was $1,051,597.

The OIG audit of the contractor's records included the review of supporting documentation for the contractor's project cost incurred report and relied on a technical review by Amtrak's Engineering Department. The OIG identified $122,697 in questioned costs. These costs were primarily the result of the contractor's failure to use an appropriate method for calculating general and administrative (G&A) expense.

DMJM Harris Inc. – East River Tunnel Ventilation
Questioned Costs $102,112
Audit Report 208-2008 - Issued 9/5/2008

On June 18, 2007, Amtrak agreed to a second modification of a contract with DMJM Harris Inc. for additional hours and costs regarding their Construction Management Services of the Rehabilitation of the East River Tunnel Ventilation Facility at Long Island City, New York. This modification in the amount of a not to exceed limit of $3,188,549 extended the construction management services for an additional 542 calendar days to September 30, 2008.

Based upon the review of the supporting payroll documentation, the OIG questioned $102,112 of the proposed amount. The OIG analysis of the Fully Burdened Labor Rates determined that a sample of workers tested were over billed a total of $36,497 from April 7, 2007 thru December 28, 2007, and for the period of December 29, 2007 thru May 23, 2008 the project was over billed a total of $65,615. The OIG recommend that the Procurement Department attempt to collect the questioned costs and use the OIG findings in negotiations. Responses were pending at the end of the reporting period.

Accounting and Reporting Procedure Issues

Employee Expense Receipt Compliance Audit
Audit Report 402-2008 – Issued 06/30/08

The OIG completed a limited scope review of Employee Expense Receipt procedures. The objective of the analysis was to determine whether union employee reimbursement procedures were complied with and whether appropriate, properly supported and valid receipts substantiate the reimbursements.

The OIG determined that union employee reimbursement procedures were not followed and reimbursements were made without valid receipts. A union employee was terminated by management for dishonesty relating to documentation submitted for reimbursements.

The OIG recommend that responsible management improve controls and follow procedures to ensure valid receipts were reviewed prior to making reimbursements to employees. Management agreed with the OIG findings and issued instructions to all employees clarifying the procedures and expectations for reimbursements.

Station Audit – South Station Boston, Massachusetts
Report 302-2008 - Issued 9/30/08

In accordance with the Office of Inspector General-Audits Annual Audit Plan, the OIG performed a station audit of the Boston, Massachusetts South Station ticket office. The purpose of the review was to:

- ★ Test for compliance with station accounting and reporting procedures.
- ★ Verify assigned working funds, ticket stock and other assets;
- ★ Evaluate the safeguard over these assets; and,
- ★ Appraise the efficiency of station operations.

The OIG review indicated that the Boston South Station ticket office and the baggage room were in general compliance with station accounting and reporting procedures. However, the OIG observed the following:

- ★ Manually issued tickets were not always issued in sequential order;
- ★ Copies of all manually issued tickets were not maintained by the bookkeeper;
- ★ Some of the manually issued tickets were not properly recorded in the control log;
- ★ Not all ticket agents are being advised of monthly shortages that exceed $24.99 and consequently not repaying the shortage amount;
- ★ Reimbursements for station expenses were made for items not listed in Station Accounting Procedures;
- ★ The cashier and bookkeeper shared the same secured area, which is not good internal control; and,
- ★ The amount of cash the cashier maintains on hand appeared excessive and should be reduced.

Management agreed with the OIG recommendations.

Procurement Card Review
Audit Report 206-2008 – Issued 9/30/2008

The OIG reviewed the controls over procurement card utilization and related processes and the adherence to compliance with Amtrak's Procurement Card Policy. The review disclosed that procurement cards were used for purchases of office equipment, furniture, fuel, printing, entertainment purposes, memberships and dues and hotel parking. The OIG disclosed that cardholders split transactions and exceeded the cardholder's maximum transaction dollar limit. In the review, the OIG identified that Amtrak paid state sales tax on purchases in states where Amtrak is tax exempt.

The OIG recommended that management communicate to procurement cardholders and their supervisors the responsibility of compliance with Amtrak's Procurement Card Policy and the Procurement Card Manual.

Management will respond to the audit findings in the next reporting period.

Audit of Amtrak's Internal Control Plan (ICP) compliance with the Federal Railroad Administration (FRA) Regulations – Late Submissions
Audit Report 102-2007 - Issued 9/30/2008

The Office of Inspector General (OIG) conducted an audit of Amtrak's compliance with the Federal Railroad Administration (FRA) regulation (Title 49, Part 225 of the Code of Federal Regulations) concerning the accurate capturing and reporting of accident/incident data to the FRA.

The audit detected instances of late submissions of reports by the field offices to Amtrak's Central Reporting Office (CRO). The OIG found in its review of 55 judgmentally selected monthly summary accident/

incident reports that 14 (24 percent) were submitted after the Amtrak's required 72 hours time frame. These late submissions of reports were violations of Amtrak's ICP procedures but not FRA guidelines. However, the reports were submitted to FRA within the FRA required time frame. The OIG recommended, and management agreed, to establish action plans to redress the problem of late submissions.

Audit of Amtrak's Internal Control Plan (ICP) compliance with the Federal Railroad Administration (FRA) Regulations – Non-compliance with Damage Cost Reporting.

Audit Report 102-2007 - Issued 9/30/2008

OIG found Amtrak non-compliance of the FRA guidelines with respect to updating original estimates of equipment damages. Amtrak's mechanical field locations did not submit actual cost for equipment damage to CRO as required by FRA guidelines. The OIG reviewed 13 accidents/incidents with equipment damage and found that six had estimated damage costs that exceeded the threshold for reporting actual damage costs and were not reported to FRA.

For those six incidents which exceeded the $7,700 threshold, Amtrak field offices did not track the actual damage costs and therefore were unable to submit any actual equipment damage costs to CRO as required by FRA guidelines. The difference between the estimated and actual amounts for the six incidents are not known because actual damage costs were intermingled with maintenance cost.

FRA guidelines require the submission of estimated equipment damage cost in excess of $7,700. Furthermore, if the difference between the initial estimated and actual damage cost exceeded 10 percent then the actual costs must be reported. These actual damage costs should be forwarded to CRO to be submitted to FRA.

The OIG recommended that Amtrak's Chief Mechanical Officer should establish an effective process to identify actual equipment damage costs in order to comply with FRA guidelines. Specifically, Amtrak Field offices should contact Amtrak General Accounting Department to set up a separate work element to capture the actual costs of repairs related to accident damages. All actual equipment damage costs should be submitted to CRO to ensure that estimate and actual equipment damage cost is documented and facilitate submission of a revised report to FRA when the significant difference (10 percent variance) threshold between the estimated and actual cost occurs. Management will respond in the next reporting period.

Contract Issues

Host Railroad Contract Administration and Operations Management Controls

Potential cost saving of $341,000 per annum

Audit Report 401-2008 – Issued 08/21/08

The OIG completed a review of the Host Railroad Contract Administration (HRG) and Operations Management (CA) departments' internal controls. The objectives of this audit were to identify management controls for the railroad contract administration and negotiation as it relates to the administration, and to evaluate the adequacy and effectiveness of these controls. The audit covered the period from January 1, 2007 through December 31, 2007 and prior years for some areas.

The OIG found that management's controls are inadequate and ineffective. The current billing review process before approving payment to host railroads is not adequate to detect material errors. The OIG found that: railroad monthly billings are not thoroughly and completely reviewed before payment; the current on time performance (OTP) billing process consistently allows and results in significant over-billing; the adoption of a delay avoidance incentive (DAI) could result in a cost saving of $341,000 per year; the current organizational structure does not maximize operational efficiencies and effectiveness; responsibilities and functions are not clearly defined and separated; HRG and CA departments do not have formal written procedures; CSX, Norfolk Southern, and Union Pacific amendment agreement changes are not current; HRG does not actively monitor operational changes that affect host railroad agreements and billings; and generally, the bases for flat rated costs are not documented.

The OIG recommended fundamental changes in the way Amtrak handles its host railroad contracts including: an internal reorganization for the groups dealing with host railroads; a change in the billing review process from untimely back-end audits to a timely front-end thorough and complete review; and, a contractual change in OTP incentives to adopt DAI or similar process.

Management will respond in the next reporting period.

Leasing Practices

Audit Report 301-2007 Issued 06/11/08

The National Railroad Passenger Corporation (Amtrak) leases retail space to a variety of commercial businesses in Amtrak owned railroad stations. Amtrak's Real Estate Development Department is responsible for managing and monitoring approximately 190 leases with annual revenue exceeding $14 million. The OIG reviewed a sample of lease files and concluded that current procedures used to award leases are appropriate for the size and geographical characteristics of Amtrak's real estate portfolio.

The OIG concluded that the Real Estate Department is competitively awarding leases by soliciting bids from a number of interested parties and negotiating lease contracts using a variety of criteria including market research. However, The OIG noted the following issues that warrant management attention:

- ★ Formal on-site inspections of leased space are not conducted to assess tenant compliance with lease contracts;
- ★ One of the leases reviewed did not include information that clearly defined the space that the tenant was leasing;
- ★ Lease contracts do not include specific utility escalation clauses for extraordinary increases outside the norm that would allow Amtrak to increase lease payments in periods in which utility costs rise more than the scheduled increases negotiated when the contract was awarded; and,
- ★ Background security screenings of tenant employees are not a requirement of current Amtrak lease agreements.

The OIG recommended that Real Estate: Continue with its practice that it began in 2000 to include detailed descriptions of leased space for all renewed and new leases; make stations managers aware of the terms and conditions of lease contracts in order to monitor tenants; and, work with appropriate Amtrak departments to incorporate specific utilities escalation clauses, and tenant employee background checks into lease contracts.

Management agreed with OIG recommendation.

Delaware Car Company Acela Refinishing Project

Questioned Costs $126,566

Audit Report 216-2008 – Issued 9/18/2008

At Management's request, the OIG performed a review of the cost proposal from Delaware Car Company for the refinishing of 40 Acela power cars. The total proposed cost for refinishing was $1,283,113.

Based upon the review of supporting documentation, the OIG questioned $126,566 of the proposed amount. The OIG analysis showed that material requirement costs were duplicated in the calculation of the straight time labor overhead rate. The OIG recommended that the OIG findings be used in downward revision of the final project cost.

Grant Issues

Review of FLS East River Tunnel Grant Agreement

($4.1 million in lost funds)

Audit Report Number 219-2006 – Issued 06/03/08

The OIG conducted an audit of the New York Fire and Life Safety's (FLS) East River Tunnel (ERT) Ventilation-Penn Station Project to determine whether Amtrak adhered to and complied with all the terms and conditions of the Grant Agreement, the expenditures were reasonably related to the project, if Amtrak has in place an accounting system capable of accurately tracking the allowable project funds, and if the Long Island Railroad (LIRR) reimbursements were received in accordance with prescribed cost-sharing agreements.

Although the OIG found that Amtrak complied with the terms and condition of the Grant Agreement, the audit did disclose that the cost-sharing percentages used to allocate ERT project expenses were outdated as they were based on 1987 operations. This resulted in Amtrak paying an estimated $4.1 million more than its required share. This would have allowed Amtrak to put $4.1 million of funds to better use on Amtrak's share of future FLS projects.

Marketing and Sales Issues

Special review of Salinas Ticket Office outstanding Bank Reconciliation charge-backs and employee abnormal shortages

As of February 2008, $6,402 in SNS Bank Reconciliation charge-backs and $1,213 in SNS employee abnormal shortages remained unresolved

Audit Report Number 501-2008 – Issued 07/24/2008

The OIG completed a special audit of outstanding Bank Reconciliation charge-backs issued to the Salinas (SNS) ticket office to determine the validity of the charge-backs; to identify the reasons for the discrepancies; and to evaluate if timely management actions had been taken to address the charge-backs.

Additionally, the OIG conducted a limited analysis of the over/short activity at the SNS ticket office to determine if timely management actions had been taken to address any abnormal employee shortages identified to ensure compliance with station policy and procedures.

The OIG review disclosed that a total of $6,402 in outstanding Bank Reconciliation charge-backs, as of February 2008, resulted primarily from station employees' failure to remit a portion or the entire amount of cash/

check receipts reported in their sales reports.

The OIG found instances where the armored car service failed to deliver remittance bags picked up at the SNS ticket office to the bank drop off location to be deposited. Regarding employee abnormal shortages, the OIG identified a total of $1,213 in unresolved abnormal shortages as of February 2008.

The OIG noted that station policy and procedures on timely resolution of SNS employee abnormal shortages and Bank Reconciliation charge-backs were not complied with. The OIG recommended that management initiate recovery actions against the parties involved, if deemed cost effective. The OIG further recommended that management ensure compliance with the station policy and procedures related to the finding areas. Management agreed with OIG findings.

Management agreed with the initial OIG findings in its response to the draft audit report, and management's official response to the final audit report was not received prior to the close date for the semiannual report.

Information Technology

OIG Secure Subnet/TeamMate Upgrade Project (Phase III) Successfully Completed

Closing memorandum issued 6/25/08

As the OIG reported earlier, Amtrak OIG has implemented a secure subnet and TeamMate application to take advantage of electronic workpapers, and automate the audit processes. All audit offices are now successfully using OIG Secure Subnet and TeamMate.

During this semi-annual period, the OIG successfully completed the Phase III project to upgrade the secure subnet and TeamMate. The following were the major accomplishments and deliverables of this project:

- ★ Upgraded the TeamMate software to version 8.1.3 and then 8.1.4, and updated the protocol document and master library to reflect the changes as a result of software upgrade and the lessons learned from using the application.
- ★ Implemented 360° reporting to generate audit programs, and Full Scope and Limited Scope audit reports.
- ★ Hardened the OIG internal firewall by reviewing and tightening the firewall rules.
- ★ Improved configuration management and monitoring of the OIG servers, switches and firewalls using the Ecora Auditor Professional software; and achieved full compliance with Amtrak information security policies and SANS best practice.
- ★ Implemented the test environment in secure subnet, and bug tracking system.
- ★ Upgraded the OIG Citrix farm by implementing the recommendations from Convergence Technology Consulting.
- ★ Implemented the Print-to-PDF feature for the applications in secure subnet.

Implementation of OIG IT Strategic Plan Begins as Secure Subnet Phase IV

Charter approved on 5/28/08

In May 2008, the IG and all Deputy Inspectors General (DIG) endorsed a comprehensive IT Strategic Plan for the department which will cost about $3 million over the next three years, and add three additional positions in the IT Audits and Services group. A Project Charter for the OIG Secure Subnet Phase IV and accompanied Project and Resource Plans were approved to implement long-term strategic vision for the department's technology needs.

The Project Plan breaks down the OIG IT Strategic Plan into discrete groups of State of Good Repair, Mandatory, and Discretionary items, and prioritizes these efforts based on staffing resources. This plan will help the OIG comply with the new Inspector General Reform Act of 2008, and move the department from a disjointed, paper-based operation to an integrated, automated workflow processes within the subnet. Phase IV program was launched in June 2008.

The milestones achieved to date include the following:

- ★ Creation of a secure email solution for the amtrakoig.com domain.
- ★ Completion of the design effort for the new OIG website.
- ★ Procurement of the Continuous Controls Monitoring (ACL CCM) software and implementation services for the Purchase-to-Payment (P2P) and Payroll modules.
- ★ Selection of a Case Management System for the Investigations unit.

Management Responses over 180 Days Old for Which Corrective Action Has Not Been Completed

Union Pacific Audit

$144,659 Excess Billings Identified

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

Effective January 1, 2000, Amtrak 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 our 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 scope of the audit encompassed the period 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 did not audit 100 percent of the billing costs due to resource limitations, dollar materiality, and other constraints. The OIG selected 14 of 23 items billed for audit accounting for more than 98 percent of the total billing. The OIG found erroneous billings in 10 of the 14 items selected for audit, $230,282 over billed and $85,623 under billed for a net total of $144,659 due Amtrak. UP representatives agreed with the OIG findings.

The OIG recommended that management initiate a final settlement letter and that monies due Amtrak be collected. The OIG received management's response on April 14, 2008 agreeing with the OIG findings and indicating that $121,808 will be collected from the UP and $22,851 from the BNSF for fueling rented locomotives.

Reviews of Southern Pacific Central States Line

Questioned costs not yet resolved

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

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

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

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

Management Responses over 180 Days Old for Which Corrective Action Has Not Been Completed

Mass Transit Products, Inc. - Termination for Default for Superliner I Overhaul

Questioned costs are $63,184.

Audit Report 219-2005 – Response 1/25/2006

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 will continue to monitor the actions taken.

MBTA Attleboro Agreement

Audit Report 217-2005 – Issued 9/29/2006

The OIG reported that Amtrak Management proceeded with capital improvements without formally requesting funding from the Massachusetts Bay Transit Authority (MBTA) as required by the Attleboro Agreement. The OIG found that Amtrak provided approximately $13.9 million in capital funding for FY 2004 and FY 2005. Amtrak has finally obtained approval for approximately $1.2 million in funding from the MBTA since June of last year.

AUDIT STATISTICS

Status of Audit Projects	
Audits in progress at 4/01/08	45
Audit projects postponed or cancelled	0
Audit projects started	16
Audit reports issued	14
Audit projects in progress 9/30/08	47
Audit Findings	
Questioned costs	$1,090,310
Unsupported costs	$0
Funds to be put to better use	$4,107,457
Total	**$5,197,767**

Case Handling and Sources of Allegations

The OIG receives allegations from many sources, including employees, confidential informants, Congressional sources, federal agencies and third parties. Presently, the OIG is handling 315 investigations; in the last six months, the OIG opened 88 cases and closed 56 cases. As chart below indicates, employees and anonymous referrals accounted for about 73 percent of the allegations during this reporting period, with employees being the source of 51 of the 88 allegations, or 58 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.

OIG 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.

HOTLINE STATISTICS

4/01/08 – 9/30/08	*TOTAL*
Hotline Complaints Received:	19
Sources of Hotline Complaints:	
Private Citizen	9
Anonymous Source	6
Amtrak Employee	3
Other Law Enforcement Agency	1
Classification of Complaints:	
Fraud	6
Mismanagement	3
Theft	3
Abuse of Position	2
Non-criminal/Other	2
Criminal – Other	2
False T&A	1
Complaints Referred To:	
OI Field Offices	12
Management	6
APD	1

CASE STATUS OF INVESTIGATIONS

4/1/08 – 9/30/08

Total Open Cases as of 4/1/08	283
Closed Cases	-56
Opened Cases	88
Total Ongoing Cases as of 9/30/08	**315**

SOURCES OF ALLEGATIONS

4/01/08 – 9/30/08

Amtrak Employee	49
Former Amtrak Employee	2
Anonymous Source	13
Confidential Informant	5
Private Citizen	6
Referred by Internal Audit	5
Referred by other Amtrak Department	2
Referred by Fed/State/Local Law Enforcement	2
Other Government Agency	1
Other	3

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.

Embezzlement Issues

Theft Concerning Programs Receiving Federal Funds

$200,000 restitution awarded to Amtrak.

In a previously reported case, prosecuted by the United States Attorney's Office, a West Coast Station Agent was indicted and pled guilty to two counts of violations of 18 U.S.C. Section 666, Theft Concerning Programs Receiving Federal Funds, for embezzling nearly $250,000 from Amtrak by replacing cash taken into the ticket office with fraudulent travel vouchers to support the applicable paperwork. During this reporting period, on July 31, 2008, a federal district court judge sentenced the former employee to nine months incarceration in a federal prison, three years probation and required him to make restitution in the amount of $200,000 to Amtrak.

Note: The original report summary may be found in the March 31, 2008 Semiannual Report, page 12.

Theft Concerning Programs Receiving Federal Funds

$74,029.04 restitution awarded to Amtrak.

Acting with the assistance of the United States Postal Service, the OIG investigated an employee's theft and embezzlement of funds from Amtrak's internal Manual Credit Card System (MCCS), which allows manual returns to persons in connection with passengers' purchases by credit card purchases. The OIG discovered that an Amtrak Finance Manager responsible for this system had refunded $74,029.04 to his personal credit card accounts for transactions for which he had not made any corresponding purchases.

The manager confessed to OIG agents and this matter was referred for prosecution to the Department of Justice. As a result this manager was charged federally with violating U.S. Title 18, U.S.C.. 666, Theft Concerning Programs Receiving Federal Funds. On September 23, 2008, the former manager pled guilty in federal court and agreed to make full restitution prior to sentencing. Sentencing is scheduled for December 11, 2008 in the United States District Court for the District of Columbia.

The OIG investigation determined MCCS had inadequate review and control processes, which allowed the manager's activities to occur. As a result, use of MCCS has been discontinued and a new system is currently being developed.

Unauthorized Personal Expenditures

Operation Red Block is a worker-conducted, management and labor-supported peer prevention volunteer program. Its goal is to eliminate substance usage in the railroad workplace.

A Southwest Division Red Block division steering committee audit resulted in an investigation into the misuse of funds. The Red Block division steering committee had made several requests of a Red Block officer to submit to a review and subsequent audit. During Red Block's audit several financial improprieties were identified. One of these concerned a Red Block officer who had utilized several pre-signed checks to make multiple personal expenditures which were unauthorized. Despite several requests by the steering committee the Red Block officer failed to supply receipts which was a factor necessitating the OIG's investigation.

On June 3, 2008 the OIG issued an administrative report to management concerning the Red Block officer's actions and as a result she was terminated. The OIG issued a management report and is awaiting a response from the Vice President of Labor Relations recommending several corrective measures. The Labor Relation Department was granted extensions, and the response should arrive soon after the reporting period has ended.

CLASSIFICATION OF CASES OPENED

4/1/08 – 9/30/08

Fraud	19
Theft/Embezzlement	13
Bribery	2
Kickbacks	1
False Claims	4
False Statements	3
False T&A Records	7
False Expense Reports	1
Other Criminal	7
Waste	3
Abuse of Position	4
Mismanagement	6
Conflict of Interest	1
Administrative Inquiry	9
Other Non Criminal	8

Theft and Fraud

Theft or Bribery Concerning Programs Receiving Federal Funds

Loss of more than $124,000.

In a previously reported OIG investigation, the OIG discovered collusion between two former Chicago debriefing clerks, who orchestrated a theft scheme, involving 42 Lead Service Attendants, all of whom were terminated or resigned, with a resulting loss to Amtrak of more than $124,000. OIG referred this matter to the Department of Justice for prosecution. On September 9, 2008, the two former Clerks were indicted by a federal grand jury for the United States District Court for the Northern District of Illinois Eastern Division for violations of Title 18 U.S.C., Section 666, Theft or Bribery Concerning Programs Receiving Federal Funds. The prosecution of this matter is pending at the time of this report.

Fuel Supply – City Gas Contract

$423,223.86 recovered.

As a result of a joint effort and inquiry between the OIG's Investigations and Audit units the company was able to recover $423,223.86 from a vendor in disputed funds. The joint effort identified that in at least two Amtrak locations a major fuel vendor had supplied Amtrak with a lesser grade of fuel than Amtrak had contracted for.

See Significant Audits, Audit Report 403-2008 – Issued 5/28/08 for details.

Failure to Remit Funds

$800 recovered; employee terminated.

OIG investigated a lead service attendant (LSA) who failed to remit Amtrak funds from on-board sales in the amount of $3,068. As a result of OIG's investigation and referral the LSA was prosecuted locally. In connection with that prosecution, the LSA was convicted by a plea of 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. He was sentenced to one year of court supervision and ordered to pay $800 in restitution to Amtrak. Amtrak has received the full amount of the restitution.

Fraudulent Claims

Airline Frequent Travel Fraud

A previously reported investigation described how a number of Amtrak employees and their non-Amtrak associates were submitting claims, accumulating, and redeeming frequent flyer mileage on Alaska Airlines and not remitting the required funds associated with those claims. During this reporting period, OIG identified an additional 18 employees who participated in fraudulently claiming mileage they were not entitled to receive. At the time of this report, 10 employees had been terminated, one had resigned, one had received a formal reprimand, one had previously transferred to another railroad, and charges for four employees were dismissed.

Note: The original report summary may be found in the September 30, 2007 Semiannual Report, page 12

Violation of Control Policies and Procedures

$20,866 recovered.

The OIG determined that a $20,686 theft of inventory items had occurred because an Amtrak contractor had violated several control policies and procedures mandated by the contractor's agreement with Amtrak and thus failed to protect company assets. As a result of the OIG investigation, the contractor agreed to absorb the loss which Amtrak had suffered, making full restitution to Amtrak. OIG made several recommendations, which have been adapted by management to ensure more adequate monitoring of such contracts.

Fraudulent Time Keeping and Unauthorized Use of Equipment

Employee terminated.

The OIG conducted an investigation involving an Amtrak Building and Bridges foreman. The OIG received information that the foreman was submitting pay requests for overtime that he did not work, and that the foreman utilized an Amtrak truck to perform personal business. The investigation, culminated in the foreman admitting to submitting overtime on at least 10 occasions for a total of approximately 80 hours. The foreman admitted to using the truck on two other occasions for personal use. A company hearing was held and the foreman was found guilty and terminated.

Unauthorized Scrap Material Agreement

The OIG previously reported on an employee terminated for entering into an unauthorized agreement with a General Electric employee to remove scrap materials from Amtrak's 16th Street Yard in Chicago, Illinois, and collect proceeds from the sale of the materials to a scrap yard. In conjunction with this investigation, the OIG issued a separate Administrative Report to Mechanical Management regarding the conduct of the General Electric employee. As a result of that report, Amtrak Management notified General Electric that the employee involved was barred from Amtrak property.

Conductor Fraud

$5,495.95 restitution; employee prosecution.

The OIG investigated a conductor for failing to remit Amtrak funds from on-board sales in the amount of $5,495.95. On May 18, 2008, the conductor was arrested and on June 25, 2008 pled guilty to Larceny, under New York State Penal Code 155.25. He was prosecuted by the State of New York and ultimately was sentenced to serve a supervised three year term of probation and ordered to pay full restitution to Amtrak.

Joint Investigations

Theft of Fleet Gasoline Credit Cards

Possible loss of $83,711.16.

The OIG worked jointly with the Government Services Administration (GSA) Office of Inspector General on an investigation regarding theft of fleet credit cards which GSA had issued to Amtrak. It was discovered that an individual, not employed by Amtrak and without its authority, had used the stolen cards to purchase $83,711.16 in diesel fuel and gasoline. This individual was arrested on September 9, 2008 and charged with Theft of Government Property U. S. Title 18, U.S.C. 641and Access Device Fraud, U. S. Title 19, United States Code, Section 1029. Further prosecution of this individual is pending.

Fraudulently Obtained Retirement Benefit Funds

$8,000 restitution ordered.

After a joint investigation by the Amtrak OIG and the U.S. Railroad Retirement Board's Office of Inspection General, a former Amtrak employee is being prosecuted in civil court for $8,000 in fraudulently obtained benefits. The employee has agreed to provide full restitution to the Railroad Retirement Board, civil fines, and penalties.

Conflict of Interest and Abuse

Husband and Wife Overlapping Projects

An OIG investigation substantiated an allegation that a senior level engineering director had a conflict of interest when he supervised work performed by a consulting firm for which his wife worked. His wife worked on Amtrak projects that interacted with the same projects on which he worked. Further investigation showed that the director used the billing address of his wife's consulting firm as his home address on personal documents. The director and the former Information Technologies (IT) senior director were listed as professional references for the consulting firm owned by the director's wife. The OIG's investigation further revealed that the director as well as high-level members of Amtrak's IT Department compromised Amtrak systems by sharing computer access codes with the director's wife, a non-Amtrak employee.

The OIG's investigation resulted in the director receiving a letter of instruction for his actions and a department-wide memorandum being sent to all engineering employees advising them not to share their electronic passwords with anyone.

Auto Train Liability Claims

$1,269.69 recovered.

The OIG received an allegation that a manager of the Auto Train (AT) requires passengers with luxury vehicles to sign a waiver releasing Amtrak from any liability in the event that their vehicle is damaged during transportation. However, the Superintendent had transported his personal vehicle aboard AT and submitted several claims for damage done to his vehicle during transport without executing the release.

The OIG's investigation confirmed that the manager submitted three claims for damage to his personal vehicle during transport aboard the AT. Amtrak paid two of the claims. This violated company policy and exposed the company to undue liability. The OIG reported the transgressions to management along with specific recommendations.

Management agreed that in order to reduce or eliminate the costs for damage claims to the superintendent's personal car and reduce the appearance of any improprieties the superintendent should: take advantage of a company vehicle when on company business; and, should the superintendent require travel for personal business, he should consider using a rental car. The manager reimbursed the company for $1,269.69.

Rude, Abusive, and Intimidating Behavior

Manager disciplined.

During this reporting period and after an extensive OIG investigation, a New York assistant superintendent received a 10 day suspension, an official reprimand and 60 days of probation for rude, abusive and intimidating behavior toward employees.

Misuse of Accumulated Sick Time

Fraudulent Sick Leave

$4,000 lost.

The OIG investigated a recently retired Amtrak employee who entered employment with the Department of Corrections Academy in Sacramento, California. Prior to retirement, the employee presented a plan to his manager wherein he would use his accumulated sick time along with his vacation and personal days to supplement his income. Without conferring with her superiors or the law department, the manager allowed the ex-employee to collect nearly $4,000 he was not entitled to receive. This investigation was referred to management for appropriate discipline to be assessed to the manager. The manager was suspended for 30 days.

Contract Awarding Process

"LA Run Through" Track Project Contract Award Irregularities

The "LA Run Through" was a joint investigation into a construction contract to build a connection into the main track in Los Angeles. The OIG conducted this investigation

with the California State Department of Justice. Numerous interviews were conducted regarding the manner in which this contract was awarded and concerns were expressed at allowing a flawed Request for Proposal to continue without correcting the flaw. A major concern was that the time limit for the required environmental reports was perceived to be an unattainable goal. As a result of this investigation OIG issued a Management Report recommending changes to the contract awarding process. These recommendations were accepted and included in a recent training session given to the Materials and Procurement Division of Engineering.

Violation of Trust and Honesty Standard

Falsification of Labor Hours at Major Mechanical Back Shop

The OIG conducted an investigation into false statements and misrepresentations made to the OIG by five management employees regarding the intentional miscoding of labor hours in Coach Shop II at the Beech Grove maintenance facility. The OIG concluded that management employees had made misrepresentations and / or false statements to OIG Investigators and Auditors. The OIG issued an Administrative Report of its findings in this matter to the Chief Mechanical Officer but has not received a response to date.

Recommendations to Enhance Efficiency and Effectiveness

Shift Differentials

Questioned costs of $421,572.

The OIG conducted proactive inquiry into the various job assignment-based rate differentials paid to Amtrak employees at various mechanical facilities. As a result, OIG's investigation identified 140 employees in Delaware who were receiving rate differentials for which they were not entitled. Those differentials were valued in excess of $421,572 for the 18 month period between January 1, 2007 and July 7, 2008. The OIG discussed these findings with Mechanical Department Management who agreed that this was an ongoing problem at Wilmington Shops. The Mechanical Department is currently in the process of correcting the problem, identified by the OIG, by abolishing and re-advertising all job positions at the proper rates.

Computer Intrusion – 911 Call Center

Amtrak experienced a computer intrusion which compromised the Amtrak Police Department's (APD) 911 Call Center and other security functions. With the Call Center disabled, the APD temporarily could not call in and report crimes or other important information which were police related.

The OIG discovered that access to the APD system was not being withdrawn in a timely manner from employees who either had left the company or who no longer should have had access to the system. As a result of these findings, APD has reinforced the procedure of disabling access for terminated employees in a timely fashion. In addition, a new and more secure Police/Record Management Information System is being implemented which has improved intrusion alert and preventative features.

Amtrak Private Car Tariff Violations

$131,000 recovered.

The OIG conducted an inquiry into Amtrak's private car operation and found that both Private Car and Finance Department management had failed to follow the guidelines set forth in the Private Car Tariffs issued in 2005 and 2007. The OIG found that car movement fees were not collected in a timely manner; private cars were allowed to move while having outstanding balances; fee exemptions were granted without proper documentation; late fees were not collected in accordance with the policy; and more than $131,000 in fees were not invoiced.

Management responded to OIG's report and indicated that all of the provisions of the Tariff would be enforced, and that Private Car management would work with management in Finance to ensure that all fees, including late fees, were properly invoiced and collected in a timely manner. Management invoiced and collected the $131,000 in outstanding revenues.

Unauthorized Release of Amtrak Records

The OIG issued an Administrative Report regarding a former Engineering employee concerning his employment as a Consultant. The OIG found that the former Engineer had released Amtrak records and information without Amtrak authorization. Engineering management formally notified the former employee that his release of Amtrak information was improper and in violation of policy and ordered the employee to desist from any further release of Amtrak information and to promptly return all confidential information or materials in his possession to Amtrak. Management issued a Letter of Instruction to all Engineering managers to review Amtrak's Ethical Conduct and Conflict of Interest Policy with all Engineering employees.

Diesel Fuel Policy Guidelines – Revisions Needed

Amtrak has and continues to rely heavily on diesel fuel to move Amtrak's long haul trains throughout its national route system. In March 2005, guidelines were revised and updated to incorporate the receipt, reconciliation, invoice, and payment process of diesel fuel transactions into Amtrak's electronic software system and to address the environmental issues. Although the original guidelines were cancelled, the revision was never published or distributed. As a result, of the cancellation of the original guidelines and delay in posting the revised procedure, Amtrak Division and Corporate personnel have performed and continue to acquire and manage diesel fuel activities without an established corporate policy.

Amtrak Management's decision to delay the distribution of the revised procedure may have caused inconsistencies in handling some diesel fuel activities. The delay in the posting and distributing of the revised procedure could have hindered the corporation's ability to meet operational and finance goals as it relates to diesel fuel expenses.

As a result of this review and a parallel audit, the OIG recommended that Amtrak form a Fuel and Energy Management Committee. The OIG sponsored a fuel energy summit meeting in July, inviting senior field and corporate maintenance, operations, and procurement staff. The Amtrak management team decided to form the new steering committee, chaired by the chief operating officer. The OIG will report on the progress and contributions of this new group in future reports.

Revenue Protection Unit

Violation of Policy

In a previous reporting period, RPU conducted an investigation to determine the knowledge, practice and application of established policies and procedures by New York Crew Base personnel connected with Food and Beverage Service Operations. As a result of the investigation, RPU determined there were numerous and consistent failures by management in its supervision of and accountability for on board service employees, specifically LSAs. During this reporting period, as a result of the investigation and subsequent administrative referral, formal reprimands were assessed for five of the applicable New York management staff.

In addition to the formal reprimands for the five key management personnel, management acknowledged full responsibility for the failures cited in the report and agreed to take the appropriate actions to address and correct the failures or oversights including the following:

- ★ The Crew Base Manual will be appropriately and consistently updated and its contents adequately communicated and enforced by all governed parties.
- ★ A thorough review of the current volume of excessive debits is underway with a plan being developed to address current backlog and avoid future infractions.
- ★ All crew base management staff will be retrained on the debriefing process as well as the proper administrative process pertaining to deviation from standard policy and practice.
- ★ Crew base management staff will be trained and held accountable for consistent practices regarding debit timelines.
- ★ Crew base management has been counseled regarding post ACS Debit Protests and reminded of their accountability.
- ★ Crew base management has been counseled regarding inconsistencies in discipline practices.
- ★ Crew base management will be counseled in being proactive in monitoring and resolving known or repetitive problems.

PROSECUTIVE REFERRALS

4/01/08 – 9/30/08

Referrals	*U.S. Attorney*	*Local/ State*	*TOTAL*
Criminal Cases			
Indictments	5	3	8
Convictions/Pleas	6	0	6
Pending*	11	3	14
Declinations	0	1	1
TOTAL			**29**
Civil Cases			
Suits Filed	0	0	0
Settled	0	0	0
Pending	0	0	0
TOTAL			**0**
TOTAL CIVIL AND CRIMINAL			**29**

**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.*

Amtrak Mechanical Operations

OIG continuing to help with implementation of previous recommendations

Amtrak Mechanical Operations -- OIG continuing to help with implementation of previous recommendations

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 three 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 continues to monitor implementation and provides advice and 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 (HHP) 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

Some of the recommendations in our 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 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 has been completed, but additional assistance is being provided to insure that benefits are achieved. In addition to this specific effort, the OIG is providing advice and assistance with other initiatives as part of teams established to improve the efficiency and/or effectiveness of the maintenance operation.

Cost Avoidance

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. Although only 16 cameras have been installed to date, three collisions have already been captured by the cameras, clearly showing the cause of the incidents. Responding to these initial results, Amtrak has procured additional cameras and plans on installing over 200 cameras on the remainder of Amtrak's diesel locomotive fleet in FY 2009. The installation on the ACELA trainsets and the electric locomotives is planned to follow in FY 2010.

Procurement and Material Supply Chain Management – OIG facilitating improvement efforts

Alstom Parts Contract

$2,495,137.20 recovered.

The OIG continues its efforts in facilitating improvements and resolving shortfalls identified in our 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 IT 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.

As part of this effort, the OIG questioned whether Amtrak was getting proper credit for components returned to inventory after bench testing. Based on the OIG's inquiry, Amtrak received a credit of $2,495,137.20 for overcharges during the period of September 2007 to February 2008.

In addition, Amtrak and Alstom agreed to a new methodology to properly calculate the costs for component repairs and testing. We are continuing to monitor this to insure that controls are put in place to properly identify all components returned to inventory after bench testing and/or repair.

Mechanical Supply Chain Effectiveness

At the request of the previous Vice President of Procurement, the OIG sponsored and helped to facilitate a major initiative to improve the efficiency and effectiveness of the material supply chain in providing parts and materials for Rolling Stock maintenance. Cross-functional teams were established to evaluate existing practices in demand planning, supplier management, order fulfillment and warranty management. Facilitated by industry experts from the Thomas Group, the teams reviewed existing processes and revised them to more align with industry best practices.

After the arrival of the new Chief Logistics Officer, this initiative was transitioned into an overall continuous improvement effort solely managed within the current Procurement and Materials Management Department. The OIG is in the process of producing a report that will documents the results achieved through this initiative and make recommendations on areas where additional opportunities for improvement are available.

Improvements for Efficiency and Effectiveness

Amtrak's Right-of-Way Maintenance – performance and costs benchmarked against European Railroads

The OIG has completed the first phase of its evaluation that compares the performance and costs of Amtrak's right-of-way (ROW) maintenance programs to that of the European rail passenger systems. The results of this phase have been used to identify the areas of opportunity for Amtrak to improve the performance and efficiency of its ROW maintenance programs. The OIG along with senior staff members from Amtrak's Engineering Department are currently in the process of visiting the top performing

European rail systems to identify any "best practices" that Amtrak could adopt. The visit to the first set of railroads in Switzerland, Austria, and Great Britain revealed technology or practices that Amtrak:

- ★ is already in the process of implementing (e.g. hollow switch ties);
- ★ is planning to test in the Northeast Corridor (e.g. fixed point surfacing);
- ★ is planning to further investigate for potential benefits, (e.g. remote monitoring of switch controls);
- ★ wants to implement with FRA approval (e.g. use of image recognition technology to help reduce the frequency and cost of inspections); or,
- ★ considers to be inappropriate or non-productive.

A second visit is currently being conducted to identify the best practices of an additional three European railroads. At the conclusion of the second visit, a formal report will be produced documenting the results and making recommendations from the lessons learned.

Human Capital Management – evaluation of Amtrak preparations for the Human Capital challenges facing it in the next five years

The OIG evaluation continues to evaluate how effectively and efficiently Amtrak manages its Human Capital throughout the company. As the OIG previously reported, the evaluation was launched in November 2007 to ensure Amtrak was postured to address the numerous human capital challenges facing the company over the next five years. The predominant challenge is due to the large number of employees eligible to retire over this period and the increased competition for replacement employees within the Railroad Community, as well as in the private and government sectors. The evaluation continues to examine how Amtrak identifies its manpower needs and then how the company recruits, hires, develops and retains the required employees with the necessary skills to accomplish Amtrak's mission, goals and objectives.

To date, the evaluation team has completed several evaluation milestones including conducting more than 100 interviews with management and human resources (HR) professionals throughout the company; conducting an internal HR Department employee climate survey and presenting the survey results to HR management and employees; and compiling extensive Amtrak HR data to be used in benchmarking Amtrak's processes within the Railroad, HR and international communities. The OIG plans to issue a final report in early 2009.

Revenue Protection Initiatives – OIG continuing involvement

Amtrak employees handle approximately $110 million annually in on-board ticket and food and beverage sales. A number of these dollars are continually at risk with respect to fraudulent employee behavior. Thus, the Inspections and Evaluations staff continues to work closely with the Transportation, Service Operations and the Marketing and Product Management departments to advise on conductor and OBS remittance policies, OBS accounting procedures and commissary operations. The staff also participates directly on a number of steering teams – the Point of Sales Change Management Working Group, the Food and Beverage (F&B) Loss Prevention Working Group, the City of New Orleans Pilot Team, the Service Standards Accounting Policies and Procedures Committee and the Warehouse Management Transition Planning and Implementation Steering Team.

Significant Reports Issued during Reporting Period

Public Funding Levels of European Passenger Railroads

Report E-08-02 – Issued 04/22/08

In April 2008, the OIG issued report E-08-02 that analyzed the relative financial performance of European Passenger Train Operations, quantified the amount of public funding they were provided to remain operationally viable, and then compared the European funding levels to that of Amtrak.

To help conduct this analysis the OIG contracted the services of the European-based BSL Management Consultants. BSL has extensive experience benchmarking the relative financial and operating performance of railroads from around the world and they have the requisite knowledge of the railroads unique organizational structures and data sources that enabled them to make valid comparisons of their performance. The comparisons were developed using data for the 1995 to 2006 time period from the publicly available National Economics Research Associates studies on European railroad funding.

Based upon a representative sample of European Passenger Train Operations over a multi-year period, we found that:

- When all revenues and expenses for the entire passenger train system are taken into consideration, European Passenger Train Operations operate at a financial loss and consequently require significant Public Subsidies.
- The average annual subsidies for European Passenger Train Operations are much higher than those for comparable Amtrak services.

Comparison of Reports on the Impact of Poor OTP

Report E-08-03 – Issued 05/15/08

In May 2008, the OIG issued report E-08-03, which explains the reasons for the apparent discrepancy between the estimate of financial benefits from improved Long Distance Train On-Time-Performance (OTP) that was made by the Department of Transportation-Office of Inspector General (DOT-OIG) in DOT-OIG report CR-2008-047, and the estimate that the Amtrak-OIG made in report E-06-05, issued September 29, 2006.

Report E-08-03 concluded that it would be inadvisable for Amtrak to use the DOT-OIG estimates for budgeting or decision making purposes without additional detailed scrutiny to either verify or refute their estimates. The DOT-OIG estimates for labor cost savings appear to be overly aggressive and their estimate of incremental performance payments appears to be significantly understated. Additionally, the significantly higher incremental revenue estimate is based upon an unknown and untested "econometric" model.

FY 2009 PERFORMANCE MEASURES

4/01/08 – 9/30/08

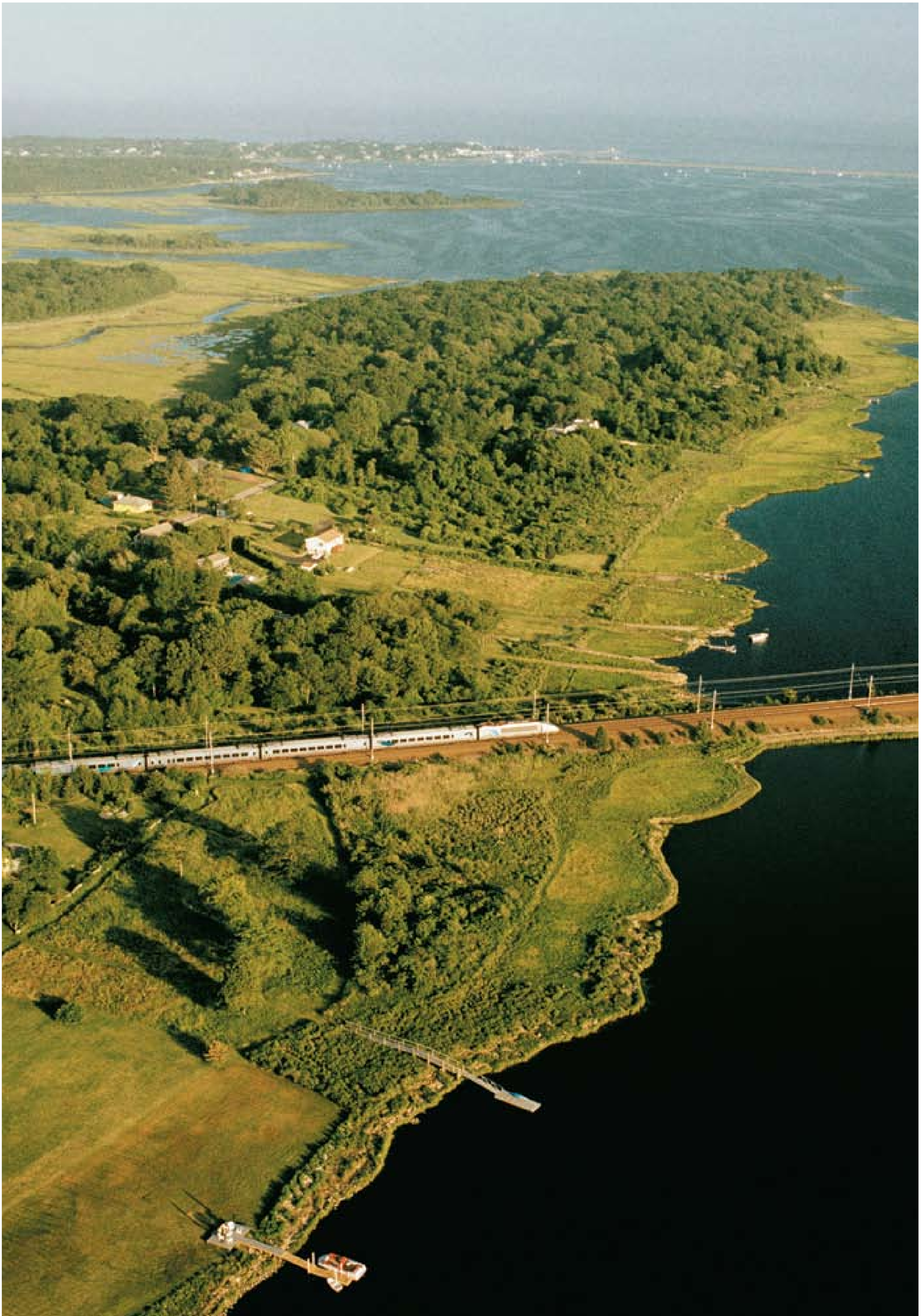
Audit Results	Total
Congressional Testimony	0
Costs Questioned/Funds to be Put to Better Use	$5,197,767
Management Decisions to Seek Recoveries	$543,991

Investigative Results	Total
Indictments/Informations	7
Convictions	3
Fines	$200.00
Court Ordered Restitutions/Civil Judgments/Administrative Restitution	$301,010.83
Recoveries	$24,158.00
Years Sentenced	0
Years Probation	6
Years Supervised Release	4
Hours of Community Service	0
Debarments and Other Administrative Action	n/a
Hotline Complaints Received	19
Hotline Complaints Investigated by OIG	12
Hotline Complaints Referred to Operating Administrations or Other Agencies*	7

FY 2009 ADVISORY FUNCTIONS

4/01/08 – 9/30/08

Advisory Functions	Total
FOIA Requests Received	1
FOIA Requests Processed	1
Legislation Reviewed	13
Regulations Reviewed	0



OFFICE OF INSPECTOR GENERAL
AUDIT REPORTS ISSUED WITH QUESTIONED COSTS

4/1/08 – 9/30/08

	Number	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	2	$540,314	$0
B. Reports issued during the reporting period.	9	$1,090,310	$0
Subtotals (A + B)	11	$1,630,624	$0
LESS			
C. For which a management decision was made during the reporting period.	5		
(i) dollar value of recommendations that were agreed to by management.		$543,991	$0
(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.	6	$1,086,633	$0

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

4/1/08 – 9/30/08

	Number	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period.	1	$1,300,000
B. Reports issued during the reporting period.	1	$4,107,457
Subtotals (A + B)	2	$5,407,457
LESS		
C. For which a management decision was made during the reporting period.	1	
(i) dollar value of recommendations that were agreed to by management.		$4,107,457
(ii) dollar value of recommendations that were not agreed to by management.		
D. For which no management decision has been made by the end of the reporting period.	1	$1,300,000

OFFICE OF INSPECTOR GENERAL
DETAILED LISTING OF ALL ISSUED AUDIT REPORTS

4/1/08 – 9/30/08

Date Issued	Report Number	Report Title	Questioned Costs	Unsupported Costs	Funds to be Put to Better Use
9/30/2008	206-2008	P-Card Review	$66,323	$0	$0
9/5/2008	208-2008	DMJM + Harris Inc Change Order	$102,112	$0	$0
9/4/2008	209-2008	JJID Inc. - Drainage Improvement Overbrook to Merion PA	$122,697	$0	$0
9/18/2008	216-2008	Delaware Car Company Acela Refinishing	$126,566	$0	$0
6/3/2008	219-2006	East River Tunnel-Penn Station Ventilation Project	$8,996	$0	$4,107,457
5/22/2008	301-2007	Amtrak Leasing Practices	$0	$0	$0
5/14/2008	301-2008	Acela At Seat Cart Service Cost Benefit Assignment	$0	$0	$0
9/30/2008	302-2008	Boston Station Audit	$0	$0	$0
9/10/2008	306-2007	Judy Company Change Order Audit	$230,733	$0	$0
8/21/2008	401-2008	Host RRCA & Operations Management Controls	$0	$0	$0
6/30/2008	402-2008	Employee Expense Receipt Compliance	$0	$0	$0
5/28/2008	403-2008	Fuel Supply - Gas City Contract	$423,224	$0	$0
7/24/2008	501-2008	Salinas Ticket Office - Special Audit	$7,615	$0	$0
TOTAL:			$1,090,310	$0	$4,107,457

OFFICE OF INSPECTOR GENERAL
MANAGEMENT'S COMMITMENT TO SEEK FINAL ACTION ON AUDITS WITH AGREED QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE (FBPTBU)

4/1/08 – 9/30/08

	No.	Questioned Costs*	No.	FBPTBU
A. Agreed Questioned Costs and FBPTBU for which management action is needed at the beginning of the reporting period.	10	$1,705,958	2	$5,090,505
B. Agreed Questioned Costs and FBPTBU for which management action is needed from reports issued during the reporting period.	5	$543,991	1	$4,107,457
Subtotals (A + B) requiring management action.	15	$2,249,949	3	$9,197,962
C. Management actions taken during the reporting period:**	9		1	
(1) Collections (Cost recovery)		$740,739		N/A
(2) Cost avoidance (Contracts)		$0		N/A
(3) Adjusted material value (Inventory parts)		$0		N/A
(4) Future cost savings (Improved management controls)		$0		N/A
(5) Management reduction of costs (Negotiations)		$1,455,958		N/A
(6) More efficient use of funds (FBPTBU)		N/A		
(7) Management reduction of costs (Additional evidence)		$1,498,961		N/A
(8) Management unwilling to pursue		$165,879		N/A
(9) Management unwilling to pursue (FBPTBU)		N/A		$4,107,457
Subtotals (1to 9) of management actions.		$3,861,537		$4,107,457
D. Agreed Questioned Costs and FBPTBU for which management action is needed at the end of the reporting period.	8	$1,197,223	2	$5,090,505

*Questioned Costs include both Supported and Unsupported Costs.
**Includes management actions pertaining to reports previously published.

OFFICE OF INSPECTOR GENERAL
REVIEW OF LEGISLATION AND REGULATIONS

4/1/08-9/30/08

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) 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, the OIG created during the last reporting period a new group, Management and Policy, to ensure compliance with current and emerging legislation, and government regulations, directives, and mandates. Management and Policy 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 reviewed, as necessary, as a part of every audit, inspection and evaluation, 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. The specific legislation reviewed was:

HR 2638
The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 passed by Congress and signed by the President in September of 2008, providing continuing appropriations for all agencies and activities that would be covered by the regular fiscal year 2009 appropriations bills, until enactment of the applicable regular appropriations bill or until March 6, 2009, whichever occurs first. The continuing resolution funds the OIG at our fiscal year 2008 level of $9,250,000 for the first six months of fiscal year 2009 or $750,000 below the newly authorized level for the fist six month of FY 2009. The OIG continues to work with the Appropriations Committees to ensure that we are fully funded at our authorized level through the end of fiscal year 2009, in order to fulfill our mandate responsibilities.

H.R. 928
Improving Government Accountability Act passed both chambers of Congress and was sent to the President for signature. H.R. 928 Amends the Inspector General Act of 1978 to enhance the independence of the Inspectors General, and creates a Council of the Inspectors General on Integrity and Efficiency. The reauthorization reaffirms the necessary independence of the Inspector General Office.

H.R.2095
To amend title 49, United States Code, to prevent railroad fatalities, injuries, and hazardous materials releases, to authorize the Federal Railroad Safety Administration, and for other purposes. H.R.2095 incorporated language from H.R.6003 to reauthorize Amtrak. This is Amtrak's first reauthorization in 12 years.

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

4/1/08-9/30/08

Nothing to report this period.

GLOSSARY OF AUDIT TERMS AND ABBREVIATIONS

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

Questioned Cost -- 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 -- 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 the OIG audit finding and its final decision concerning agreement or non agreement with the OIG recommendation.

Abbreviations/acronyms used in the text are defined below:

ACL	CCM Continuous Controls Monitoring
Amtrak	National Railroad Passenger Corporation
APD	Amtrak Police Department
APP	Appendix
BNSF	Burlington Northern Santa Fe
CA	Amtrak's Operations Management Department
CN	Canadian Northern
COO	Chief Operating Officer
CP	Canadian Pacific
CRO	Central Reporting Office
DAI	Delay Avoidance Incentive
DIG	Deputy Inspector General
ERT	East River Tunnel
F&B	Food and Beverage
FLS	New York City's Fire and Life Safety program
FRA	Federal Railroad Administration
FY	Fiscal Year
G&A	G&A General and Administrative
GSA	Government Services Administration
HHP	High Horse Power
HR	Human Resources
HRG	Amtrak's Host Railroad Contract Administration
ICP	Internal Control Plan
LIRR	Long Island Railroad
LSA	Lead Service Attendant
MBTA	Massachusetts Bay Transit Authority
MCCS	Manual Credit Card System
NRPC	National Railroad Passenger Corporation (Amtrak)
OBS	Onboard Service
OIG	Office of Inspector General
OSSSO	Office of Security, Strategy and Special Operations
OTP	On Time Performance
P2P	Purchase-to-Payment
PIP	Performance Improvement Program
P.L.	Public Law
RCM	Reliability-Centered Maintenance
ROW	Right-of-way
RPU	Revenue Protection Unit
SNS	Salinas Amtrak Station
UP	Union Pacific
U.S.C.	United States Code

INDEX OF REPORTING REQUIREMENTS PURSUANT TO THE INSPECTOR GENERAL ACT AMENDMENTS OF 1988 (P.L. 100-504)

Topic	Reporting Requirements	Page
Section 4(a)(2)	Review of Legislation and Regulations	11, 34
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	12-26
Section 5(a)(2)	Recommendations for Corrective Action to Significant Problems	12-26
Section 5(a)(3)	Previous Reports' Recommendations for Which Corrective Action Has Not Been Completed	16-17
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	23
Section 5(a)(5)	Information or Assistance Refused or Not Provided	35
Section 5(a)(6)	Audit Reports Issued in This Reporting Period	32
Section 5(a)(7)	Summary of Significant Reports	12-26
Section 5(a)(8)	Audit Reports with Questioned Costs	12, 15, 17
Section 5(a)(9)	Audit Reports with Recommendations That Funds Be Put to Better Use	12-17, 31, 33
Section 5(a)(10)	Previous Audit Reports Issued with No Management Decision Made by End of This Reporting Period	12-17
Section 5(a)(11)	Significant Revised Management Decisions	14, 16-17, 23-25
Section 5(a)(12)	Significant Management Decisions with Which the OIG is in Disagreement	n/a

Stop Fraud, Waste, Mismanagement, and Abuse

Who pays? You pay. Act like it's your money…it is!

Tell Us About It

Maybe you are aware of fraud, waste, mismanagement, or some other type of abuse at Amtrak. Amtrak's Office of Inspector General has a toll free hotline number for you to call. You can write to the OIG.

The OIG will keep your identity confidential. If you prefer, you can remain anonymous. You are protected by law from reprisal by your employer.

Call the hotline:

Nationwide (800) 468-5469

Philadelphia (215) 349-3065 or ATS 728-3065

Write to us:

Inspector General

P.O. Box 76654

Washington, DC 20013-6654

National Railroad Passenger Corporation

Office of the Inspector General
10 G Street, NE, Suite 3W-300, Washington, DC 20002-4285