



**OFFICE of INSPECTOR GENERAL**  
NATIONAL RAILROAD PASSENGER CORPORATION

# **CONGRESSIONAL BUDGET ESTIMATE**

## **Fiscal Year 2023**

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

**March 30, 2022**

# TABLE OF CONTENTS

<b>INSPECTOR GENERAL'S OVERVIEW .....</b>	<b>1</b>
<b>SUMMARY OF OUR FY 2023 BUDGET REQUEST .....</b>	<b>5</b>
<b>PROGRAM DESCRIPTION .....</b>	<b>9</b>
<b>OIG'S IMPACT.....</b>	<b>11</b>
<b>FINANCIAL TABLES.....</b>	<b>17</b>

This page intentionally left blank.

NATIONAL RAILROAD PASSENGER CORPORATION  
OFFICE OF INSPECTOR GENERAL

FISCAL YEAR 2023 PRESIDENT'S BUDGET  
SUBMISSION

**INSPECTOR GENERAL'S OVERVIEW**

We respectfully submit the National Railroad Passenger Corporation (Amtrak) Office of Inspector General's (OIG) fiscal year (FY) 2023 budget proposal. We are requesting \$27,720,000 to support our mission of effective and meaningful oversight of Amtrak (the company). These funds will enable us to accomplish our key responsibilities of producing audits and reviews, investigations, legal analyses, and other types of reports consistent with our mission. In addition, the request includes \$341,500 for staff training and \$99,792 to support the Council of the Inspectors General for Integrity and Efficiency (CIGIE). In accordance with Public Law 110-409, the Inspector General Reform Act of 2008, we affirm that this funding is sufficient to satisfy these requirements.

**We are committed to our accountability mission.** Our team of audit, investigative, and support professionals is motivated, committed, and determined to operate as a high-performing OIG that provides objective and independent oversight of Amtrak. Throughout the pandemic, we have continued to issue high-impact audits that provide stakeholders with the information they need in time to inform their decisions about how to invest in the company. Our investigative work also continues to foster accountability throughout the company. Both audits and investigations serve as an important check on the safety of Amtrak operations, help promote economy and efficiency, and help detect and prevent fraud, waste, abuse, and mismanagement across the company.

**The need for oversight is growing and transforming.** Our FY 2023 budget request begins to position us to oversee the major transformation the company expects to achieve over the next decade, which creates a new portfolio of issues to assess in addition to our traditional areas of oversight. We have identified four major undertakings that the company will be pursuing:

- **IIJA-funded programs and projects.** One of the most significant aspects of this transformation is the unprecedented federal investment of \$22 billion that the Infrastructure Investments and Jobs Act (IIJA) provides directly for the company, along with access to as much as \$44 billion available from various Department of Transportation (DOT) grant programs funded through the IIJA. To use its IIJA funding, the company will need to not only continue to operate as a railroad but also

pivot to add a far more robust capital program and project delivery capability than it has had in its 50-year history. This raises myriad new questions we will need to help answer for the company's Board of Directors, Federal Railroad Administration (FRA), Congress, and American taxpayers. One example is the extent to which the company has the information systems and workforce it needs to spend IJIA funds, accurately track and report on how it is using them, and account for what it is accomplishing. The company has had mixed success in project management in the past, resulting in cost overruns, schedule delays, and other issues. Our oversight of significant IJIA projects can help the company avoid these past problems and more successfully deliver its projects.

- **National Network expansion.** While it rebuilds its infrastructure, the company also plans to establish a series of new routes—pending congressional approval and federal and state funding support—to connect cities whose populations have grown significantly since the company was created in 1971. The company's goal is to have these routes in place by 2035. During this time, independent oversight will help assure stakeholders that the company is developing and maintaining the capacity—that is, the trainsets, stations, maintenance facilities, and skilled employees—it needs to deliver on its strategy. Maintaining this capacity will also require the cooperation, coordination, and support of state, local, freight, and other partners, which continues to be a challenge for the company to achieve, as we previously reported.
- **Pandemic recovery.** Against this backdrop, the company continues to try to rebound from the pandemic, which means adjusting to a U.S. workforce that no longer commutes as much while trying to attract a new demographic of customers that expects new services. Restoring its ridership is essential for the company to bring in revenue to help fund its operations and in turn maximize federal investments in the company. Our oversight provides stakeholders with an independent accounting of how well the company is recovering and where it may need to make course corrections.
- **Railroad operations.** In the meantime, the company will continue to run and maintain trains and provide traditional passenger rail service. It will spend on average another \$3 billion per year of taxpayer dollars to do this. This will trigger our traditional areas of oversight, including the extent to which the company is ensuring:
  - customers and employees are safe
  - everyone can access its facilities
  - it considers ways to minimize the environmental impacts of its operations
  - it is guarding against cyberattacks

- it is integrating innovative technologies for the 21st century
- it can account for, maintain, and protect its assets

**We are already responding.** the company's new posture represents complex, evolving, and expanding opportunities for passenger rail transportation. It will also generate a host of new challenges in moving forward. We have already taken several steps to be ready to help it resolve the challenges. In the short term, we are:

- **Identifying the most pressing challenges.** We are poised to issue a summary of the most significant challenges the company needs to address now to be ready to use IIJA funding, based on our years of assessing the company's performance. These include having the information systems to track and account for this funding, securing the required skilled workforce, collaborating with partners to identify priority projects and share costs, planning for projects early enough, and providing robust enough teams to manage them—all areas of continued oversight for us.
- **Designing new reviews.** We revisited the reviews we initiated in the latter half of FY 2021 and planned for FY 2023 and pivoted to include ones that assess how ready the company is to use IIJA funding effectively. For example, we are assessing the effectiveness of its capital planning and contracting processes, as well as the readiness of its workforce. We will also monitor the controls the company implements to make certain it uses the funding as the Congress intended and can publicly report how much it is spending for each project and achieving as a result. This is similar to the monitoring we did to assure the Congress that the company was using the pandemic recovery funding it received under the CARES and Relief Acts as intended and most effectively.
- **Monitoring major projects.** We have a head start assessing several mega, multi-billion-dollar projects the company has begun and is expected to predominantly fund through IIJA. This includes Gateway—a decades-long series of projects to revitalize the New York and New Jersey corridor—and a project to buy the new train fleet of the future.
- **Planning to protect IIJA funding from fraud.** History has shown that when the federal government provides a significant infusion of funding, the risk of fraud, waste, and abuse escalates. As the company disperses IIJA funding through projects and contracts across the Northeast Corridor and National Network, mitigating this risk will be important. We are preparing our investigative staff to be ready to address risks of fraud, waste, and abuse of IIJA funding. We are training our investigators on the IIJA's provisions, training Amtrak procurement staff on fraud awareness,

enhancing participation in Department of Justice and other national task forces focused on preventing procurement fraud, and designing a fraud detection data analytics framework. We are also participating in a working group of inspectors general to share information on how organizations are using IIJA funding, managing the projects it supports, and detecting possible fraud indicators, schemes, and trends. Having our investigators positioned at key Amtrak locations also enhances our ability to respond to potential fraud and to build stronger relationships with company officials and U.S. Attorney's Offices who act on our findings. In the past two years, we have added agents to new field offices in New York and Miami, expanding our investigatory reach, which has already paid dividends.

- **Enhancing our forensic laboratory and data analytics.** Our forensics laboratory and data analytics team provide the framework for direct access to company information systems and data to electronically identify, analyze, and pursue fraud indicators and risks. The data analytics team, which uncovers crucial evidence to support our investigations and audits, continues to build technical tools to better track the use of IIJA funds, and otherwise identify patterns and anomalies that may indicate fraud. They are also developing and using new risk assessment models to examine the company's routine financial and operational data and identify early warnings about systems, processes, and organizational units that are at a higher risk for fraud.

**Additional funding would allow us to increase our reach and effectiveness.** We assessed how the company's expected transformation will drive the kinds and amount of oversight we need to provide in FY 2023 and beyond. We are well-positioned for adding additional oversight responsibilities. For example,

- We understand the near and long-term challenges faced by the company, such as continuing its core operations of running a safe and efficient railroad; regaining pre-pandemic ridership; maintaining stakeholder relationships; and intended uses for IIJA funding such as Gateway.
- We have effective yet independent working relationships with the company's Board of Directors, executive leadership team, and have direct access to its information systems and data. Thus, we serve as an important enhancement, for example, to the Department of Transportation (DOT) OIG and FRA oversight given that both have responsibilities to cover a broader part of the railroad and transportation industry. In fact, the FRA depends on our oversight to support their responsibilities for overseeing federal grant funding to Amtrak.

Given this environment, we assessed the number of staff, the kinds of skills, and the resources we have on board against the workforce and resources we likely need to

provide the needed oversight in relation to the company's growth. That said, we appreciate the increases to our budgets in FYs 2020 through 2022 to begin restoring our workforce from previous cuts to our staff, especially auditors, because of sequestration and significant increases in the cost of our employees' benefits such as health care.

Examples of how we are rebuilding our workforce include the following:

- During FY 2021, we hired three agents to help manage the growing workload in our new offices in Florida and New York and reassigned one agent from our Chicago office. They already have a full load of cases to investigate. We also added two forensic examiners and created a new forensic lab in Los Angeles. In addition, we began to expand our data analytics capability by adding one full-time analyst.
- During FY 2022, have filled and plan to fill a number of positions, including several auditor positions, an IT audit specialist, and a data scientist, with the goal of reaching 101 full-time equivalent positions by the end of this year.

Even with these increases, however, we would not have the capacity we need to cover all the critical areas of oversight concomitant with our increased operating expenses and the company's expanding portfolio. Consequently, we have to make hard tradeoff decisions about what issues we would not be able to address. To avoid this situation, we are estimating the additional staff and supporting resources we need from FYs 2023—when the company will begin to manage its IJJA projects—through FY 2027—when the company would be in the middle of its expansion efforts—to inform our future budget requests.

Accordingly, our FY23 request is *modest* relative to the company's operations and new capital planning portfolio. We also worked to ensure that the requested increases would be *reasonable*, meaning that we have processes in place to attract, hire, and successfully integrate new staff and obtain the technology and other support they need. In addition, we worked to ensure the increases would be *sustainable*, meaning that we will have alignment with the workload demand to retain and fully engage the added staff.

## **SUMMARY OF OUR FY 2023 BUDGET REQUEST**

The following FY 2023 Budget Request identifies the resources we need to support our office, including amounts for personnel compensation and benefits, contract services, training, travel, supplies, materials, and equipment.

The FY 2023 Budget Request is \$27,720,000—a \$1,472,000 increase (6 percent) over our FY 2022 appropriation. Our request consists of the following:

- \$24.094 million for compensation, benefits, and related costs



- \$2.202 million for operational and equipment expenses, including funding for special equipment for criminal investigators, staff training, communications, and IT equipment and support services
- \$893,000 in office space and other rental payments
- \$531,000 for consultants and contracted services

**How we will deploy the additional FY 2023 resources.** These resources—along with the approximately \$500,000 the Congress provided us each year through FY 2026 for IJA oversight—will help us maintain our investigative capabilities and continue to rebuild our Office of Audits. We intend to use the FY 2023 funding increase to add more auditor positions. This in turn will allow us to add several more audit teams to our current organizational structure, and in time, they can take on 2 or perhaps 3 more audits per year to help us cover the expanding oversight responsibilities we outlined above. We also intend to add one analyst position to our data analytics group which continues to provide outstanding support for both the audits and investigations staff and leadership. Finally, our office seeks funds to defray the expected cost of inflation absorbed in providing for salary increases, procuring professional services, construction, travel, equipment, benefits, and rent.

A more detailed breakdown of additional resources and the associated costs follows:

- Four auditor positions, including salaries, benefits, and support costs: **\$707,725**
- One data analyst position and associated costs: **\$179,931**
- 2.7 percent payroll increase for quarter 1: **\$110,981**
- 3 percent payroll increase effective January 1, 2023: **\$369,936**
- Funding to defray inflationary increases of 3 percent for all non-payroll program costs such as training, travel, and rent: **\$103,427**

**What return the OIG provides on these investments.** For fiscal year 2021, our OIG provided stakeholders a substantial return on its appropriation. The total monetary benefit was \$94.5 million. Our Office of Investigations was responsible for \$1.3 million in recoveries and another \$4.6 million in forfeitures, while the Office of Audits identified \$81 million in questioned costs and \$7.6 million in funds Amtrak could have put to better use. The company also made important changes this year in response to our recommendations. It overhauled its approach to bringing its stations and facilities in compliance with the Americans with Disabilities Act (ADA). It implemented a model to optimize the size and composition of its workforce at maintenance facilities to match their workload. In addition, the company updated its model for assessing impacts of poor on-time-performance so it can address reasons for delays. This will become more

important as the company plans to add new routes to its network. Our investigations resulted in 32 indictments, 29 convictions, and 45 administrative actions against employees, such as disciplinary action up to dismissal, which serves as a deterrent for others considering actions that violate company policy or law.

In addition, Amtrak OIG is an active participant in the Council of the Inspectors General on Integrity and Efficiency (CIGIE), including as a member of the Audit Committee and as a partner with the Pandemic Response Accountability Committee (PRAC).<sup>1</sup> Amtrak OIG has detailed two Special Agents to the PRAC<sup>2</sup> who, in addition to their normal duties, are investigating cases of potential fraud of pandemic-related funds.

Finally, our Inspector General serves as Chairperson of one of its key standing committees, the Integrity Committee. This committee plays an important role within the OIG community—the role of “watching the watchdogs.” Committee members make a substantial commitment to address allegations of wrongdoing made against senior officials of OIGs, including Inspectors General, and they meet regularly to review the supporting materials for each allegation, deliberate, and determine whether to refer matters for investigation. As committee chair, our Inspector General is responsible for supervising these investigations.

**What work we will cover with these resources.** In terms of our audit portfolio, during FY 2023, we will allocate our staff to conduct a mix of reviews that assess both the company’s efforts to begin using IIJA funding and to respond to other challenges to its traditional operations. We have more issues to oversee than staff available, but we have started some of the new work we laid out in our most recent audit plan, which is available to review on our website at <https://amtrakoig.gov/reading-room-documents/annual-plans/annual-audit-plan-2022>.

**IIJA oversight.** We will continue our ongoing work assessing the company’s capital planning process, which it uses to determine funding priorities among competing capital projects, including those it will support under IIJA. We will also continue our ongoing assessments of its ability to accurately track and report on the costs for IIJA

---

<sup>1</sup> CIGIE is an independent entity established within the executive branch to address integrity, economy, and effectiveness issues across the government and aid in the establishment of a professional, well-trained and highly skilled OIG community workforce. CIGIE’s Audit Committee sponsors and coordinates audit-related activities that address multi-agency or Governmentwide issues, maintains professional standards for OIG audit activities, administers the audit peer review program, and provides input to CIGIE Professional Development Committee on the training and development needs of the audit community.

<sup>2</sup> The PRAC relies on investigative assistance from CIGIE and the OIG community so it can coordinate comprehensive, non-duplicative oversight and develop broad assessments of the risks and challenges related to pandemic relief and response.

projects, its capacity to manage the increase in construction contracts these projects will generate, and its rollout of the new train sets it funds under IIJA. Depending on resources, we also hope to assess the readiness of the company's unionized workforce to take on IIJA projects and initiate an audit of one of the major projects the company will support under the Act.

**Traditional oversight.** We will continue to assess significant challenges the company must manage as it continues its core operations, including the following:

- **Safety.** Our highest priority is to assess the company's efforts to keep customers and employees safe. We recognize the inherent dangers of running a railroad, including the derailment that resulted in three customer fatalities in FY 2021. We recently reported that the company made progress in rolling out its latest Safety Management System and positive train control systems throughout its network. Because the company has remaining work in these two areas, we continue to monitor its progress. We also plan to assess the company's efforts to protect individuals at grade and track crossings, which pose high risks to public safety.
- **Cyber security.** Persistent and increasingly sophisticated cyberattacks pose threats to any organization, including Amtrak, which increasingly relies on information technology to achieve its goals. To that end, we planned a portfolio of work through at least FY 2024. Our first audit during FY 2022 will assess how well the company has developed an inventory of its IT assets—it cannot protect assets it does not know it has. Follow on audits will assess how well it is protecting these assets, training its employees to look for threats, and how quickly it can recover from a cyber incident.
- **Other audit areas.** We have developed a multi-year plan to assess how the company is minimizing its negative impacts on the environment. In FY 2022, we are assessing the company's efforts to reduce greenhouse gas emissions, such as replacing older locomotives that produce higher emissions with new ones that produce less.

Our staff continue to concurrently manage other responsibilities at the same time they are implementing new audits. These include monitoring the company's progress in implementing our recommendations for improvements and identifying potential new audit areas to inform our annual audit planning. For example, our staff are staying informed on the next phase of the Gateway program, tracking company progress on ADA compliance, and monitoring deployment of the new Acela trainsets.

In terms of our investigative portfolio, we will continue to manage more than 130 cases under active investigation. Several cases involve fraudulent use of pandemic relief funding, and numerous others involve traditional areas of fraud and mismanagement

that we have identified. These include contractor fraud, ticket fraud, theft of materials, and identity theft. We will also continue our multi-year effort to detect significant fraud within the company's health care payments, which will allow the company to pursue recovery of funds from fraudulent providers.

**Workforce recruitment and sustainability.** Our staff includes auditors, investigators, data analysts, forensic analysts, counsel, communications, contracting, IT, human capital, and other support professionals. Amtrak OIG competes directly with the public and private sector to hire and retain staff, and frequently benchmarks its processes and employee engagement ratings with those of federal OIGs. We strive to maintain total compensation competitive with those of federal agencies and aim to surpass our government colleagues in providing job satisfaction.

Each year, we engage a third-party contractor to survey our workforce and analyze the results. Our survey of employees during 2021 had a response rate of 89.4 percent. Of these respondents, 91.5 percent said that they would recommend working at Amtrak OIG to others, compared to an average of 71 percent across the federal government.<sup>3</sup> With regard to empowering staff, 88 percent reported being satisfied with their involvement in decisions that affect their work compared to 58 percent of their federal counterparts.

In addition, because we value our employees, we have asked them to engage in various working groups to address such things as strategy; diversity, equity, and inclusion; and post-pandemic return to the workplace. We want employees to see our OIG culture as one that values and supports them, that our offices create and implement training and development plans to help our staff grow, and that our supervisors provide and document feedback to staff so that they know how well they are performing and where they can improve.

## **PROGRAM DESCRIPTION**

The Amtrak OIG was established by the Inspector General Act of 1978 (Public Law 95-452, 5 USC Appendix 3) as amended in 1988, to consolidate all existing audit and investigative resources into one independent organization. The Inspector General provides policy direction and leadership for the OIG and serves as an independent and objective source of information and analysis to Congress, the Amtrak Board of Directors, and company management. The Inspector General, assisted by the Deputy Inspector General, manages the following operational and support units:

---

<sup>3</sup> The most recent "Best Places to Work" survey was administered during 2020.

- **Office of Audits**, which conducts independent and objective audits across the spectrum of Amtrak's programs and operations. It produces reports aimed at improving Amtrak's performance and saving both taxpayers and the company money. The office also oversees the audit of the company's annual financial statements.
- **Office of Investigations**, which pursues allegations of serious misconduct, including procurement fraud, kickbacks, bribery, health care fraud, credit card fraud, theft, and a variety of other offenses that could affect Amtrak's programs, operations, assets, and other resources. The office has statutory law enforcement authority, and its special agents make arrests, execute search warrants, serve subpoenas, and carry firearms. It refers investigative findings to the Department of Justice for criminal prosecution or civil litigation, or to Amtrak management for administrative action. It also identifies actions the company can take to reduce the risk of misconduct and criminal activity, and shares findings of internal control weaknesses with the Office of Audits.
- **Counsel to the Inspector General**, which provides legal assistance and advice to OIG senior management and supports audits, investigations, and special reviews. The Office of Counsel also coordinates OIG legal matters with the Amtrak Law Department as well as external entities such as the Department of Justice and other federal and state law enforcement.
- **Mission Support**, which is responsible for budget and financial management, human capital management, contracting and procurement functions, information technology, space management, and general administrative support.
- **Chief of Staff**, who works closely with OIG management to coordinate daily office operations and serves as liaison between the OIG and congressional staff, Amtrak, and the Inspector General community. The Chief of Staff also manages the OIG's data analytics team, which analyzes Amtrak and third-party data to support audits and investigations. Finally, the Chief of Staff performs regular quality assurance reviews for audit, investigative, and mission support activities that the Inspector General requests.

Amtrak OIG is headquartered in Washington, D.C., with field offices in Boston, Chicago, Los Angeles, Miami, New York, and Philadelphia.

## OIG'S IMPACT

### AUDITS

The Office of Audits identified several broad challenges derived from a risk management perspective for Amtrak and its stakeholders to consider. These challenges help guide the targeting of our audit efforts and we use them to organize and plan our oversight activities. The following is a list of some of our past work products, organized by each challenge:

#### 1. Safety and Security: Assessing New Risks and Addressing Longstanding Challenges

Since 2015, train crashes, derailments, and other safety incidents have killed 14 customers and 12 employees, and injured hundreds of others. Accidents resulting in three customer fatalities in FY 2021, an employee death in FY 2022, and the company's ongoing efforts to mature its Safety Management System indicate the continued need for oversight of Amtrak's safety programs.

- **The Company Has Made Significant Progress Implementing New Safety Program.** We found that the company's framework for its Safety Management System aligned with federal requirements and other industry safety programs. We also found, however, that the company had lost several key staff in its Safety department, potentially creating a skill gap to successfully implement the program. We recommended that the company continue to assess staffing needs and address any significant gaps and the company agreed to take these actions. We continue to monitor this program.
- **Amtrak Expects Positive Train Control will be Interoperable with Other Railroads but Could Better Measure System Reliability:** We found that the company had implemented systems to meet federal deadlines, but the systems sometimes did not initialize before a train left a station or disengaged along a route. Dispatchers had to manually enter data into the systems, posing a risk of human error. The company did not have the electronic tools to easily access the data necessary for it and the FRA to monitor system performance. We recommended that the company research and request funding for electronic tools to access the needed data; determine what, if any, additional mitigations it needs when the system does not operate as intended; and initiate its plan to assess the risk of incorrect data entry. The company took mitigation steps, and we continue to monitor overall system performance.

- **Expanded Random Drug Testing Could Help Further Detect and Deter Prescription Opioid Abuse:** We examined de-identified prescription and claims data from FY 2019 for 11,356 employees who performed safety-related work and found that some were potentially at risk for prescription opioid misuse, overdose, and impairment. This included 113 employees who met one or more CDC indicators for potential opioid use disorder and overdose. We also found that the company's random drug testing program excluded safety-related positions and common prescription opioids. We made several recommendations, including requiring the company's benefits administrators to report key information from its opioid monitoring, such as prescription patterns that raised concerns. The company is taking action on some of these recommendations.

## **2. Financial Management and Stewardship: Using Resources Wisely and Being Good Stewards of Federal Funds**

This challenge includes the company's efforts to use federal taxpayer dollars wisely and effectively. Our work to hold the company accountable for effective use of the pandemic relief the Congress provided under the CARES and Relief Acts of FY 2022 demonstrates how we can similarly hold the company accountable for effective use of the new IIJA funding. This challenge also includes the company's pursuit to date of initiatives to upgrade its existing infrastructure.

- **Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program.** The Gateway program is the company's highest infrastructure priority and one it expects to support with IIJA funding. We found that the company had started hiring staff and building a schedule, among other things, to manage the volume of work it would soon encounter on Gateway. It had not, however, fully developed a thorough program management framework that described the processes its departments would follow and the tools they would use to manage the program at that time and in the years ahead. This raised real risks of cost increases, schedule delays, and stress on its partner relationships. We recommended that the company (1) build out its program management plan, (2) assess its current and future resource needs, (3) implement protocols to manage how it will generate, collect, and distribute program information, and (4) develop a process to identify and mitigate its program risks. The company agreed to take these actions.
- **Better Planning and Coordination Could Help the Company Achieve its Aggressive Timeline for ADA Compliance.** The ADA required intercity rail station facilities to be accessible to persons with disabilities by July 26, 2010, but the company missed this deadline. We found that the company could not

reasonably expect to execute its aggressive plan to achieve compliance at the remaining 312 stations over the next 6 years without developing the requisite planning and obtaining the requisite resources. In addition, the company had not implemented guidance to assist its program staff when cooperation from third parties presented hurdles to timely completion of ADA work. We recommended that the company address its planning, resource, and guidance gaps and the company is taking action. The IIJA provided the company substantial funding to support its ADA efforts and we continue to monitor the company's progress.

### **3. Governance: Institutionalizing More Effective Management, Accountability, and Data-driven Decision-making**

Transforming the company in response to the IIJA and long-term plans to expand the network will challenge the Executive Leadership Team members to account for their own individual areas of responsibility as well as collaborate effectively on decisions that benefit the company overall. This especially includes collaboration with state partners and freight railroads. At the same time, leadership must commit to addressing several challenges to be ready to responsibly spend the extraordinary amount of federal funding coming its way.

- **Amtrak Has Begun to Address State Partners' Concerns About Shared Costs, But It Has More Work to Do to Improve Relationships.** The company has addressed some states' concerns associated with the costs they share on state-supported routes, but we found that three challenges persist. First, Amtrak and its state partners have conflicting perspectives about the level of control these partners should have over decision-making and the level of support Amtrak should provide them. We recommended that the company clarify these issues for state partners. Second, the parties had not addressed long-standing issues with the methodology they devised to share costs, including how it allocated infrastructure capital costs. We recommended that the company and states use the ongoing congressionally mandated discussions about the cost-sharing methodology to begin resolving this challenge. Third, the company implemented controls to help ensure state bills are accurate and provided states with detailed information on their costs. Nevertheless, state partners still questioned whether the company has effective controls and processes to calculate their costs and develop their bills. Additionally, some state partners do not understand these processes. We made several recommendations for the company to better track and address billing errors and inform states of its processes and controls. Resolving the three challenges will help restore or maintain states' trust in the company, and this has implications to its plans to expand and improve its network under its "Connects



US” strategy. The company agreed with our recommendations and is taking action to address them.

- **Human Resources Department Will Face Challenges Supporting Workforce Growth Plans.** As pandemic restrictions lift and travel demand returns, the company expects to build its workforce by as much as 21 percent through the end of FY 2022. The IJA further increased the company’s need to add managers and workers with highly specialized skills to oversee and execute high-priority capital projects. We found that the Human Resources department did not have sufficient leadership or staff to effectively recruit, screen, hire, and onboard new employees. In addition, the company expected to need assistance from third-party recruiting agencies, but the position responsible for managing these agencies was also vacant. We recommended that the company develop solutions to address competitive barriers to attracting executive talent and give priority to filling the Director for Talent Acquisition Support. The company is making progress in these areas.

#### **4. Information Technology: Better Requirements Could Help the Company Implement Technology Projects More Effectively**

- **Audit of Amtrak’s Processes to Determine its Information Technology Needs:** We found that the company could do even more to systematically gather and robustly define a project’s technology requirements. This would avoid past problems of project cost overruns and schedule delays. We recommended that the Chief Information Officer coordinate with the business departments to identify the technology resource needs over the next few years, plan to obtain them, and clarify the roles of those staff involved in defining and managing technology projects to ensure they understand their responsibilities. The company agreed to take these steps over the next year.

#### **INVESTIGATIONS**

Most of the Office of Investigations’ cases fall into three categories: health care fraud, contract and procurement fraud, and other types of general crimes and misconduct. As the company implements its plan to add 3,500 employees over the next several years

and substantially increases its procurement and contracting under IIIA, there is a high risk that fraud cases will increase.

### 1. Health Care Fraud

- A Los Angeles pharmacist was sentenced on March 29, 2021, to six months in prison and three years' probation for conspiracy to commit health care fraud. He was also ordered to forfeit \$1,816,038.82 in cash and personal property. As a result of the scheme, Amtrak's insurance providers were fraudulently charged approximately \$22,000.
- An Illinois-based chiropractor was sentenced to 20 months in federal prison and ordered to pay fines and restitution for defrauding insurance providers, including Amtrak's, which lost approximately \$504,347.
- A former California chiropractor was found guilty of several federal criminal charges related to a \$2.2 million health care fraud scheme. The provider fraudulently billed Amtrak's health care plan for services never provided as well as bogus medical diagnoses, office visits, and prescriptions for medical devices.
- A Los Angeles medical assistant pleaded guilty on September 24, 2021, to health care fraud, bank fraud, identity theft and tax fraud for forging prescription refills, selling some of the product, and forging the checks customers submitted as payment. The assistant fraudulently charged Amtrak's insurance providers approximately \$13,500.
- A Los Angeles pharmacy owner and his pharmacy pleaded guilty in February 2021 to one count of conspiracy to commit health care fraud and payment of illegal remunerations by having marketers steer him prescriptions for expensive and potentially unnecessary drugs. The owner was sentenced to 30 months in federal prison and, along with his pharmacy, was ordered to jointly pay \$4,400,525 in restitution. The pharmacy was also sentenced to five years of probation on January 18, 2022. Amtrak's health care plan paid out about \$20,000 to the pharmacy during the scheme.

## 2. Procurement Fraud

- A management official and a company inspector were terminated for accepting gifts and favors from a construction contractor who received a \$58 million company contract.
- An electric company in Aston, Pennsylvania, on May 20, 2021, agreed to pay \$54,983 and implement enhanced compliance measures to resolve claims arising from its use of Chinese-made parts during a fire alarm installation and renovation project at Amtrak's 30th Street Station in Philadelphia.

## 3. Other General Crimes and Misconduct

- **eVoucher theft.** A resident of New York was sentenced on December 16, 2021, to two years' imprisonment and ordered to pay \$287,805 in restitution for Aggravated Identity Theft. The person used stolen credit cards and personal information to buy Amtrak tickets, then cancelled or exchanged them for eVouchers and sold them on the Internet. The approximate loss to Amtrak from the scheme was \$450,000.
- **Property theft.** A former Senior Engineer pleaded guilty on December 13, 2021, to one count of mail fraud for stealing and selling approximately 77 chainsaws, approximately 103 chainsaw replacement bars, and approximately 163 replacement chains valued at \$76,379.
- **Defrauding customers.** A former Amtrak employee pleaded guilty to two counts of wire fraud February 23, 2022, in part for charging 40 individuals from \$250 to \$425 each—collecting a total of \$23,000 to \$26,000—for a group trip to New York City that never existed. A sentencing hearing is scheduled for June 15, 2022.

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

**APPROPRIATIONS**  
**(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2021 ACTUAL</u>	<u>FY 2022 ACTUAL</u>	<u>FY 2023 REQUEST</u>
Salary & Expenses	25,274	26,248	27,720

**NATIONAL RAILROAD PASSENGER CORPORATION  
OFFICE OF INSPECTOR GENERAL  
PERSONNEL RESOURCE - SUMMARY  
AUTHORIZED FULL-TIME EQUIVALENTS (FTE's)**

<b>ACCOUNT NAME</b>	<b>FY 2021 ACTUAL</b>	<b>FY 2022 PLANNED</b>	<b>FY 2023 REQUEST</b>
<b>Salaries &amp; Expenses</b>	96	101	106

**OBJECT CLASSIFICATION - FY 2020 TO FY 2022**  
**NATIONAL RAILROAD PASSENGER CORPORATION**  
**OFFICE OF INSPECTOR GENERAL**  
**SALARIES & EXPENSES**  
**(\$000)**

<b>OMB ACCOUNT ID: 575-00-2996</b>		<b>FY 2021 ACTUAL</b>	<b>FY 2022 PLANNED</b>	<b>FY 2023 REQUEST</b>
Personnel Compensation:				
11.1	Full-time permanent	14,798	16,442	17,696
12.1	Personnel benefits	5,711	6,284	6,399
<b><i>Total Personnel Service and Benefits</i></b>		<b>20,510</b>	<b>22,726</b>	<b>24,094</b>
Contractual Services and Supplies:				
21.0	Travel and transportation (persons)	253	367	400
22.0	Transportation (things)	6	3	5
23.2	Rental payments to others	833	875	893
23.3	Communications, utilities, and miscellaneous charges	1,246	1,075	1,269
24.0	Printing and reproduction	12	10	10
25.1	Advisory and assistance services	796	492	531
25.2	Other services from non-federal sources	327	154	158
26.0	Supplies and materials	149	172	175
<b><i>Total Contractual Services and Supplies</i></b>		<b>3,622</b>	<b>3,148</b>	<b>3,443</b>
31.0	Equipment	487	374	183
99.9	<b><i>Total obligations</i></b>	<b>24,618</b>	<b>26,248</b>	<b>27,720</b>