



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

## **ACQUISITION AND PROCUREMENT:**

Weaknesses in Contract Oversight Pose Financial,  
Operational, and Legal Risks

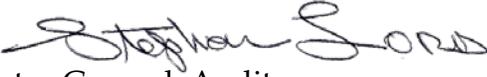
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## Memorandum

**To:** DJ Stadtler  
Executive Vice President/Chief Administration Officer

**From:** Stephen Lord   
Assistant Inspector General, Audits

**Date:** March 4, 2019

**Subject:** *Acquisition and Procurement: Weaknesses in Contract Oversight Pose Financial, Operational, and Legal Risks (OIG-A-2019-004)*

In fiscal year (FY) 2018, Amtrak (the company) spent about \$1.9 billion on contracts to support company operations, such as manufacturing rail cars and locomotives, executing construction projects, and providing information technology support. Given the company's extensive reliance on contractors and the large expenditures involved, effective contract oversight is essential for ensuring that the company receives high-quality goods and services in accordance with contract terms and conditions. However, our prior work has identified weaknesses in contract oversight. For example, in our September 2018 report on the company's management challenges we noted that the company's contract oversight practices have been inconsistent, leaving the company vulnerable to poor contractor performance.<sup>1</sup>

End-user departments—such as the Engineering, Mechanical, Information Technology (IT), and Marketing departments—play a critical role in post-award contract oversight by assigning individuals to monitor the day-to-day performance of contractors. In this report, we refer to these individuals as contracting officer's technical representatives (COTR). The company frequently assigns a COTR to contracts<sup>2</sup> to (1) ensure the quality of goods and services that contractors deliver and (2) identify any potential or actual problems with contractor performance. In addition, the Procurement department assigns contract administrators who are responsible for formal contract actions, such as awarding, preparing, and modifying contracts, and coordinating with the COTR for each contract. Given the critical role that COTRs play in monitoring

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<sup>1</sup> AMTRAK: *Top Management and Performance Challenges—Fiscal Years 2019 and 2020* (OIG-SP-2018-011), September 28, 2018.

<sup>2</sup> Contracts for a software license agreement or for the purchase of parts do not need a COTR, according to a senior official in the Procurement department.

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contractor performance, this report assesses the extent to which the company has taken steps to ensure that COTRs conduct effective post-award contract oversight.

To address this objective, we identified the management control standards relevant to ensuring effective post-award contract oversight,<sup>3</sup> as well as the processes and procedures that successful public- and private-sector organizations use to ensure effective oversight. We then compared these components to the standards, processes, and procedures the company has in place. We also interviewed the 46 COTRs responsible for 97 of the highest-value contracts in the Engineering, Mechanical, IT, and Marketing departments—with a total value of about \$4 billion over the life of those contracts.<sup>4</sup> We selected these departments because they manage the largest and highest-risk contracts based on the potential impact to company operations. In addition, we interviewed 31 contract administrators in the Procurement department who had interacted with company COTRs over the last three years.

For more information about our scope and methodology, see Appendix A. For a list of the contract oversight practices we identified at other successful organizations, see Appendix B. For our interview questions and a summary of responses, see Appendix C.

## **SUMMARY OF RESULTS**

The company does not have a well-defined, managed process to ensure that post-award contract oversight is effective. As a result, we found numerous instances in which poor COTR performance—or the absence of a COTR—posed financial, operational, and legal risks to the company.

Specifically, we identified four key weaknesses in company practices.

### **The company lacks standards defining the COTR role and responsibilities.**

The company has not established standards that recognize contract oversight as a

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<sup>3</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014; Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control—Integrated Framework*, May 2013.

<sup>4</sup> Our initial population was 139 contracts with an authorized value of at least \$1 million and a remaining value of at least \$100,000, as of September 30, 2017. For our COTR interview population, we reduced our scope to 97 contracts because for 42 contracts the company did not provide a COTR name, or the COTRs had left the company, were not performing the COTR role, or did not respond to our interview request.

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distinct function and define the COTR role and responsibilities. As a result, more than one third of the COTRs and contract administrators we interviewed<sup>5</sup> identified unclear roles and responsibilities as a challenge to effective contract oversight. One notable cause of confusion was how COTRs differed from project managers. Other successful organizations clearly differentiate between these positions: COTRs are responsible for ensuring that contractors meet all contract terms, and project managers are responsible for ensuring that projects are completed on time and within budget—even if the same individual performs both roles. However, 30 percent of the COTRs (14) and 43 percent of the contract administrators (13) we interviewed said they see no difference in these roles,<sup>6</sup> raising concerns whether each role is executed effectively.

**The company provides limited training for COTRs.** Because the company has not recognized contract oversight as a distinct function, it provides no formal training—and only limited on-the-job training—to ensure that COTRs understand their role and responsibilities. Eighty percent of the COTRs (37) we interviewed told us they did not receive formal training from the company.<sup>7</sup> Moreover, of the eight who said they received training, at least five were mistakenly referring to the company’s project management training, which does not cover COTR oversight responsibilities.<sup>8</sup> In addition, more than half of the COTRs (24) we interviewed told us they did not receive any on-the-job training.

**The company does not consistently make, communicate, or track COTR assignments.** We also found that the company does not have a requirement or process to consistently assign COTRs in a timely manner, communicate those assignments to all relevant parties, and track assignments. This has left gaps in the company’s contract oversight,

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<sup>5</sup> We received this response from 37 percent of the COTRs (17) we interviewed and 39 percent of the contract administrators (12) we interviewed. In this report, the numbers in parentheses represent the number of COTRs and contract administrators who gave a specific response. We use footnotes throughout this report to clarify instances where not all 46 COTRs or 31 contract administrators we interviewed gave a response.

<sup>6</sup> Thirty contract administrators we interviewed gave a response to this question.

<sup>7</sup> One COTR responded “Other” to this question.

<sup>8</sup> The other three that told us they received training from the Procurement department, and at least two of the three received the training more than three years ago.

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and some contract administrators have not had a clear understanding of who is overseeing their contracts, as shown in the following examples:

- A total of 69 percent of the contract administrators (18) we interviewed told us they were not usually or always notified in a timely manner when a COTR left a contract.<sup>9</sup>
- We compared two lists of COTRs for 139 high-value contracts—one provided by end-user departments and one provided by the Procurement department—and found that 59 percent of the names (82) did not match.

**The company does not consistently hold COTRs accountable for their performance.** Senior managers in three departments gave us conflicting views about whether COTR performance assessments are required. Most (68 percent) of the COTRs with whom we discussed this issue stated that their performance evaluations included contract oversight duties, but 30 percent (13) said their evaluations did not.<sup>10</sup> Moreover, when we asked COTRs to describe how they were assessed on their contract oversight duties, at least five mistakenly provided examples of project management or other unrelated duties, which suggests that the number of COTRs that were not evaluated on their oversight duties is likely higher.

Together, these four weaknesses have resulted in many COTRs who are unprepared to execute their duties effectively and some contracts without any company oversight, leaving the company vulnerable to financial, operational, and legal risks. For example, contract administrators and COTRs we interviewed noted the following:

- 77 percent of the contract administrators (24) were aware of instances in which COTRs committed the company to paying for work that was not in the contract without the contract administrator's authorization, leading to cost overruns.
- 42 percent of the contract administrators (13) were aware of instances in which COTRs did not adequately document a contractor's failure to comply with contract requirements, leaving the company vulnerable in contract-related legal disputes.

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<sup>9</sup> Eighteen of the 26 contract administrators who had experienced a COTR leaving a contract gave this response. These response categories were the bottom four categories on a six-point scale. For more detailed information on the scales, see Appendix C.

<sup>10</sup> Two COTRs could not answer the question because they had not had a performance evaluation. Of the 44 COTRs who had a performance evaluation, one (2 percent) responded that he or she was unsure whether COTR duties were included in the evaluation.

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- 24 percent of the COTRs (11) were aware of instances in which the company paid inaccurate invoices, which could lead to overpayments.
- Contract administrators told us that because of the lack of a COTR, work stopped entirely on one \$3.5 million contract, the company lost about \$300,000 on another, and the company is in a \$5.6 million billing dispute on a third.

Accordingly, we recommend that the company clarify and institutionalize the role of the COTR. This includes establishing contract oversight as a distinct function with defined roles and responsibilities for COTRs, providing them with training, better managing of their assignments to ensure that the company consistently oversees contracts, and holding them accountable for performing effectively.

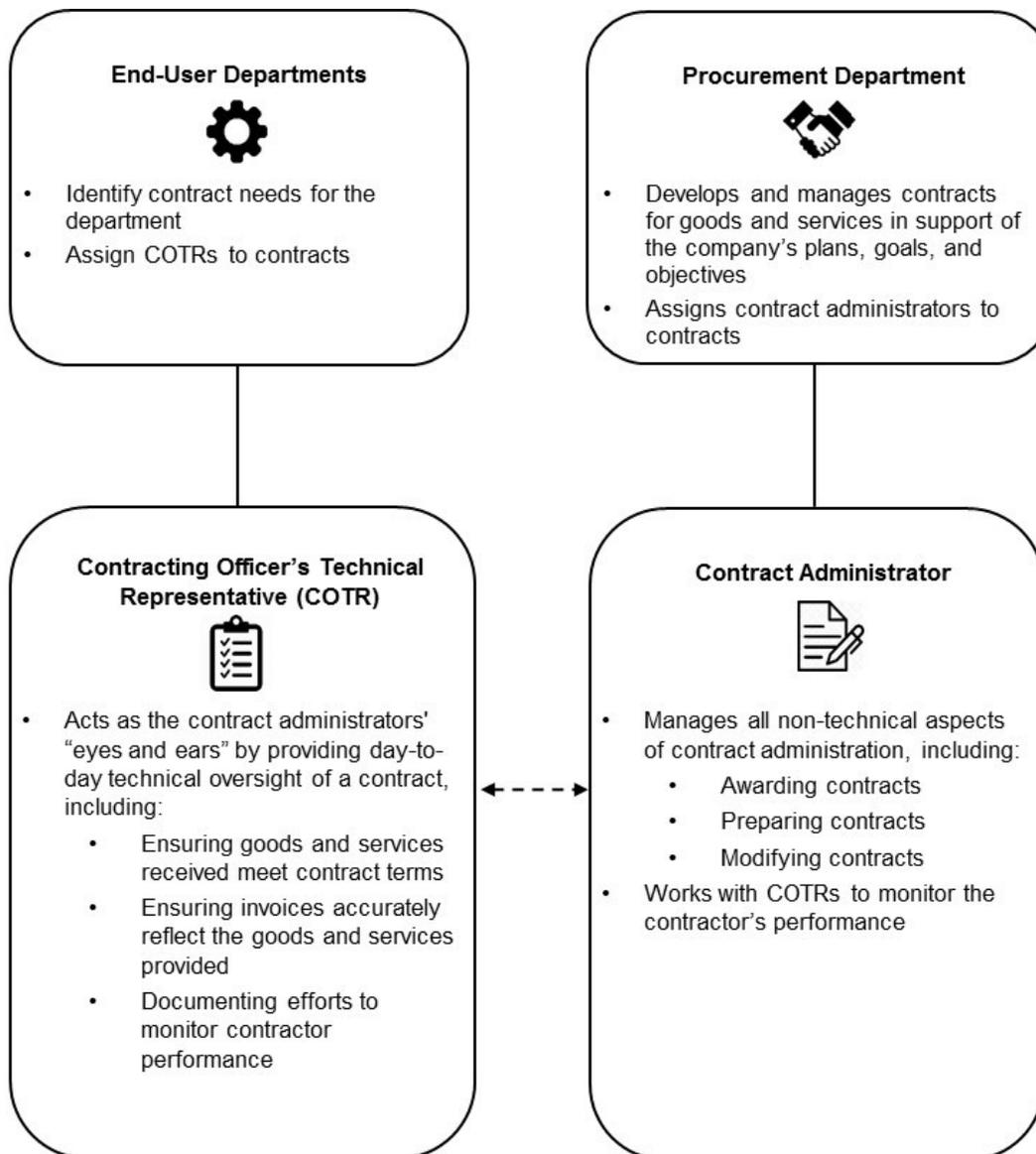
In commenting on a draft of this report, the Executive Vice President/Chief Administration Officer agreed with our recommendations and identified specific actions the company plans to complete by March 2020 to implement them. For management's complete response, see Appendix D.

## **BACKGROUND**

Generally, end-user departments assign COTRs from within their own workforces to ensure the quality of the goods and services provided under the contract and to identify any problems with contractor performance. According to senior officials in these departments, serving as a COTR is generally not a full-time position; rather, it is a collateral duty assigned in addition to other job responsibilities. The Procurement department generally assigns contract administrators who are responsible for formal contract actions, such as awarding, preparing, and modifying contracts, as shown in Figure 1.

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**Figure 1. Formal and Informal Relationships and Responsibilities of Departments Involved in Contract Oversight**



Source: OIG interviews with company officials and analysis of Amtrak's Procurement Manual, December 2015

Other departments also play a role in ensuring that the company receives the contracted goods and services needed to maintain its operations, as shown in the following examples:

- The Enterprise Program Management Office** assigns staff from that office as project managers for a limited number of large company projects, such as the

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effort to replace the Acela trainsets. Depending on the scope of a program or project, they sometimes include contracts to purchase required goods or services. In general, project managers are responsible for ensuring that projects stay within scope, on schedule, and within costs.

- **The Chief Administration Officer** plays a role in developing the company's workforce, including COTRs, to ensure that the company has the employees it needs with the requisite skills.
- **The Law department** supports Procurement and the end-user departments in litigation and other legal disputes with contractors.

## **WEAKNESSES IN STANDARDS, TRAINING, ASSIGNMENTS, AND ACCOUNTABILITY LIMIT THE EFFECTIVENESS OF THE COTR AND POSE FINANCIAL, OPERATIONAL, AND LEGAL RISKS**

The company's contract oversight is inconsistent because of four key weaknesses. The company has not conducted the following actions:

- formally defined the COTR role and responsibilities
- provided formal training on how to meet these responsibilities
- consistently made, communicated, or tracked COTR assignments
- held COTRs accountable for their performance

These weaknesses have resulted in (1) many COTRs who are not prepared to execute their duties effectively and (2) contracts without a COTR in place. This has resulted in contract delays, cost overruns, and substandard goods and services, and continues to expose the company to financial, operational, and legal risks.

### **The Company Has Not Clearly Defined the COTR's Role and Responsibilities**

The company has not established standards to clearly define the COTR's role and responsibilities. Also, unlike the practices of other successful organizations, the company has not required that contract administrators and COTRs communicate at the beginning of each assignment to ensure that COTRs understand their roles.

**COTR's role and responsibilities are unclear.** Unlike the practices of other successful organizations and management control standards, the company does not have standards establishing contract oversight as a distinct role with clearly defined

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responsibilities, as it does for other roles. The company's only description of COTR responsibilities appears in its procurement manual, but according to the Vice President of Procurement and Logistics, the manual is not binding policy for end-user departments. In addition, although the manual offers a general description of COTR responsibilities, such as the need to monitor contractor performance and document oversight activities, it does not provide specific guidance on how COTRs should execute their duties in practice. Further, senior managers we interviewed in all four departments stated that their departments do not have formal standards, processes, or procedures for COTRs to supplement the general procurement manual guidance.

As a result, senior officials in the Procurement department, Law department, and Enterprise Program Management Office told us they have observed company-wide confusion about the roles and responsibilities of COTRs. Although we did not specifically ask about the clarity of the company standards, more than one third of the COTRs and contract administrators we interviewed said that unclear roles and responsibilities pose a challenge to COTRs in conducting effective contract oversight, as shown in the following examples:

- Thirty-seven percent of COTRs (17) we interviewed told us the company should provide clearer expectations of what the role requires.
- Thirty-nine percent of contract administrators (12) we interviewed told us the company should give COTRs clearer descriptions of their responsibilities and a more consistently defined role.

One cause of confusion is whether and how the COTR role differs from that of a project manager. The practices of other successful organizations show that COTRs and project managers have distinct responsibilities. COTRs are typically responsible for ensuring that contractors deliver technically acceptable goods and services that meet all contract terms, and project managers are responsible for ensuring that projects are completed on time and within budget.

We found that the distinction between the COTR and project manager role was clear for most employees we interviewed, but unclear for a substantial minority of others. Specifically, 30 percent of COTRs (14) and 43 percent of contract administrators (13) with whom we discussed this issue stated that there is no difference between

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the two roles,<sup>11</sup> as shown in Figure 2. This weakness has contributed to ineffective oversight, as discussed later in this report.

**Figure 2. Percentage of COTRs and Contract Administrators Who Stated There is No Difference between COTR and Project Manager Responsibilities at Amtrak**



*Source:* OIG interviews with company COTRs and contract administrators

Opinions differ as to whether two people or the same person can perform the two roles. Successful organizations recognize that the two roles are distinct but do not necessarily call for different individuals to perform them. In addition, commonly accepted standards for project and program management hold that many organizations treat contract monitoring as a function separate from project management but do not always call for separate individuals to perform these functions.<sup>12</sup>

On the other hand, an official in the Enterprise Program Management Office stated that different individuals should serve as the COTR and project manager because of their different duties and the unique relationships they have with the contractor. Specifically, the official told us the COTR must act as the “contract enforcer” by holding contractors accountable; however, the project manager must ensure that the project is completed on time and within budget, which often calls for maintaining a closer, more cooperative relationship with the contractor. Regardless of these differences of opinion, successful organizations clearly define and delineate these two roles, and they hold individuals accountable for effectively fulfilling them.

<sup>11</sup> Thirteen of the 30 contract administrators who answered this question gave this response.

<sup>12</sup> Project Management Institute, Inc., *A Guide to the Project Management Body of Knowledge (PMBOK Guide), Sixth Edition*, 2017.

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**COTRs and contract administrators do not always communicate about the COTR role and responsibilities.** Other successful organizations call for formal communication between the contract administrator and COTR at the beginning of each assignment to discuss the COTR's role, responsibilities, authorities, limitations, and any potential oversight challenges unique to that specific contract. However, the company does not require any formal communication between the contract administrator and COTR at the beginning of assignments. Without such a requirement, only about 45 percent of the COTRs (20) we interviewed stated that the contract administrators usually or always had an initial phone or in-person conversation about roles and responsibilities, and only about half of the contract administrators (16) told us they usually or always conducted this outreach.<sup>13</sup>

### **The Company Provides Limited Training for COTRs**

Unlike other successful organizations and management control standards, the company provides no formal training and limited on-the-job training to ensure that COTRs understand their role and responsibilities, authorities, and limitations. The company does not train its COTRs because it has not defined the role as a distinct function or established a training requirement. Senior officials in the Procurement, Engineering, Mechanical, IT, and Marketing departments also confirmed that they do not provide formal COTR training at the departmental level. A manager in the Enterprise Program Management Office said they provide project management training, but the training does not address the COTR's contract oversight responsibilities.

Most of the COTRs we interviewed (80 percent) told us the company did not provide them with any formal COTR training.<sup>14</sup> The actual number is likely even higher because at least five of the eight COTRs who told us they received training were referring to the company's project management training.<sup>15</sup> Further, about 52 percent of the COTRs (24) we interviewed said that they did not receive any on-the-job training, as shown in Figure 3. For example, 70 percent of the COTRs (31) with whom we discussed this issue told us they never received instructions on how to review invoices for accuracy.<sup>16</sup>

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<sup>13</sup> These response categories were the top two categories on a six-point scale. Twenty of the 44 COTRs who answered this question gave this response.

<sup>14</sup> Thirty-seven of the COTRs we interviewed gave this response. One COTR responded "Other" to this question.

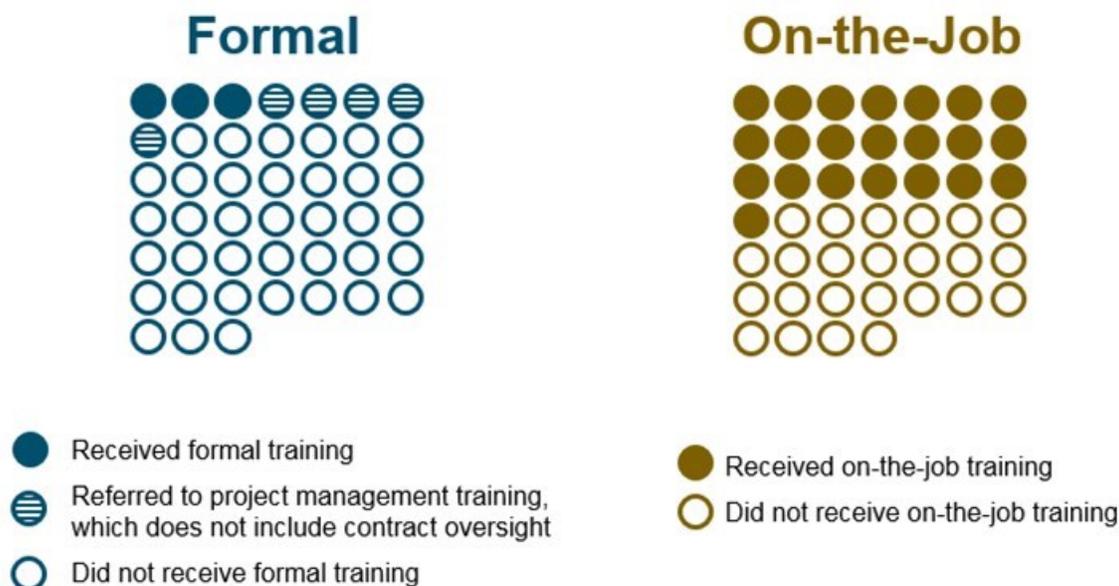
<sup>15</sup> The other three stated they received training from the Procurement department, and at least two of these three received the training more than three years ago.

<sup>16</sup> Thirty-one of the 44 COTRs who answered this question gave this response.

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In addition, 76 percent (35) of the COTRs we interviewed told us they never received instructions on which activities to document in contract files.

**Figure 3. COTR Responses on Receiving Training from the Company  
 on Their COTR Duties**



Note: Of the 46 COTRs we interviewed, 45 provided a yes-or-no response to our question about receiving formal training.

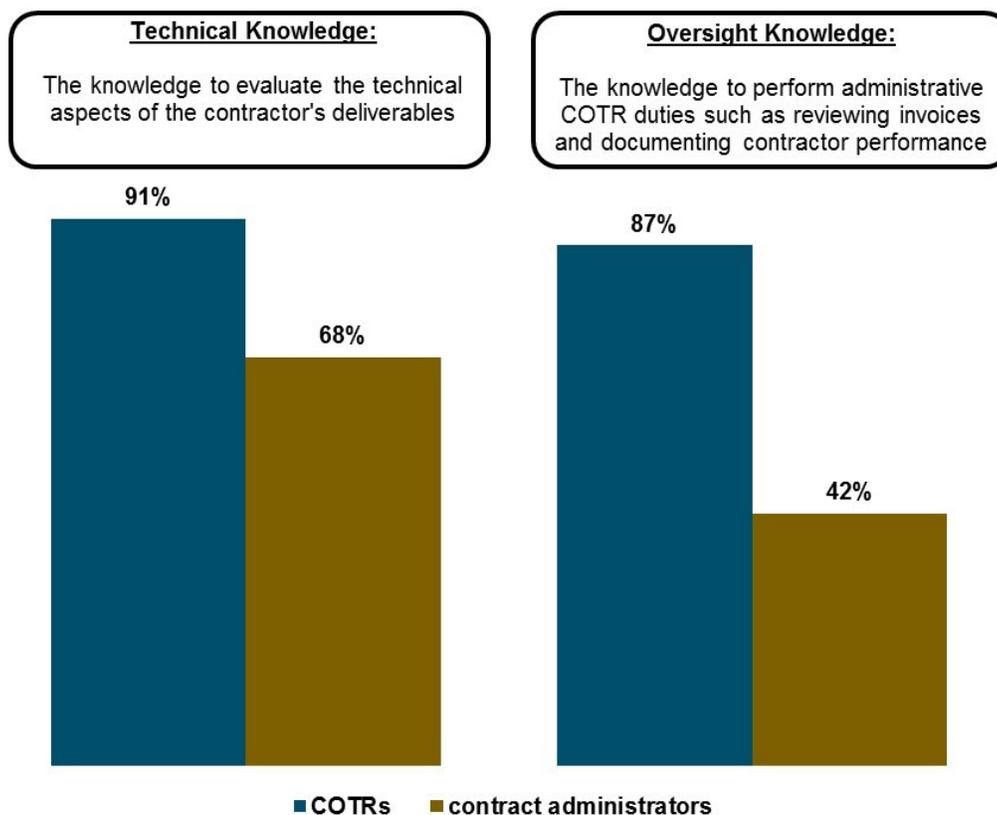
Source: OIG interviews with company COTRs

Despite the lack of formal training, most COTRs and contract administrators we interviewed agreed that COTRs possess the technical knowledge to evaluate the acceptability of goods and services provided. However, only 42 percent of contract administrators (13) we interviewed said COTRs have the knowledge to carry out other oversight duties, such as reviewing invoices and documenting the contractor's performance,<sup>17</sup> as shown in Figure 4. Although COTRs rated themselves better in this area, they still recognize this challenge: nearly 60 percent (27) told us—without our specifically asking—that they would like training on their responsibilities.

<sup>17</sup> We included results from scale categories that received a response of "to a great extent" or "to a very great extent." These response categories were the top two categories on a five-point scale.

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**Figure 4. COTR and Contract Administrator Responses on COTRs Having  
 Technical and Oversight Knowledge**



Note: Of the 46 COTRs we interviewed, 45 provided a response to these questions. We included results from scale categories that received a response of "to a great extent" or "to a very great extent" which were the top two categories on a five-point scale.  
 Source: OIG interviews with company COTRs and contract administrators

In our prior work, we also identified contract oversight issues stemming from the lack of training. For example, we reported in February 2017 that the company had significant weaknesses in post-award oversight for a type of contract known as a Master Services Agreement because the company had not trained staff in the end-user departments on how to monitor and manage them.<sup>18</sup> Formal training and on-the-job training can help ensure that COTRs understand their roles and responsibilities and perform them successfully.

<sup>18</sup> *Acquisition and Procurement: Master Services Agreements Are Not Strategically Managed, and Award and Oversight Processes Can Be Improved* (OIG-A-2017-006), February 22, 2017.

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## **The Company Does Not Consistently Make, Communicate, or Track COTR Assignments**

Unlike other successful organizations, the company does not consistently assign COTRs to contracts in a timely manner, communicate those assignments to all relevant parties, or track them company-wide, which leaves some contracts without any oversight or direct supervision.

**Departments do not consistently make or communicate COTR assignments.** Senior managers in the Engineering, Mechanical, Marketing, and Procurement departments told us that end-user departments are responsible for assigning COTRs from the departments' workforce and communicating those assignments to contract administrators in the Procurement department. However, the departments are not consistently doing so because they have not established a formal process to ensure that COTR assignments are made and communicated to all relevant parties. In our interviews, 81 percent of contract administrators (25) told us that contracts that need a COTR always or usually have one.<sup>19</sup> However, the other 19 percent (6) noted that contracts that need a COTR do not usually or always have one. Given the vital stewardship role that COTRs play, any contract that needs a COTR but does not have one could increase the company's financial, operational, and legal risks.

In addition, we found that when COTRs leave the company or move to a different position in the company, end-user departments do not consistently replace them in a timely manner. Only 31 percent of contract administrators (8) who answered this question stated that the departments were always or usually timely in replacing COTRs.<sup>20</sup>

Further, end-user departments do not consistently communicate COTR assignments to contract administrators, resulting in instances where contract administrators did not always know who was overseeing their contracts. In our interviews, 69 percent of the contract administrators (18) with whom we discussed this issue told us they were not usually or always notified in a timely manner when a COTR left a contract.<sup>21</sup>

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<sup>19</sup> These response categories were the top two categories on a six-point scale.

<sup>20</sup> Eight of the 26 contract administrators who answered this question gave this response. These response categories were the top two categories on a six-point scale.

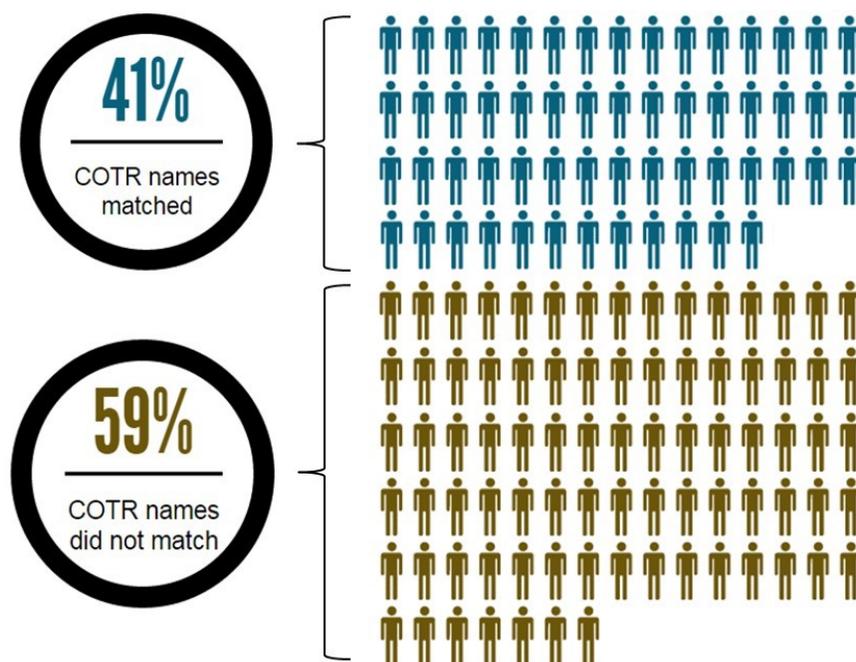
<sup>21</sup> Eighteen of the 26 contract administrators who had experienced a COTR leaving a contract gave this response. These response categories were the bottom four categories on a six-point scale.

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**The company does not track COTR assignments.** The company does not consistently track COTR assignments as other successful public and private organizations do, because it has not implemented a process to do so. This results in uncertainty over who is overseeing some company contracts.

We compared two lists of COTRs for 139 high-value contracts—one provided by the end-user departments and one provided by the Procurement department. We found that the COTR names differed on 59 percent of contracts (82), which impedes the company’s ability to ensure consistent, effective contract oversight. The comparison is shown in Figure 5.

**Figure 5. Comparison of COTR Names Provided by Procurement and End-User Departments on 139 High-Value Contracts**



Source: OIG analysis of data provided by the Engineering, Mechanical, IT, Marketing, and Procurement departments

In response to one of our prior recommendations to improve contract oversight, the company is procuring an automated contract management system that senior Procurement officials believe could facilitate tracking.<sup>22</sup> Officials told us they are planning to design this system to require end-user departments to assign a COTR for every contract. They are also planning for the system to generate a report that would

<sup>22</sup> *Acquisition and Procurement: Contracts Included Key Provisions to Reduce Risks, but the Company Lacks an Efficient and Effective Contract Management System* (OIG-A-2018-003), February 22, 2018.

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help identify contracts that do not have a COTR. Regardless, without consistently making and communicating timely COTR assignments—and clearly identifying a process for tracking these assignments—the company will continue to experience oversight gaps, leading to contract schedule delays and cost increases.

## **The Company Does Not Consistently Assess COTRs' Performance**

The company has not consistently held COTRs accountable for conducting effective oversight in accordance with management control standards. Senior managers we interviewed in three of the departments highlighted this inconsistency: they expressed conflicting views about requiring COTR performance assessments. Although managers in two departments stated that COTRs' contract oversight duties are or should be included in performance evaluations, managers in another department determined that they have no basis to judge COTR performance as a part of the formal evaluation process without a clear job description.

Other successful organizations integrate COTRs' duties and expectations into their performance management process to ensure that managers clearly define COTR expectations, provide coaching and feedback, and evaluate them on their performance. However, the company has not designed or implemented a consistent method for holding COTRs accountable for performing their oversight duties. As a result, although most COTRs who responded to this question (68 percent) stated that their performance evaluations included contract oversight duties, 30 percent (13) said their evaluations did not.<sup>23</sup> Moreover, when we asked COTRs to describe how they were assessed on their contract oversight duties, at least five mistakenly provided examples of project management or other unrelated duties, suggesting that the number of COTRs who were not evaluated on their oversight duties is likely higher. In some cases, the amount of unevaluated work was substantial: six of the COTRs who said they were not evaluated on their oversight duties reported that they spend more than half their time on contract oversight.<sup>24</sup>

Further, although contract administrators' coordination with the COTRs puts them in a unique position to offer insight into COTRs' performance, the company does not

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<sup>23</sup> Two COTRs could not answer the question because they had not had a performance evaluation. Of the 44 COTRs who had a performance evaluation, one (2 percent) responded that he or she was unsure whether COTR duties were included in the evaluation.

<sup>24</sup> Specifically, these six COTRs reported spending 51 percent or more of their time on COTR duties over the life of their contracts. These response categories were the top three categories on a six-point scale.

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generally utilize this insight by inviting contract administrators to provide this input, unlike other successful organizations. For example, 81 percent of contract administrators (25) told us departments never or rarely ask them for input about COTRs' performance. And at least half (14) of the contract administrators who said they observed deficiencies in a COTR's performance believe that the company never or rarely holds COTRs accountable for their performance.<sup>25</sup>

### **Limited Contract Oversight Poses Financial, Operational, and Legal Risks**

Given the weaknesses in company standards, training, assignments, and accountability, COTRs are inconsistent in how well they oversee contracts. Specifically, COTRs and contract administrators cited examples in which COTRs performed their role effectively and saved the company money—such as ensuring that invoices accurately reflected the goods and services provided. But these employees also cited numerous examples in which (1) COTRs did not perform effectively or (2) no COTR was in place to oversee a contract, which resulted in contract delays, cost overruns, and substandard goods and services.

**COTRs have committed the company to work beyond contract terms, contributing to cost overruns.** Of the contract administrators we interviewed, 77 percent (24) were aware of instances in which COTRs committed the company to paying for work beyond the contract terms without the required authorization from the contract administrator, as shown in Figure 6. Half of those (12) said this occurred on more than a quarter of their contracts.<sup>26</sup>

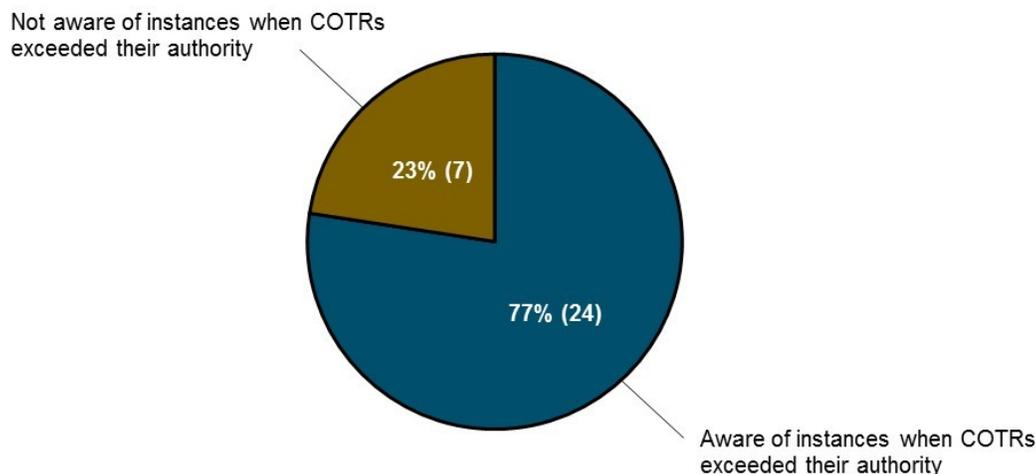
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<sup>25</sup> These response categories were the bottom two categories on a six-point scale. Based on questions 24a and 25a posed to contract administrators, 24 stated they observed deficiencies in a COTR's performance. Of these, 18 provided a response about COTR accountability.

<sup>26</sup> These response categories were the top four categories on a six-point scale.

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**Figure 6. Contract Administrator Responses on their Awareness  
 of COTRs Exceeding Authority**



*Source:* OIG interviews with company contract administrators

Senior managers in the Procurement department told us that when COTRs commit the company to unauthorized contract changes, this increases costs because the company loses its leverage to negotiate the cost of those additional goods or services. As an example, a contract administrator told us the company is in a billing dispute with a contractor for \$1 million in scope changes that the COTR agreed to without approval from the contract administrator.

**COTRs have not always notified contract administrators of problems in a timely manner, contributing to cost overruns and schedule delays.** Of the contract administrators we interviewed, 71 percent (22) told us that COTRs often, usually, or always notified them of contract problems in a timely manner.<sup>27</sup> However, the remaining 29 percent (9) told us that COTRs were only rarely or sometimes timely in notifying them, as shown in Figure 7.

<sup>27</sup> These response categories were the top three categories on a six-point scale.

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**Figure 7. Contract Administrator Responses on the Frequency with Which COTRs Notify Them of Problems in a Timely Manner**



Note: The scale category “Never” is not shown in the figure above because it received a response rate of zero.

Source: OIG interviews with company contract administrators

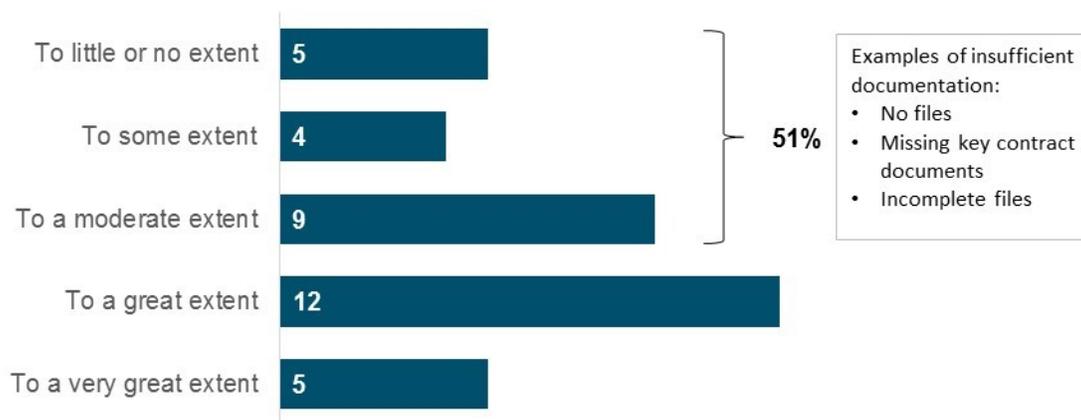
In these instances, contract administrators may not be able to take timely corrective actions to bring contractor performance in line with contract requirements without additional costs, schedule delays, or both. For example, a contract administrator told us that because the COTR did not disclose developing problems early enough, an \$8 million contract had a 50 percent cost overrun totaling about \$4 million and finished about 11 months beyond schedule.

**COTRs have not consistently documented contract oversight efforts, putting the company at risk of legal harm.** Senior officials in the Procurement department and each of the four end-user departments told us they expect COTRs to document contractor non-compliance. This documentation can help ensure that the company can sustain legal actions it might take with the contractor. However, we found that when taking over a contract from another COTR, 51 percent of the COTRs (18) raised questions about the sufficiency of the contract file,<sup>28</sup> as shown in Figure 8.

<sup>28</sup> Of the 37 COTRs who took over a contract from another COTR, 35 provided a response to this question. We included results from scale categories that received a response of “to a moderate extent,” “to some extent,” or “to little or no extent,” which were the bottom three categories on a five-point scale.

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**Figure 8. COTR Responses on Sufficiency of File Documentation  
 When Taking Over for Another COTR**



Source: OIG interviews with company COTRs

Without consistent documentation, COTRs cannot always provide the information necessary to protect the company in a legal dispute. A senior member of the Law department told us that one of the primary ways the company can protect itself from financial losses in contract disputes is by documenting shortcomings in the contractor's performance. However, 42 percent of contract administrators (13) were aware of instances in which a COTR did not adequately document a contractor's failure to comply with contract requirements.

Law department officials told us that incomplete documentation has hindered their ability to effectively represent the company's interests in legal proceedings. Contract administrators agreed and cited the following examples:

- The company could not pursue damages on a large equipment contract, in part because of a lack of documentation by the COTR regarding the contractor's poor performance.
- The company was due \$3.6 million after a dispute with a contractor for work beyond the contract terms but had to settle for about \$1.7 million because of poor documentation by the COTR.

**COTRs have not consistently ensured that invoices are accurate, leading to overpayments.** About 50 percent of contract administrators<sup>29</sup> (15) told us they were confident to a great or very great extent that COTRs are ensuring that contractor

<sup>29</sup> Fifteen of the 30 contract administrators who answered this question gave this response. These response categories were the top two categories on a five-point scale.

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invoices accurately reflect the goods and services provided. When COTRs properly review invoices, they can identify potential billing issues. For example, four COTRs stated that their reviews identified instances when the invoices did not accurately reflect the goods and services provided, which saved money for the company.

On the other hand, 24 percent of COTRs (11) we interviewed said they were aware of instances when the company paid inaccurate invoices. This can lead to cost overruns, among other problems. For example, a contract administrator told us the company had to freeze payments to a contractor because the COTR did not ensure that the contractor completed all the work required before paying more than four years of invoices.

**The company has left some contracts without COTR oversight, leading to delays and cost increases.** Contract administrators identified instances when contracts did not have departmental oversight, leading to schedule delays, disruptions in the invoicing process, and cost increases. For example, contract administrators told us the following:

- The company stopped work and halted invoices on a \$3.5 million contract because the previous COTR left, and the company did not assign a new one for 45 days.
- The company is disputing \$5.6 million in inappropriate contractor billings that occurred because a contract did not have a COTR for three months.
- The company lost about \$300,000 on a \$2.5 million contract because the COTR left the company, and the company did not assign a new one until the Procurement department requested one from the end-user department. According to the contract administrator, the contractor took advantage of the company during this gap in oversight.

## **CONCLUSIONS**

The company does not have a well-defined, managed process to ensure that COTRs conduct effective post-award contract oversight. Until the company develops a contract oversight process that includes widely-accepted practices such as accountability and training, they will continue to oversee their contracts inconsistently, which invites financial and operational risk.

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## RECOMMENDATIONS

The Executive Vice President/Chief Administration Officer, in coordination with the other relevant departmental Executive Vice Presidents, should initiate the following actions—consistent with other successful public- and private-sector organizations—and monitor compliance with each requirement:

1. Develop and document standards that establish contract oversight as a distinct function with a clearly defined COTR role and set of responsibilities.
2. Clearly communicate the standards, roles, and responsibilities to all relevant employees. This should include establishing a requirement that contract administrators and COTRs formally communicate at the beginning of each COTR assignment, as appropriate, to explain the COTR's role, responsibilities, authorities, and limitations to those authorities.
3. Develop and implement required training for COTRs on their roles, responsibilities, authorities, and limitations, as well as other techniques needed to execute their duties. At a minimum, this training should include guidance for reviewing invoices, documenting contractor performance, and ensuring that COTRs do not exceed their authority.
4. Implement a process to ensure that contracts that require a COTR have one assigned at all times and that these assignments are communicated to all relevant parties and consistently tracked.
5. Design and implement a method for holding COTRs accountable for effectively performing their oversight duties. This could include considering ways to integrate COTR duties into the organization's performance management system to ensure that managers clearly define COTR expectations, provide coaching and feedback, evaluate COTRs on their performance, and invite contract administrators to provide input on COTRs' performance.

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## MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the company's Executive Vice President/Chief Administration Officer agreed with our recommendations and identified actions the company is taking or plans to take to address them, as well as planned completion dates for these actions. The company's planned actions are summarized below:

- **Recommendation 1:** Management agreed with our recommendation to establish contract oversight as a distinct function with defined roles and responsibilities for COTRs. Management stated that the Procurement department, with feedback from the Enterprise Program Management Office and other key stakeholders, will document a comprehensive set of standards that establish the COTR's role and responsibilities. The target completion date for this action is February 28, 2020.
- **Recommendation 2:** Management agreed with our recommendation to communicate the standards, roles, and responsibilities to all relevant employees. Management stated that the Procurement department will distribute procedures and requirements to formalize communication between contract administrators and COTRs to ensure agreement and understanding of the COTR's role, responsibilities, and authorities. The target completion date for this action is February 28, 2020.
- **Recommendation 3:** Management agreed with our recommendation to develop and implement required training for COTRs on their roles, responsibilities, authorities, and limitations. Management stated that the Procurement and Human Resources departments will develop and implement this training, as well as training on other techniques needed to execute their duties, such as guidance for reviewing invoices, documenting contractor performance, and ensuring that COTRs do not exceed their authority. The target completion date for these actions is February 28, 2020.
- **Recommendation 4:** Management agreed with our recommendation to implement a process to ensure that contracts that require a COTR have one assigned at all times and that these assignments are communicated to all relevant parties and consistently tracked. Management stated that the Procurement department has already configured a field in the company's new Procurement system that requires a COTR to be provided throughout the life of the contract. The target completion date for implementing this system

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and completing this action is February 28, 2020. Although this is a positive step, the company has not identified the process it will implement to ensure that its COTR tracking information will remain current and that no oversight gaps will occur. Accordingly, we believe the company should take additional steps to ensure that when a COTR leaves the company or moves to another position, the company reassigns their duties, updates COTR tracking information in the Procurement system, and notifies all relevant parties.

- **Recommendation 5:** Management agreed with our recommendation to design and implement a method for holding COTRs accountable for effectively performing their oversight duties. Management stated that once the standards and training for COTRs have been fully implemented, company leadership will determine which contracts are significant enough to warrant measuring and evaluating COTR performance. The target completion date for this action is February 28, 2020.

For management's complete response, see Appendix D.

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## APPENDIX A

### Objective, Scope, and Methodology

This report provides the results of our audit focused on the company's efforts to monitor contractor performance to ensure that the company receives high-quality goods and services in accordance with contract terms and conditions. Our objective was to assess the extent to which the company has taken steps to ensure that COTRs conduct effective post-award contract oversight. The scope of our audit included the company's oversight of high-value contracts in the Engineering, Mechanical, IT, and Marketing departments, including the COTR's role, responsibilities, training, assigning, tracking, communicating, and performance management. Our scope also included the company's standards, processes, and procedures, as well as those of other successful public- and private-sector organizations to ensure effective post-award contract oversight by COTRs. We conducted this audit from November 2017 through February 2019 in Washington, D.C., and Philadelphia, Pennsylvania.

To assess the extent to which the company has established the standards, processes, and procedures necessary to ensure that COTRs conduct effective contract oversight, we compared the company's standards, processes, and procedures for ensuring effective contract oversight by COTRs with those of other successful public- and private-sector organizations and the management control standards used by public and private entities.

To establish our criteria and develop a consolidated list of common practices that other successful public and private organizations use to conduct effective contract oversight by COTRs, we reviewed procedures and guidance established by the following:

- federal agencies<sup>30</sup>
- the Committee of Sponsoring Organizations of the Treadway Commission
- *Federal Acquisition Regulation*
- Washington Metropolitan Area Transit Authority

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<sup>30</sup> We reviewed procedures and guidance from the Government Accountability Office, Office of Management and Budget, Office of Federal Procurement Policy, Department of State, Department of Defense, Federal Acquisition Institute, Federal Aviation Administration, Department of Homeland Security, and Office of Personnel Management.

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- independent subject matter experts such as the National Contract Management Association and the American Productivity & Quality Center

To inform our understanding of how successful organizations apply COTR standards, we interviewed representatives from the following:

- two Class I railroads<sup>31</sup>
- three U.S. transit organizations<sup>32</sup>
- nine private-sector organizations<sup>33</sup>

We selected these organizations based on their demonstrated expertise<sup>34</sup> in conducting post-award contract oversight, as well as similarities in their core businesses with the Engineering, Mechanical, IT, and Marketing departments.

To evaluate the company's standards, processes, and procedures for ensuring effective COTR oversight, we reviewed Amtrak's Procurement Manual dated December 2015 and discussed how the company conducts contract oversight with senior managers responsible for contracting in four departments that use contracts—Engineering, Mechanical, IT, and Marketing.

To identify the current contract oversight processes and procedures, we talked to senior managers in the Procurement department. To determine whether COTR documentation is sufficient to protect the company against legal risk, we talked to members of the Law department.

To design two structured interviews to identify the extent of COTR training, weaknesses in oversight activities, and any challenges COTRs face in ensuring effective contract oversight, we worked with a consultant with expertise in designing audit methodologies.

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<sup>31</sup> We interviewed representatives from Norfolk Southern and BNSF Railway.

<sup>32</sup> We interviewed representatives from the Maryland Transit Administration, Massachusetts Bay Transportation Authority, and Metropolitan Atlanta Rapid Transit Authority.

<sup>33</sup> We interviewed representatives from Boeing, Lockheed Martin, Chevron, General Motors, Intel, Bechtel, Coca-Cola, Hewlett-Packard, and T. Rowe Price.

<sup>34</sup> The International Association for Contract and Commercial Management conducted a survey of contracts, procurement, and legal professional worldwide that identified 25 companies most admired for post-award contract management.

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For copies of the structured interview questions administered to all COTRs and contract administrators and a summary of the responses, see Appendix C.

To identify the COTRs to interview, we selected all high-dollar company contracts in four end-user departments—Engineering, Mechanical, IT, and Marketing—with an authorized value of \$1 million or more and a remaining value of at least \$100,000, as of September 30, 2017. We selected these four departments because they manage the largest and highest-risk contracts based on the potential impact to company operations. For all of the contracts we selected, the company was the purchaser, not the supplier. Using these criteria, we identified 139 contracts. We requested that each end-user department provide the name of the COTR responsible for oversight on each of the contracts. For our COTR interviews, we subsequently reduced our population to 97 contracts with a total authorized value of about \$4 billion because for 42 contracts, the company did not provide a COTR name or the COTR had left the company, were not performing the COTR role, or did not respond to our interview request. We interviewed the 46 COTRs responsible for oversight on these 97 contracts.<sup>35</sup> Using a company-provided list, we interviewed 31 contract administrators in the Procurement department who had interacted with company COTRs and administered a contract in the three years preceding our interviews. For more detailed information on the interviews, see Appendix C.

We conducted this performance audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **Internal Controls**

We reviewed the role departments play in ensuring effective post-award contract oversight. Specifically, we assessed the company's effectiveness in establishing and communicating clear roles, responsibilities, and authorities for those responsible for contract oversight. We also evaluated how departments assigned COTRs and how well the company tracks those assignments through the life of the contract. In evaluating the

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<sup>35</sup> Some COTRs were responsible for more than one contract in our population; therefore, there is not a one-to-one relationship between the number of contracts in our population and the number of COTRs identified.

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company's internal controls, we reviewed internal control guidance from the Government Accountability Office and the Committee of Sponsoring Organizations of the Treadway Commission, as well as common practices used by public and private organizations. We used data from the company's Business Report that we extracted from the SAP system. The team took steps to ensure that the data were reliable for our purposes in the context of the audit objectives; however, we did not conduct an independent review of information system controls. As stated in this report, we found that the internal controls for post-award contract oversight within the departments are weak because the company has not established standards, processes, and procedures necessary to ensure that COTRs conduct effective contract oversight.

## **Computer-Processed Data**

To identify a population of high-dollar contracts, we relied on computer-generated data the company provided from the SAP system as of September 30, 2017. To validate the company's data, we used Audit Command Language, a data-analysis software tool, to develop a query to verify the completeness of the company's SAP contract data. Based on this analysis, we concluded that the company's contract data were sufficiently reliable for purposes of defining a contract population and selecting contracts for analysis.

## **Prior Reports**

In conducting our analysis, we reviewed the following Amtrak OIG reports:

- *AMTRAK: Top Management and Performance Challenges—Fiscal Years 2019 and 2020* (OIG-SP-2018-011), September 28, 2018
- *Acquisition and Procurement: Contracts Included Key Provisions to Reduce Risks, but the Company Lacks an Efficient and Effective Contract Management System*, (OIG-A-2018-003), February 22, 2018
- *Acquisition and Procurement: Master Services Agreements Are Not Strategically Managed, and Award and Oversight Processes Can Be Improved* (OIG-A-2017-006), February 22, 2017
- *Acquisition and Procurement: Improved Management and Oversight of GE Diesel Locomotive Service Contract Could Lead to Savings* (OIG-A-2017-005), February 3, 2017
- *Acquisition and Procurement: Improved Management Will Lead to Acela Parts Contract Cost Savings* (OIG-A-2015-008), March 10, 2015

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## **APPENDIX B**

### **Common Practices Successful Public- and Private-Sector Organizations Use to Ensure that COTRs Conduct Effective Contractor Oversight**

- 1) Establish and clearly define COTR roles, responsibilities, and authorities.
- 2) Use formal training or on-the-job training, ensure COTRs understand their roles, responsibilities, authorities, and limitations.
- 3) Assign COTRs based on contract risk, as defined by contract size, complexity, or impact to the organization. Organizations assign high-risk contracts to those COTRs with more advanced skills, training and experience. For example, the federal government, and some private sector companies certify COTRs by their level of training and experience and require progressively higher certifications to oversee riskier contracts.
- 4) Provide that contracting officials and COTRs formally communicate at the beginning of the COTR's assignment about their roles, responsibilities, and authorities, as well as any limitations on COTR authorities.
- 5) To the extent practical, involve COTRs in the process leading up to the awarding of a contract. Specifically, the COTR should be involved in developing the statement of work.
- 6) Ensure that, at a minimum, COTRs:
  - a) Familiarize themselves with relevant portions of the contract, especially the scope of work.
  - b) Accurately interpret the technical specifications of the contract. Monitor contractor performance to ensure deliverables meet the contract's terms. This includes, as appropriate to the needs of the project, activities such as conducting site visits, accepting or rejecting deliverables, and verifying the contractor provided appropriate, qualified staff.
  - c) Communicate regularly with the contracting officer. Immediately alert the contracting officer when a situation develops that may require changing the price, quantity, quality, schedule, or other contract terms and conditions. Also, immediately alert the contracting officer to unacceptable contractor performance. Provide the contractor guidance on corrective actions necessary to bring performance in line with contract requirements.

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- d) Ensure invoices accurately reflect the goods and services provided and align with the technical requirements of the contract. For example, ensure invoices align with contractually approved labor rates.
  - e) Maintain contract files sufficient to protect the organization from legal and financial harm. This includes documenting COTR efforts to monitor contractor performance, the status of contractor performance, and any instances where the contractor did not comply with the contract terms. This also includes documenting key correspondence with the contractor such as COTR guidance on corrective actions.
  - f) Ensure they do not commit the organization to work beyond the contract terms without explicit authority from contracting officials.
- 7) Track COTR assignments to ensure that no gaps in oversight occur when COTRs are reassigned or retire. Clearly communicate assignments and staffing changes to all relevant officials, including the COTR, contracting officer, and contractor.
- 8) Ensure COTRs have adequate time and resources to execute their duties.
- 9) Integrate COTR duties into the organization's performance management process.
- a) Follow generally accepted performance management principles, such as including COTR performance of duties in an employee's formal expectations, coaching and feedback, and performance evaluations.
  - b) Invite contracting officials to provide input into the COTR's performance evaluations.

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## **APPENDIX C**

### **Interview Questions and Responses**

We gathered the data for this report using structured interviews. A structured interview is a set of questions administered by a researcher in the same order with consistent delivery, and the responses are captured either by a set of response categories provided to the respondent (for closed-ended questions) or by an open-ended response from the respondent. The structured interview method allowed us to obtain quantitative responses in closed-ended questions and robust examples in open-ended questions, probe for details and causes, and to eliminate irrelevant participants in real time.

We designed separate structured interview questions for COTRs and contract administrators to gather information from each perspective. Structured interview questions addressed COTR training, contractor monitoring, communication and documentation practices, and any challenges presented by current contract oversight practices. The team went through many versions and refined each set of structured interview questions to ensure that they were consistent with one another, aligned with the audit objective, incorporated an ideal mix of open-ended and close-ended questions, could be administered in less than one hour, and used clear language. We performed three rounds of pre-testing of the interview questions and response scales to assess the flow, timing, terminology, and content of the questions.

We conducted half of the structured interviews in person and half over the phone. One team member read each question verbatim from the interview script to ensure consistency across interviews, allowing for probes when appropriate. A second team member entered the responses into an electronic data entry form. At the end of each interview, both the recorder and the interviewer reviewed the responses question by question, resolving any discrepancies in response content, to ensure that the team recorded the responses accurately.

Respondents answered each closed-ended question using a scale of frequency (“never” to “always”), magnitude (“little to no extent” to “a very great extent”), or occurrence (“yes” or “no”). We analyzed closed-ended responses by determining the number of responses in each scale category and calculating percentages based on the number of individuals who answered each question. Some interview questions were skipped because of responses to earlier questions.

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Interview questions for both COTRs and contract administrators are listed below with response rates for all closed-ended questions. Each question is presented as it was asked and includes the scale options offered, the number of responses for each scale category, the valid percentages of responses, and the number of missing responses. To explain possible missing responses, the skip logic is also included next to each scale response where it existed, indicating the flow of the interview as it was administered.

**COTR Structured Interview Questions** (*all numbers are rounded and percentages may not add to 100 due to rounding*)

**1:** Our first question is: Does your department use the term COTR for this function?

|                              |           |     |
|------------------------------|-----------|-----|
| (1) Yes                      | 27        | 59% |
| (2) No                       | 19        | 41% |
| (3) Other [Specify in notes] | 0         | 0%  |
| <b>Total Responses</b>       | <b>46</b> |     |

**2a:** Your department indicated that you were a COTR on [this contract/these contracts]. [Hand out list of their contracts or refer to list sent earlier.] Are you, or were you, a COTR on all of these contracts?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 2h]     | 38        | 83% |
| (2) No [Go to 2b]      | 8         | 17% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>46</b> |     |

**2b:** [If not answered above] Are you, or were you, a COTR on any of these contracts?

|                        |          |     |
|------------------------|----------|-----|
| (1) Yes [Go to 2h]     | 3        | 75% |
| (2) No [Go to 2c]      | 1        | 25% |
| (3) Other              | 0        | 0%  |
| <b>Total Responses</b> | <b>4</b> |     |
| No Response            | 42       |     |

**2c:** [If No to Q2a and Q2b] Have you been a COTR at Amtrak at any point in the last 3 years?

|                        |          |     |
|------------------------|----------|-----|
| (1) Yes [Go to 2h]     | 5        | 71% |
| (2) No [Go to 2d]      | 2        | 29% |
| (3) Other              | 0        | 0%  |
| <b>Total Responses</b> | <b>7</b> |     |
| No Response            | 39       |     |

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**2d:** [If No to Q2c] Have you provided any sort of oversight for company contracts, or reviewed the technical performance of contractors, over the past 3 years?

|                        |          |     |
|------------------------|----------|-----|
| (1) Yes [Go to 2h]     | 1        | 50% |
| (2) No [Go to 2e]      | 1        | 50% |
| (3) Other              | 0        | 0%  |
| <b>Total Responses</b> | <b>2</b> |     |
| No Response            | 44       |     |

**2e:** Can you please indicate the sorts of responsibilities, if any, you had on these contracts? [Open-ended responses.]

**2f:** Have you done any of these things: Have you ever monitored contract work, checked contractor deliverables for their acceptability, or reviewed contractor invoices?

|                        |          |    |
|------------------------|----------|----|
| (1) Yes [Go to 2h]     | 0        | 0% |
| (2) No [Go to 2g]      | 0        | 0% |
| (3) Other              | 0        | 0% |
| <b>Total Responses</b> | <b>0</b> |    |
| No Response            | 46       |    |

**2g:** [If still unclear after Q2f] Do you know why your department gave us your name? [Open-ended responses. If no indication respondent is a COTR, end interview.]

**2h:** For the purposes of our interview, we would consider you to be a COTR, so please think of those sorts of contract oversight activities as you answer each question. [No information entered for this item.]

**3:** For each contract on the list where you recognized yourself as a COTR, did you know you were a COTR before we contacted you? [Open-ended responses.]

**4:** Approximately how many years of experience have you had performing contract oversight duties at Amtrak? [Open-ended responses.]

**5:** On approximately how many contracts in total have you performed the COTR duties at Amtrak? [Open-ended responses.]

**6:** Please briefly describe the main responsibilities of a COTR as you understand them. [Open-ended responses.]

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**7a:** We have observed that the titles “project manager” and “COTR” are used at Amtrak. In your view, is there a difference between the responsibilities of a project manager and a COTR?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 7b]     | 31        | 67% |
| (2) No [Go to 8]       | 14        | 30% |
| (3) Other              | 1         | 2%  |
| <b>Total Responses</b> | <b>46</b> |     |

**7b:** In your opinion, what is the difference? [Open-ended responses.]

**8:** How frequently were you provided a copy of the Statement of Work for the contracts assigned to you?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 1         | 2%  |
| (3) Sometimes (about 26% to 50% of contracts) | 1         | 2%  |
| (4) Often (about 51% to 75% of contracts)     | 4         | 9%  |
| (5) Usually (about 76% to 99% of contracts)   | 9         | 20% |
| (6) Always (100% of contracts)                | 31        | 67% |
| <b>Total Responses</b>                        | <b>46</b> |     |

**9:** In what percentage of your assigned contracts did you read the Statement of Work?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 0         | 0%  |
| (3) Sometimes (about 26% to 50% of contracts) | 0         | 0%  |
| (4) Often (about 51% to 75% of contracts)     | 0         | 0%  |
| (5) Usually (about 76% to 99% of contracts)   | 6         | 13% |
| (6) Always (100% of contracts)                | 40        | 87% |
| <b>Total Responses</b>                        | <b>46</b> |     |

**10:** Thinking of all your contracts when you were the initial COTR on the contract, how frequently were you involved in developing the Statement of Work?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 3         | 7%  |
| (2) Rarely (about 1% to 25% of contracts)     | 1         | 2%  |
| (3) Sometimes (about 26% to 50% of contracts) | 1         | 2%  |
| (4) Often (about 51% to 75% of contracts)     | 0         | 0%  |
| (5) Usually (about 76% to 99% of contracts)   | 11        | 26% |
| (6) Always (100% of contracts)                | 26        | 62% |
| <b>Total Responses</b>                        | <b>42</b> |     |
| No Response                                   | 4         |     |

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**11:** Considering all of your contracts, how frequently do you believe that Statements of Work and their supporting documents were written clearly enough to hold the contractor accountable?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 0         | 0%  |
| (3) Sometimes (about 26% to 50% of contracts) | 4         | 9%  |
| (4) Often (about 51% to 75% of contracts)     | 10        | 22% |
| (5) Usually (about 76% to 99% of contracts)   | 19        | 41% |
| (6) Always (100% of contracts)                | 13        | 28% |
| <b>Total Responses</b>                        | <b>46</b> |     |

**12:** On average, how frequently have Contract Administrators had an initial phone or in-person conversation with you to explain your responsibilities?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 5         | 11% |
| (2) Rarely (about 1% to 25% of contracts)     | 8         | 18% |
| (3) Sometimes (about 26% to 50% of contracts) | 4         | 9%  |
| (4) Often (about 51% to 75% of contracts)     | 7         | 16% |
| (5) Usually (about 76% to 99% of contracts)   | 6         | 14% |
| (6) Always (100% of contracts)                | 14        | 32% |
| <b>Total Responses</b>                        | <b>44</b> |     |
| No Response                                   | 2         |     |

**13:** How frequently have Contract Administrators had an initial e-mail or written exchange with you to explain your responsibilities?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 4         | 9%  |
| (2) Rarely (about 1% to 25% of contracts)     | 8         | 18% |
| (3) Sometimes (about 26% to 50% of contracts) | 6         | 14% |
| (4) Often (about 51% to 75% of contracts)     | 7         | 16% |
| (5) Usually (about 76% to 99% of contracts)   | 7         | 16% |
| (6) Always (100% of contracts)                | 12        | 27% |
| <b>Total Responses</b>                        | <b>44</b> |     |
| No Response                                   | 2         |     |

**14a:** To what extent have Contract Administrators communicated with you to provide the type of information you need to oversee your contracts?

|  |           |     |
|--|-----------|-----|
| (1) To little or no extent             | 2         | 4%  |
| (2) To some extent                     | 8         | 18% |
| (3) To a moderate extent [Go to 15a]   | 9         | 20% |
| (4) To a great extent [Go to 15a]      | 19        | 42% |
| (5) To a very great extent [Go to 15a] | 7         | 16% |
| <b>Total Responses</b>                 | <b>45</b> |     |
| No Response                            | 1         |     |

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**14b:** [If response is 1-2 above] Can you identify any negative consequences of this to the company, the contract, or to you? [If so] Please explain what they are. [Open-ended responses.]

**15a:** To what extent has anyone from your department communicated with you to provide the type of information you need to oversee your contracts?

|  |           |     |
|--|-----------|-----|
| (1) To little or no extent             | 1         | 2%  |
| (2) To some extent                     | 7         | 15% |
| (3) To a moderate extent [Go to 16a]   | 9         | 20% |
| (4) To a great extent [Go to 16a]      | 19        | 41% |
| (5) To a very great extent [Go to 16a] | 10        | 22% |
| <b>Total Responses</b>                 | <b>46</b> |     |

**15b:** [If response is 1-2 above] Can you identify any negative consequences of this to the company, to the contract, or to you? [If so] Please explain what they are. [Open-ended responses.]

**16a:** These next questions are about the training and preparation the company has provided you to oversee contracts. First, have you received any formal COTR training, either classroom or online, since coming to Amtrak?

|   |           |     |
|---|-----------|-----|
| (1) Yes [Probe for what and when, then go to 16b] | 8         | 17% |
| (2) No [Go to 16b]                                | 37        | 80% |
| (3) Other   | 1         | 2%  |
| <b>Total Responses</b>                            | <b>46</b> |     |

**16b:** Have you received any on-the-job COTR training since coming to Amtrak?

|  |           |     |
|--|-----------|-----|
| (1) Yes  | 22        | 48% |
| (2) No [If both 16a and 16b are No, go to 16d] | 24        | 52% |
| (3) Other                                      | 0         | 0%  |
| <b>Total Responses</b>                         | <b>46</b> |     |

**16c:** To what extent was the training you received, if any, since coming to Amtrak adequate to perform your COTR responsibilities?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 0         | 0%  |
| (2) To some extent         | 1         | 4%  |
| (3) To a moderate extent   | 10        | 40% |
| (4) To a great extent      | 7         | 28% |
| (5) To a very great extent | 7         | 28% |
| <b>Total Responses</b>     | <b>25</b> |     |
| No Response                | 21        |     |

**16d:** Briefly, what types of contract oversight training, if any, might be particularly useful for COTRs? [Open-ended responses.]

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**17:** We realize that many people have responsibilities in addition to their COTR duties. In general, over the life of your contracts, approximately what percent of your time do your COTR duties actually take?

|  |           |     |
|--|-----------|-----|
| (1) Almost no time (about 0% to 5%)              | 1         | 2%  |
| (2) A little time (about 6% to 25%)              | 9         | 20% |
| (3) Some time (about 26% to 50%)                 | 15        | 34% |
| (4) A moderate amount of time (about 51% to 75%) | 9         | 20% |
| (5) A lot of time (about 76% to 99%)             | 9         | 20% |
| (6) All of my time (100%)                        | 1         | 2%  |
| <b>Total Responses</b>                           | <b>44</b> |     |
| No Response                                      | 2         |     |

**18a:** Who is responsible for ensuring that contractor invoices accurately reflect the goods or services provided? [Open-ended responses.]

|                                    |           |     |
|------------------------------------|-----------|-----|
| (1) COTR mentioned [Go to 19a]     | 41        | 91% |
| (2) COTR not mentioned [Go to 18b] | 3         | 7%  |
| (3) Other                          | 1         | 2%  |
| <b>Total Responses</b>             | <b>45</b> |     |
| No Response                        | 1         |     |

**18b:** [If COTR is not a response] Are you involved in reviewing invoices?

|                        |          |     |
|------------------------|----------|-----|
| (1) Yes [Go to 18c]    | 4        | 80% |
| (2) No [Go to 19a]     | 1        | 20% |
| (3) Other              | 0        | 0%  |
| <b>Total Responses</b> | <b>5</b> |     |
| No Response            | 41       |     |

**18c:** [If Yes to 18b] In what way? [Open-ended responses.]

**19a:** Are you aware of instances where Amtrak paid an invoice that did not accurately reflect goods or services provided?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 19b]    | 11        | 24% |
| (2) No [Go to 20]      | 35        | 76% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>46</b> |     |

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**19b:** [If Yes to 19a] In your best estimate, how frequently has this happened on your contracts?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts) [Go to 20]        | 1         | 10% |
| (2) Rarely (about 1% to 25% of contracts)     | 9         | 90% |
| (3) Sometimes (about 26% to 50% of contracts) | 0         | 0%  |
| (4) Often (about 51% to 75% of contracts)     | 0         | 0%  |
| (5) Usually (about 76% to 99% of contracts)   | 0         | 0%  |
| (6) Always (100% of contracts)                | 0         | 0%  |
| <b>Total Responses</b>                        | <b>10</b> |     |
| No Response                                   | 36        |     |

**19c:** Please give us a couple of examples, if you can. [Open-ended responses.]

**19d:** [If response does not indicate why] In your opinion, why has this happened? [Open-ended responses.]

**20:** [If earlier responses indicate they review invoices] Did you ever receive instructions on how to review invoices?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes                | 13        | 30% |
| (2) No                 | 31        | 70% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>44</b> |     |
| No Response            | 2         |     |

**21:** Have you maintained any documentation of your monitoring and oversight efforts on all of your contracts?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes                | 43        | 93% |
| (2) No                 | 3         | 7%  |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>46</b> |     |

**22:** Did you receive any instructions on what to document as a COTR?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes                | 11        | 24% |
| (2) No                 | 35        | 76% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>46</b> |     |

**23:** Are you expected to document instances where a contractor did not comply with the contract?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes                | 39        | 85% |
| (2) No                 | 5         | 11% |
| (3) Other              | 2         | 4%  |
| <b>Total Responses</b> | <b>46</b> |     |

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**24:** Have you had instances where a contractor did not comply with the contract?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 25]     | 27        | 59% |
| (2) No [Go to 26a]     | 19        | 41% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>46</b> |     |

**25:** [If Yes to 24] Did you document this noncompliance in any way?

|                        |           |      |
|------------------------|-----------|------|
| (1) Yes                | 27        | 100% |
| (2) No                 | 0         | 0%   |
| (3) Other              | 0         | 0%   |
| <b>Total Responses</b> | <b>27</b> |      |
| No Response            | 19        |      |

**26a:** Did you ever take over responsibility for a contract from another COTR?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 26b]    | 37        | 80% |
| (2) No [Go to 27]      | 9         | 20% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>46</b> |     |

**26b:** [If Yes to 26a] To what extent were any files you received sufficient for you to understand the history or challenges of the contract?

|  |           |     |
|--|-----------|-----|
| (1) To little or no extent [Go to 26c] | 5         | 14% |
| (2) To some extent [Go to 26c]         | 4         | 11% |
| (3) To a moderate extent [Go to 27]    | 9         | 26% |
| (4) To a great extent [Go to 27]       | 12        | 34% |
| (5) To a very great extent [Go to 27]  | 5         | 14% |
| <b>Total Responses</b>                 | <b>35</b> |     |
| No Response                            | 11        |     |

**26c:** [If responses 1-2 above] In what ways were they insufficient? [Open-ended responses.]

**27a:** We are going to ask about two types of knowledge that may be relevant for COTRs. First, to what extent do you believe you have the knowledge to evaluate the technical aspects of the contractor's deliverables on your contracts?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 1         | 2%  |
| (2) To some extent         | 0         | 0%  |
| (3) To a moderate extent   | 3         | 7%  |
| (4) To a great extent      | 19        | 42% |
| (5) To a very great extent | 22        | 49% |
| <b>Total Responses</b>     | <b>45</b> |     |
| No Response                | 1         |     |

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**27b:** Second, to what extent do you believe you have the knowledge to perform all your other administrative COTR duties, such as reviewing invoices and documenting contractor performance?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 0         | 0%  |
| (2) To some extent         | 0         | 0%  |
| (3) To a moderate extent   | 6         | 13% |
| (4) To a great extent      | 25        | 56% |
| (5) To a very great extent | 14        | 31% |
| <b>Total Responses</b>     | <b>45</b> |     |
| No Response                | 1         |     |

**27c:** [If 27a and 27b responses are very different] Can you briefly explain why your responses to these two questions were different? [Open-ended responses.]

**28a:** While overseeing a contract, did your yearly performance goals include your contract oversight duties?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) Yes [Go to 28b]        | 29        | 63% |
| (2) No [Go to 29a]         | 17        | 37% |
| (3) Other                  | 0         | 0%  |
| <b>Total Responses</b>     | <b>46</b> |     |
| Not Applicable [Go to 29a] | 0         |     |

**28b:** [If Yes to 28a] Please briefly describe how your contract oversight duties were included in your performance goals. [Open-ended responses.]

**29a:** While overseeing a contract, did your yearly performance evaluation include an assessment of your contract oversight duties?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) Yes [Go to 29b]        | 30        | 68% |
| (2) No [Go to 29c]         | 13        | 30% |
| (3) Other                  | 1         | 2%  |
| <b>Total Responses</b>     | <b>44</b> |     |
| Not Applicable [Go to 29c] | 2         |     |

**29b:** [If Yes to 29a] Please briefly describe how the assessment of your contract oversight duties was included in your performance evaluation. [Open-ended responses.]

**29c:** [If No or Not Applicable to 29a] Have you received any performance feedback on your COTR responsibilities?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes                | 8         | 67% |
| (2) No                 | 4         | 33% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>12</b> |     |
| No Response            | 34        |     |

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**30a:** To what extent do you think insufficient COTR training has posed a significant challenge to you as a COTR?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 17        | 37% |
| (2) To some extent         | 18        | 39% |
| (3) To a moderate extent   | 9         | 20% |
| (4) To a great extent      | 2         | 4%  |
| (5) To a very great extent | 0         | 0%  |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>46</b> |     |

**30b:** To what extent do you think insufficient experience has posed a significant challenge to you as a COTR?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 23        | 50% |
| (2) To some extent         | 14        | 30% |
| (3) To a moderate extent   | 7         | 15% |
| (4) To a great extent      | 2         | 4%  |
| (5) To a very great extent | 0         | 0%  |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>46</b> |     |

**30c:** To what extent do you think insufficient support from your department has posed a significant challenge to you as a COTR?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 17        | 37% |
| (2) To some extent         | 20        | 43% |
| (3) To a moderate extent   | 6         | 13% |
| (4) To a great extent      | 3         | 7%  |
| (5) To a very great extent | 0         | 0%  |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>46</b> |     |

**30d:** To what extent do you think insufficient time to do your job has posed a significant challenge to you as a COTR?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 14        | 30% |
| (2) To some extent         | 8         | 17% |
| (3) To a moderate extent   | 14        | 30% |
| (4) To a great extent      | 6         | 13% |
| (5) To a very great extent | 4         | 9%  |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>46</b> |     |

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**30e:** To what extent do you think insufficient communication between you and the Contract Administrator has posed a significant challenge to you as a COTR?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 22        | 49% |
| (2) To some extent         | 12        | 27% |
| (3) To a moderate extent   | 7         | 16% |
| (4) To a great extent      | 4         | 9%  |
| (5) To a very great extent | 0         | 0%  |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>45</b> |     |
| No Response                | 1         |     |

[If any items on question 30 are rated 4-5] Can you briefly explain your response? Can you think of any negative consequences that may have resulted?

**31:** Are you aware of any significant changes that have been made to the contracting oversight process in the past few years?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes                | 18        | 40% |
| (2) No                 | 27        | 60% |
| <b>Total Responses</b> | <b>45</b> |     |
| No Response            | 1         |     |

**32a:** Is there anything you think Amtrak could do to help you perform your responsibilities as a COTR?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 32b]    | 39        | 85% |
| (2) No [Go to 33]      | 7         | 15% |
| <b>Total Responses</b> | <b>46</b> |     |

**32b:** [If Yes to 32a] Please provide examples. [Open-ended responses.]

**33:** Are there any other comments or issues you'd like to mention to help us better understand the COTR role or how contracting oversight works at Amtrak? [Open-ended responses.]

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**Contract Administrator Structured Interview Questions** *(all numbers are rounded and percentages may not add to 100 due to rounding)*

1: Approximately how many years of experience have you had as a CA at Amtrak? [Open-ended responses.]

2: Approximately how many different contracts are you currently administering as a CA? [Open-ended responses.]

3: If you can, please try to estimate the approximate total value of all of your current contracts. [Open-ended responses.]

4: On approximately how many contracts have you been a CA at Amtrak? [Open-ended responses.]

5: Approximately what proportion of all of your contracts have been in each of these departments? Please just give your best estimate.

- Engineering
- IT
- Marketing
- Mechanical
- Other

6: We realize there are different types of contracts at Amtrak. Approximately what proportion of all of your contracts have fallen into each of these categories? Please just give your best estimate.

- Construction contracts
- Supply contracts
- Capital equipment contracts
- Services
- Other

7: Please briefly describe the main responsibilities of a COTR as you understand them. [Open-ended responses.]

8a: We have observed that the titles "project manager" and "COTR" are used at Amtrak. In your view, is there a difference between the responsibilities of a project manager and a COTR?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 8b]     | 16        | 53% |
| (2) No [Go to 9]       | 13        | 43% |
| (3) Other              | 1         | 3%  |
| <b>Total Responses</b> | <b>30</b> |     |
| No Response            | 1         |     |

8b: [If Yes to 8a] In your opinion, what is the difference? [Open-ended responses.]

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**9:** When the COTR was the initial COTR on the contract, how frequently do you think the COTR has been involved in developing the Statement of Work on your contracts?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 2         | 7%  |
| (3) Sometimes (about 26% to 50% of contracts) | 5         | 17% |
| (4) Often (about 51% to 75% of contracts)     | 6         | 20% |
| (5) Usually (about 76% to 99% of contracts)   | 13        | 43% |
| (6) Always (100% of contracts)                | 4         | 13% |
| <b>Total Responses</b>                        | <b>30</b> |     |
| No Response                                   | 1         |     |

**10:** How frequently do you think that Statements of Work on your contracts are clear enough to hold the contractor accountable?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 5         | 16% |
| (3) Sometimes (about 26% to 50% of contracts) | 4         | 13% |
| (4) Often (about 51% to 75% of contracts)     | 12        | 39% |
| (5) Usually (about 76% to 99% of contracts)   | 9         | 29% |
| (6) Always (100% of contracts)                | 1         | 3%  |
| <b>Total Responses</b>                        | <b>31</b> |     |

**11a:** To the best of your knowledge and experience, about how frequently do all contracts that need a COTR have one?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 0         | 0%  |
| (3) Sometimes (about 26% to 50% of contracts) | 2         | 6%  |
| (4) Often (about 51% to 75% of contracts)     | 4         | 13% |
| (5) Usually (about 76% to 99% of contracts)   | 14        | 45% |
| (6) Always (100% of contracts) [Go to 12]     | 11        | 35% |
| <b>Total Responses</b>                        | <b>31</b> |     |

**11b:** [If responses 1-5] Please describe whether there were any negative consequences to the company, the contract, or to you of not having a COTR when one is needed. [Open-ended responses.]

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**12:** On your contracts, how frequently have you had an initial phone or in-person conversation with the COTR to explain their responsibilities?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 1         | 3%  |
| (2) Rarely (about 1% to 25% of contracts)     | 4         | 13% |
| (3) Sometimes (about 26% to 50% of contracts) | 5         | 17% |
| (4) Often (about 51% to 75% of contracts)     | 4         | 13% |
| (5) Usually (about 76% to 99% of contracts)   | 9         | 30% |
| (6) Always (100% of contracts)                | 7         | 23% |
| <b>Total Responses</b>                        | <b>30</b> |     |
| No Response                                   | 1         |     |

**13:** On your contracts, how frequently have you had an initial email or written exchange with the COTR to explain their responsibilities?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 5         | 17% |
| (3) Sometimes (about 26% to 50% of contracts) | 4         | 13% |
| (4) Often (about 51% to 75% of contracts)     | 5         | 17% |
| (5) Usually (about 76% to 99% of contracts)   | 9         | 30% |
| (6) Always (100% of contracts)                | 7         | 23% |
| <b>Total Responses</b>                        | <b>30</b> |     |
| No Response                                   | 1         |     |

**14:** When a COTR leaves a contract, how frequently have you been notified in a timely manner?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 1         | 4%  |
| (2) Rarely (about 1% to 25% of contracts)     | 8         | 31% |
| (3) Sometimes (about 26% to 50% of contracts) | 7         | 27% |
| (4) Often (about 51% to 75% of contracts)     | 2         | 8%  |
| (5) Usually (about 76% to 99% of contracts)   | 6         | 23% |
| (6) Always (100% of contracts)                | 2         | 8%  |
| <b>Total Responses</b>                        | <b>26</b> |     |
| No Response                                   | 5         |     |

**15:** When a COTR leaves a contract, how frequently have they been replaced in a timely manner?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 1         | 4%  |
| (2) Rarely (about 1% to 25% of contracts)     | 2         | 8%  |
| (3) Sometimes (about 26% to 50% of contracts) | 9         | 35% |
| (4) Often (about 51% to 75% of contracts)     | 6         | 23% |
| (5) Usually (about 76% to 99% of contracts)   | 5         | 19% |
| (6) Always (100% of contracts) [Go to 17a]    | 3         | 12% |
| <b>Total Responses</b>                        | <b>26</b> |     |
| No Response                                   | 5         |     |

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**16a:** Can you think of an example where a COTR left and was not replaced in a timely manner?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 16b]    | 15        | 60% |
| (2) No [Go to 17a]     | 10        | 40% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>25</b> |     |
| No Response            | 6         |     |

**16b:** [If Yes to 16a] Please describe the situation, and whether there were any negative consequences to the company, the contract, or to you. [Open-ended responses.]

**17a:** How frequently have COTRs notified you in a timely manner when problems arise?

|  |           |     |
|--|-----------|-----|
| (1) Never (0% of contracts)                            | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)              | 2         | 6%  |
| (3) Sometimes (about 26% to 50% of contracts)          | 7         | 23% |
| (4) Often (about 51% to 75% of contracts) [Go to 18]   | 8         | 26% |
| (5) Usually (about 76% to 99% of contracts) [Go to 18] | 10        | 32% |
| (6) Always (100% of contracts) [Go to 18]              | 4         | 13% |
| <b>Total Responses</b>                                 | <b>31</b> |     |

**17b:** [If responses 1-3] Can you provide an example of them not notifying you in a timely manner? [Open-ended responses.]

**17c:** [If an example is provided] Were there any negative consequences to the company, the contract, or to you, and if so, what were they? [Open-ended responses.]

**18:** Who is responsible for ensuring that contractor invoices accurately reflect the goods or services provided? [Open-ended responses.]

|                        |           |     |
|------------------------|-----------|-----|
| CA                     | 2         | 7%  |
| COTR                   | 23        | 79% |
| Other                  | 4         | 14% |
| <b>Total Responses</b> | <b>29</b> |     |
| No Response            | 2         |     |

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**19a:** We are aware that COTRs are sometimes responsible for ensuring that invoices are accurate. In those situations where they are responsible, to what extent are you confident that COTRs are ensuring that contractor invoices accurately reflect goods and services provided?

|  |           |     |
|--|-----------|-----|
| (1) To little or no extent [Go to 19b] | 1         | 3%  |
| (2) To some extent [Go to 19b]         | 3         | 10% |
| (3) To a moderate extent [Go to 20]    | 9         | 30% |
| (4) To a great extent [Go to 20]       | 11        | 37% |
| (5) To a very great extent [Go to 20]  | 4         | 13% |
| No basis to judge [Go to 20]           | 2         | 7%  |
| <b>Total Responses</b>                 | <b>30</b> |     |
| No Response                            | 1         |     |

**19b:** [If responses 1 or 2] Can you briefly explain why? [Open-ended responses.]

**20:** Are there any other challenges in the invoice review and approval process? [Open-ended responses.]

**21a:** Are you aware of any instances where a COTR did not adequately document when a contractor failed to comply with contract requirements?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 21b]    | 13        | 42% |
| (2) No [Go to 22a]     | 18        | 58% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>31</b> |     |

**21b:** [If Yes to 21a] Please briefly describe what happened. [Open-ended responses.]

**21c:** [If Yes to 21a] Were there any negative consequences to the company, the contract, or to you of this lack of documentation?

|                        |           |      |
|------------------------|-----------|------|
| (1) Yes                | 10        | 100% |
| (2) No [Go to 22a]     | 0         | 0%   |
| (3) Other              | 0         | 0%   |
| <b>Total Responses</b> | <b>10</b> |      |
| No Response            | 21        |      |

**22a:** We are going to ask about two types of knowledge that may be relevant for COTRs. First, to what extent do you believe they have the knowledge to evaluate the technical aspects of the contractor's deliverables on your contracts?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 0         | 0%  |
| (2) To some extent         | 0         | 0%  |
| (3) To a moderate extent   | 10        | 32% |
| (4) To a great extent      | 11        | 35% |
| (5) To a very great extent | 10        | 32% |
| <b>Total Responses</b>     | <b>31</b> |     |

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**22b:** To what extent do you believe COTRs have the knowledge to perform all other administrative COTR duties on your contracts, such as reviewing invoices and documenting contractor performance?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 1         | 3%  |
| (2) To some extent         | 7         | 23% |
| (3) To a moderate extent   | 10        | 32% |
| (4) To a great extent      | 9         | 29% |
| (5) To a very great extent | 4         | 13% |
| <b>Total Responses</b>     | <b>31</b> |     |

**22c:** [If 22a and 22b responses are very different] Can you briefly explain why your responses to these two questions were different? [Open-ended responses.]

**23:** On all of your contracts as a CA, how frequently has a COTR's supervisor asked you for input about the COTR's performance?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 15        | 48% |
| (2) Rarely (about 1% to 25% of contracts)     | 10        | 32% |
| (3) Sometimes (about 26% to 50% of contracts) | 3         | 10% |
| (4) Often (about 51% to 75% of contracts)     | 2         | 6%  |
| (5) Usually (about 76% to 99% of contracts)   | 0         | 0%  |
| (6) Always (100% of contracts)                | 1         | 3%  |
| <b>Total Responses</b>                        | <b>31</b> |     |

**24a:** Are you aware of situations where a COTR authorized a contractor to perform work not included in the contract before the CA has approved a change?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 24b]    | 24        | 77% |
| (2) No [Go to 25a]     | 7         | 23% |
| (3) Other              | 0         | 0%  |
| <b>Total Responses</b> | <b>31</b> |     |

**24b:** [If Yes to 24a] In your best estimate, about how frequently does this happen?

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 0         | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 11        | 48% |
| (3) Sometimes (about 26% to 50% of contracts) | 9         | 39% |
| (4) Often (about 51% to 75% of contracts)     | 1         | 4%  |
| (5) Usually (about 76% to 99% of contracts)   | 2         | 9%  |
| (6) Always (100% of contracts) [Go to 17a]    | 0         | 0%  |
| <b>Total Responses</b>                        | <b>23</b> |     |
| No Response                                   | 8         |     |

**24c:** Please give us a couple of other examples if you can. Were there any negative consequences to the company, the contract, or to you? Do you recall who the COTR was? Would you be willing to have us send you an e-mail later on, asking you to provide any other information that you may remember? [Open-ended responses.]

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**25a:** Are you aware of any other situations where a COTR performed or failed to perform in a way that created unnecessary risk for the company?

|  |           |     |
|--|-----------|-----|
| (1) Yes [Go to 25b]  | 8         | 26% |
| (2) No [If also No to 24a, go to 27. If Yes to 24a, go to 26.] | 23        | 74% |
| (3) Other  | 0         | 0%  |
| <b>Total Responses</b>   | <b>31</b> |     |

**25b:** [If Yes to 25a] In your best estimate, about how frequently does this happen?

|   |          |     |
|---|----------|-----|
| (1) Never (0% of contracts)                   | 0        | 0%  |
| (2) Rarely (about 1% to 25% of contracts)     | 5        | 71% |
| (3) Sometimes (about 26% to 50% of contracts) | 1        | 14% |
| (4) Often (about 51% to 75% of contracts)     | 0        | 0%  |
| (5) Usually (about 76% to 99% of contracts)   | 1        | 14% |
| (6) Always (100% of contracts)                | 0        | 0%  |
| <b>Total Responses</b>                        | <b>7</b> |     |
| No Response                                   | 24       |     |

**25c:** Please give us a couple of examples if you can. Were there any negative consequences to the company, the contract, or to you? Do you recall who the COTR was? Would you be willing to have us send you an e-mail later on, asking you to provide any other information that you may remember? [Open-ended responses.]

**26:** [If Yes to either 24a or 25a] When there were problems with the COTR's performance, how frequently do you believe the COTR was held accountable? By this we mean some type of formal negative evaluation or discipline.

|   |           |     |
|---|-----------|-----|
| (1) Never (0% of contracts)                   | 8         | 44% |
| (2) Rarely (about 1% to 25% of contracts)     | 6         | 33% |
| (3) Sometimes (about 26% to 50% of contracts) | 1         | 6%  |
| (4) Often (about 51% to 75% of contracts)     | 0         | 0%  |
| (5) Usually (about 76% to 99% of contracts)   | 0         | 0%  |
| (6) Always (100% of contracts)                | 1         | 6%  |
| No basis to judge                             | 2         | 11% |
| <b>Total Responses</b>                        | <b>18</b> |     |
| No Response                                   | 13        |     |

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**27a:** To what extent do you think insufficient COTR training has posed a significant challenge to COTRs?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 4         | 13% |
| (2) To some extent         | 10        | 32% |
| (3) To a moderate extent   | 6         | 19% |
| (4) To a great extent      | 6         | 19% |
| (5) To a very great extent | 5         | 16% |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>31</b> |     |

**27b:** To what extent do you think insufficient experience has posed a significant challenge to COTRs?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 7         | 23% |
| (2) To some extent         | 12        | 39% |
| (3) To a moderate extent   | 5         | 16% |
| (4) To a great extent      | 4         | 13% |
| (5) To a very great extent | 2         | 6%  |
| No basis to judge          | 1         | 3%  |
| <b>Total Responses</b>     | <b>31</b> |     |

**27c:** To what extent do you think insufficient support from their department has posed a significant challenge to COTRs?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 6         | 19% |
| (2) To some extent         | 4         | 13% |
| (3) To a moderate extent   | 12        | 39% |
| (4) To a great extent      | 7         | 23% |
| (5) To a very great extent | 2         | 6%  |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>31</b> |     |

**27d:** To what extent do you think insufficient time to do their job has posed a significant challenge to COTRs?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 1         | 3%  |
| (2) To some extent         | 5         | 16% |
| (3) To a moderate extent   | 9         | 29% |
| (4) To a great extent      | 11        | 35% |
| (5) To a very great extent | 5         | 16% |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>31</b> |     |

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**27e:** To what extent do you think insufficient communication between the COTR and the Contract Administrator has posed a significant challenge to COTRs?

|                            |           |     |
|----------------------------|-----------|-----|
| (1) To little or no extent | 12        | 39% |
| (2) To some extent         | 11        | 35% |
| (3) To a moderate extent   | 6         | 19% |
| (4) To a great extent      | 0         | 0%  |
| (5) To a very great extent | 2         | 6%  |
| No basis to judge          | 0         | 0%  |
| <b>Total Responses</b>     | <b>31</b> |     |

[If any items on question 27 are rated 4-5] Can you briefly explain your response? Can you think of any negative consequences that may have resulted?

**28:** Are you aware of any significant changes that have been made to the contracting oversight process in the past few years?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes                | 13        | 42% |
| (2) No                 | 18        | 58% |
| <b>Total Responses</b> | <b>31</b> |     |

**29a:** Is there anything you think Amtrak could do to help COTRs perform their responsibilities?

|                        |           |     |
|------------------------|-----------|-----|
| (1) Yes [Go to 29b]    | 24        | 77% |
| (2) No [Go to 30]      | 7         | 23% |
| <b>Total Responses</b> | <b>31</b> |     |

**29b:** [If Yes to 29a] Please provide examples. [Open-ended responses.]

**30:** Finally, are there any other comments or issues you'd like to mention to help us better understand the COTR role or how contracting oversight works at Amtrak? [Open-ended responses.]

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## APPENDIX D

### Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

# Memo



|         |  |            |  |
|---------|--|------------|--|
| Date    | February 20, 2019  | From       | <br>DJ Stadler, EVP CAO  |
| To      | Stephen Lord, Assistant Inspector<br>General, Audits   | Department | Administration   |
|         |  | cc         | Eleanor Acheson, EVP General<br>Counsel<br>Stephen Gardner, Sr. EVP CMS<br>Tim Griffin, EVP CCMO<br>Carol Hanna, VP Controller<br>Kenneth Hylander, EVP CSO<br>Scot Naparstek, EVP/COO<br>Mark Richards, Sr. Director Risk &<br>Controls<br>Swati Sharma, Acting EVP CFO<br>Mark Vierling, VP Procurement and<br>Logistics<br>Christian Zacariassen, EVP CIO |
| Subject | Management Response to <i>ACQUISITION AND PROCUREMENT: Weaknesses in Contract<br/>         Oversight Pose Financial, Operational, and Legal Risks</i> (Draft Audit Report for Project No.<br>002-2018) |            |  |

This memorandum provides Amtrak's response to the draft audit report entitled, "*ACQUISITION AND PROCUREMENT: Weaknesses in Contract Oversight Pose Financial, Operational, and Legal Risks*". Management appreciates the opportunity to respond to the OIG recommendations. As indicated in our responses, we agree with each of the OIG recommendations and will initiate actions to address each in a timely manner.

#### **Recommendations**

The Executive Vice President (EVP)/Chief Administration Officer, in coordination with the EVP/Chief Financial Officer and other relevant departmental EVPs, should initiate the following actions consistent with other successful public- and private-sector organizations and monitor compliance with each requirement:

1. Develop and document standards that establish contract oversight as a distinct function with a clearly defined COTR role and set of responsibilities.

Management Response/Action Plan: Management agrees with this recommendation. The Procurement Department, with feedback from the EPMO and other key stakeholders, will document a comprehensive set of standards that establish the COTR's contract oversight roles and responsibilities.

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Responsible Amtrak Official(s): Mark Vierling and John McCrohan

Target Completion Date: 2/28/2020

2. Clearly communicate the standards, roles, and responsibilities to all relevant employees. This should include establishing a requirement that contract administrators and COTRs formally communicate at the beginning of each COTR assignment, as appropriate, to explain the COTR's roles, responsibilities, authorities, and limitations to those authorities.

Management Response/Action Plan: Management agrees with this recommendation. The Procurement Department will distribute a set of procedures and requirements that shall govern the relationship and formalize the means of communication between contract administrators and COTRs in order to ensure there is agreement and understanding of the COTR's roles, responsibilities, authorities, and limitations to those authorities.

Responsible Amtrak Official(s): Mark Vierling and John McCrohan

Target Completion Date: 2/28/2020

3. Develop and implement required training for COTRs on their roles, responsibilities, authorities, and limitations, as well as other techniques needed to execute their duties. At a minimum, this training should include guidance for reviewing invoices, documenting contractor performance, and ensuring that COTRs do not exceed their authority.

Management Response/Action Plan: Management agrees with this recommendation. The Procurement and HR Departments will develop and implement required training for COTRs on their roles, responsibilities, authorities, and limitations, as well as other techniques needed to execute their duties. The training will include guidance for reviewing invoices, documenting contractor performance, and ensuring that COTRs do not exceed their authority.

Responsible Amtrak Official(s): Robin McDonough, Mark Vierling and John McCrohan

Target Completion Date: 2/28/2020

4. Implement a process to ensure that contracts that require a COTR have one assigned at all times and that these assignments are communicated to all relevant parties and consistently tracked.

Management Response/Action Plan: Management agrees with this recommendation. The Procurement Department has already configured a contract header level field that requires a COTR to be provided throughout the life of the contract into the new Procurement system, Ariba on Demand (AoD), which will be implemented in calendar year 2019.

Responsible Amtrak Official(s): Mark Vierling and John McCrohan

Target Completion Date: 2/28/2020

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5. Design and implement a method for holding COTRs accountable for effectively performing their oversight duties. This could include considering ways to integrate COTR duties into the organization's performance management system to ensure that managers clearly define COTR expectations, provide coaching and feedback, evaluate COTRs on their performance, and invite contract administrators to provide input on COTRs' performance.

*Management Response/Action Plan:* Management agrees with this recommendation. Once the standards and training for COTRs have been fully implemented, Amtrak leadership will evaluate which contracts are significant enough to measure and evaluate COTR performance as a part of their role and responsibilities.

*Responsible Amtrak Official(s):* Robin McDonough, Mark Vierling and John McCrohan

*Target Completion Date:* 2/28/2020

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## **APPENDIX E**

### **Acronyms and Abbreviations**

|             |  |
|-------------|--|
| COTR        | contracting officer's technical representative |
| FY          | fiscal year                                    |
| IT          | Information Technology                         |
| OIG         | Amtrak Office of Inspector General             |
| the company | Amtrak   |

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## **APPENDIX F**

### **OIG Team Members**

Eileen Larence, Deputy Assistant Inspector General, Audits

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Patricia Whiteside, Audit Manager

John Borrelli, Senior Auditor, Lead

Candice Moreno, Auditor

Elizabeth Sherwood, Auditor

Alison O'Neill, Communications Analyst

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Adam Brooks, Intern

## Mission

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The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits and investigations focused on recommending improvements to Amtrak's economy, efficiency, and effectiveness; preventing and detecting fraud, waste, and abuse; and providing Congress, Amtrak management, and Amtrak's Board of Directors with timely information about problems and deficiencies relating to Amtrak's programs and operations.

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