



OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

TRAIN OPERATIONS:

Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs


OIG-A-2023-005 | December 22, 2022

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Memorandum

To: Laura Mason
Executive Vice President Capital Delivery

From: Jim Morrison 
Assistant Inspector General, Audits

Date: December 22, 2022

Subject: *Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs (OIG-A-2023-005)*

In June 2021, Amtrak (the company) contracted with Siemens Corporation (Siemens) to purchase up to 83 new trainsets,¹ scheduled to be delivered from 2025 through 2031. The Intercity Trainset (ICT) program is the largest acquisition of passenger rail equipment in company history. The company expects the new trainsets to increase reliability, efficiency, and on-time performance; it also anticipates using them as part of its effort to expand passenger rail service to as many as 160 new communities in 16 new states.² As part of the ICT program, the company also plans to construct or modify 21 maintenance facilities to accommodate these longer trainsets. In total, the company's initial budget estimate for the program was \$7.3 billion over 10 years although it stated that estimate may increase over time.

In addition to the trainset purchase and the facility modifications, the company plans to execute 9 other workstreams—11 in total—that are necessary to operate the new trainsets in revenue service, which it plans to launch in 2026.³ The program is in the

¹ The base contract is for 73 of these trainsets, and the company has the right to purchase 10 more units known as "short-term deferral units." As of July 2022, the company has not executed this option.

² The company anticipates using future option orders to expand service and refers to this as the Connect US plan.

³ As of November 2022, these 11 workstreams include integrating the technology for the new trainsets with existing systems and decommissioning the legacy fleet. The first trainsets are scheduled to be delivered to the company in 2025, and revenue service is scheduled to begin after final commissioning in 2026.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

early stages. As it progresses, the company plans to pay for it with funds from the Infrastructure Investment and Jobs Act (IIJA).⁴

The company has classified the ICT as a "mega-complexity" program because it has substantial risks associated with its management and implementation. The company assigned the ICT program to its newly formed Capital Delivery department, which will manage it along with other mega-complexity programs.⁵ Given the high-risk nature of this program and the company's past challenges in managing major acquisitions—as well as the operational and reputational risks of not meeting the program's budget and schedule goals—our audit objective was to assess the company's oversight of the ICT program. This report is the first in a series over the life of the program.

To address our objective, we reviewed the company's Enterprise Project Management Standards and commonly accepted public- and private-sector standards for project and program management.⁶ To assess the company's oversight, we reviewed the program charter and management plan, interviewed company executives and program management officials, and attended quarterly updates with the Federal Railroad Administration (FRA). Our work largely focused on two workstreams—the trainset acquisition and the maintenance facility modifications—because they are two of the costliest and most critical components of the ICT program. To identify risks, we interviewed key program officials, reviewed program documents, and visited the service and inspection maintenance facilities in Philadelphia, Pennsylvania; Washington, D.C.; and New York City. In addition, we visited the Siemens manufacturing facility in Sacramento, California, and we observed production processes and interviewed Siemens officials assigned to the program. For more details on our scope and methodology, see Appendix A.

⁴ In September 2022, the Federal Railroad Administration and the company signed a cooperative agreement outlining the supplemental terms and conditions of the IIJA funds grant that will govern the company's use of these funds for infrastructure improvements and equipment acquisitions.

⁵ The company formed the Capital Delivery department in January 2022. It includes what was previously the Major Programs group and new groups like Project Services.

⁶ Project Management Institute, *A Guide to Project Management Body of Knowledge*, Sixth Edition, 2017; Project Management Institute, *The Standard for Program Management*, Fourth Edition, 2017; and Amtrak, *Project Management Procedure Manual*, October 2018.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

SUMMARY OF RESULTS

The company experienced early challenges with stakeholder engagement on the ICT program, leading to scope changes, cost increases, and schedule delays in 2 of its 11 workstreams—the trainset acquisition and the maintenance facility modifications. The company identified these challenges and began addressing these workstream-specific issues. It has also since established a program management framework on ICT that closely aligns with company and industry standards, including adding cost, risk, and change management controls. It has not, however, established controls to avoid challenges with stakeholder engagement on ICT or on future major capital programs.

Progress addressing early challenges. The company experienced challenges on ICT because it did not identify and engage the appropriate internal company stakeholders, including business end-users, to validate the trainset designs and maintenance facility requirements. This resulted, for example, in a \$42.5 million company-initiated change order to the trainset program, as well as a five-and-a-half-month schedule delay in the initial delivery of the first trainsets. The company responded to these issues by holding additional internal coordination meetings and implementing standard program management structures and practices. Parallel with these improvements to the ICT program, the company also improved its overall approach to managing major capital programs by establishing a new Capital Delivery department to oversee and execute ICT and other major programs.

Opportunity to formalize stakeholder input. Despite its progress on ICT, some program workstreams still need input from relevant company personnel. Our prior work has identified similar challenges with stakeholder engagement on other major programs, which led to cost increases and schedule delays.⁷ The Capital Delivery department is in the process of identifying any controls needed to manage its major capital programs, but it has not yet established and implemented a control to require stakeholder input on all major programs going forward.

To continue improving oversight of major capital programs, we recommend that the Executive Vice President for Capital Delivery establish and implement a control to require program personnel to identify and engage all relevant stakeholders to specify

⁷ GOVERNANCE: *Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program* (OIG-A-2020-014), August 17, 2020; and INFORMATION TECHNOLOGY: *Better Requirements Could Help the Company Implement Technology Projects More Effectively* (OIG-A-2022-007), March 11, 2022.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

requirements early and modify those requirements as program needs and assumptions evolve. In commenting on a draft of this report, the Executive Vice President, Capital Delivery, agreed with our recommendation and identified actions the company plans to take by November 30, 2023, to address it. For management's complete response, see Appendix B.

BACKGROUND

Program management framework. Company policy and industry standards lay out specific early-planning steps for teams to prepare for managing the complex and concurrent projects and activities of major programs. Collectively, these steps are referred to as a program management framework, which commonly includes the following:

- a program management plan, which details the individual projects and activities involved
- the process functions, such as scheduling and monitoring
- how, when, and to whom the program personnel will disseminate program information

The framework also commonly includes tools to monitor and control the program, such as an integrated program schedule that shows the relationships between different program workstreams and their activities to help manage the schedule and achieve target milestones. Other examples of management tools include cost estimates, a program charter, and a risk register. According to industry standards, organizations use a program management framework to manage multiple projects with a common objective in a coordinated manner to gain efficiencies and other benefits not apparent from managing them individually.

Core program activities. The ICT program's core activities are divided into 11 workstreams. These include the trainset acquisition, the development of a maintenance support contract (commonly called a Technical Support and Spares Supply Agreement or TSSSA),⁸ modifications to maintenance facilities, and workforce training. With the program still in the early stages, the program team has been focusing on the two largest

⁸ Siemens will provide technical expertise and spare parts under a TSSSA. The company has similar maintenance agreements with Siemens for its Charger locomotives, and with Alstom for its legacy and New Acela equipment.

Amtrak Office of Inspector General

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

and costliest workstreams—the trainset acquisition and the modifications to maintenance facilities. As of October 2022, the additional nine workstreams are in various stages of execution, as Figure 1 shows.

Figure 1. ICT Workstreams



Source: OIG analysis of company documents and communications

Notes: * Infrastructure includes Level 1 and Level 2 maintenance facility modifications. Level 1 maintenance facilities perform a full range of maintenance and inspection activities; Level 2 facilities perform only service and cleaning.

Trainsets. The company signed a \$3.4 billion contract for Siemens to deliver up to 83 trainsets. These trainsets will replace the company’s aging fleet of 458 individual Amfleet I passenger cars and 17 Metroliner passenger cars, which operate primarily on the Northeast Corridor, along with its fleet of Talgo trainsets operating on the *Cascades* service in the Pacific Northwest. The company contracted for four different trainset configurations. Each configuration has six to eight passenger cars with varying power sources, such as diesel fuel or battery. Each of the four configurations will operate on different parts of the company’s national network based on the needs of the particular route and available power source. For instance, trainsets operating on the Northeast Corridor will be able to operate on the overhead electric catenary; however, in other parts of the country where a catenary is not available, the trainsets will be powered by

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

diesel locomotives. The company plans to initiate revenue service on each route at varying times based on the delivery schedule for each configuration. The first trainsets are planned to be delivered in 2025, and April 2026 is the earliest launch date for revenue service, according to the latest program schedule.

Maintenance facilities. The new ICT trainsets require a continuous maintenance model that spreads preventive maintenance tasks throughout the year. This model is similar to the legacy Acela and New Acela fleets and is intended to improve equipment availability. The ICT trainsets also streamline maintenance procedures because the company can keep the cars connected while working on them, whereas the existing trains must be broken into individual passenger cars and locomotives for maintenance. To accommodate these longer trainsets and the planned continuous maintenance model, the company will need to modify 21 maintenance facilities. Of these, 6 are Level 1 facilities, which perform a full range of maintenance and inspection activities, and 15 are Level 2 facilities,⁹ which perform only service and cleaning. Each facility's modifications must align with the trainset configuration the company will use in that part of the country. The company estimates that these modifications could cost more than \$2.0 billion although it has not finalized this number because it is still in the design and planning phases for most of the facilities.¹⁰ Figure 2 shows the facilities the company plans to modify; Penn Coach Yard in Philadelphia is planned to be the first one operational in August 2026.

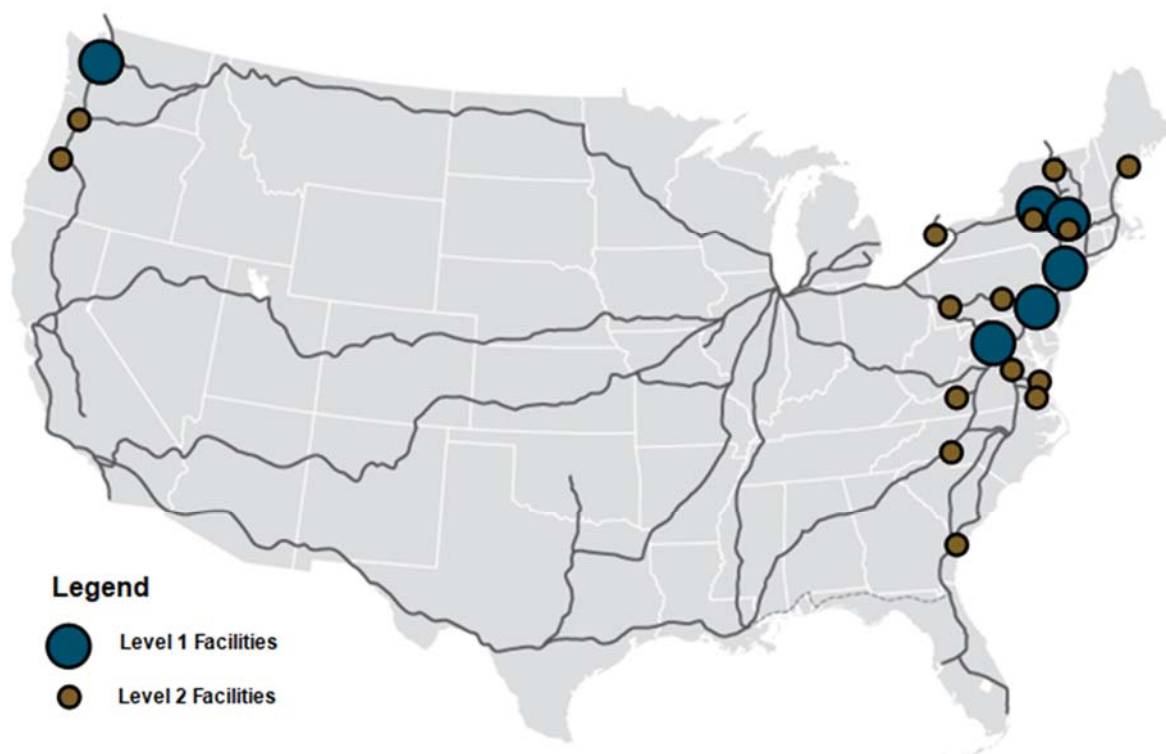
⁹ The six Level 1 facilities are in Philadelphia, Pennsylvania; Boston, Massachusetts; Long Island City, New York; Washington, D.C.; Rensselaer, New York; and Seattle, Washington. The 15 Level 2 facilities are in Albany, New York; Niagara Falls, New York; Brunswick, Maine; Pittsburgh, Pennsylvania; Harrisburg, Pennsylvania; Norfolk, Virginia; Newport News, Virginia; Roanoke, Virginia; Richmond, Virginia; Savannah, Georgia; Springfield, Massachusetts; Charlotte, North Carolina; Portland, Oregon; Eugene, Oregon; and Burlington, Vermont. There are three additional level 2 facilities in Canada (Montreal, Quebec; Toronto, Ontario; and Vancouver, British Columbia) that are outside the ICT program's scope to upgrade.

¹⁰ This estimate includes a contingency amount to account for any additional costs that may arise during construction based on known risks.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

Figure 2. Planned Maintenance Facility Modifications



Source: OIG analysis of company documents

ICT PROGRAM MANAGEMENT HAS MATURED SIGNIFICANTLY

The company experienced early challenges on two of the ICT workstreams and has begun addressing them while improving its overall approach to major capital program management.

Two Critical Workstreams Faced Early Challenges

The company experienced two specific challenges that led to scope changes, cost increases, and schedule delays in its two largest ICT workstreams—the trainset acquisition and the modification of its maintenance facilities. This occurred because the company did not have project management controls in place to involve all relevant stakeholders, including business end-users, early in the program.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

Trainsets. Three months after the company signed the contract with Siemens, its food and beverage personnel reviewed the design of the food service car for the first time and found that the galley layout would not meet the needs of its frontline staff and customers and would have to be fully redesigned. For example, food and beverage personnel, along with officials from product development, identified that they needed additional food storage space to accommodate longer trips, as well as additional space for customers to stand and move through the galley car. Because the company had already signed the contract, this redesign resulted in a company-initiated change order of \$42.5 million, which will delay the delivery of the first trainsets by up to five-and-a-half months. According to program officials and Siemens representatives, engaging the food and beverage personnel who identified this required design change earlier in the design process would have allowed the company to minimize the schedule and cost impacts of the change order. In 2021, the company began mitigating these challenges by holding additional, regular meetings with all internal stakeholders involved in the trainset acquisition to capture and address business end-user requirements.

Maintenance facilities. Program officials told us the maintenance facility workstream got off to a late start, and the company did not assign staff to lead the design and construction of these facilities until March 2021—11 months after Engineering staff began working on the preliminary designs for the modifications. In addition, the company did not engage with all stakeholders, such as onsite maintenance facility supervisors, to understand each site's specific needs and to avoid conflict and overlap with existing and future maintenance operations. For example, in February 2022, program officials visited the Seattle maintenance facility to verify the preliminary design. At that time, onsite personnel identified a design element that would have negatively impacted maintenance and commuter train operations in the train yard, ultimately resulting in a design change.

To help avoid similar design changes at other facilities, the company paused all maintenance facility design activities in spring 2022 to conduct stakeholder engagement workshops for each of the 21 facilities. This was a positive and necessary step, but according to company officials, holding the workshops will increase costs. Additionally, any design changes that result from these workshops could further increase costs and delay the beginning of construction by 10 to 13 months past the original planned start date. Program officials told us they have contingency plans in place if delays extend construction until after the first trainsets arrive, but these plans would have to be temporary because they will be highly disruptive to service operations.

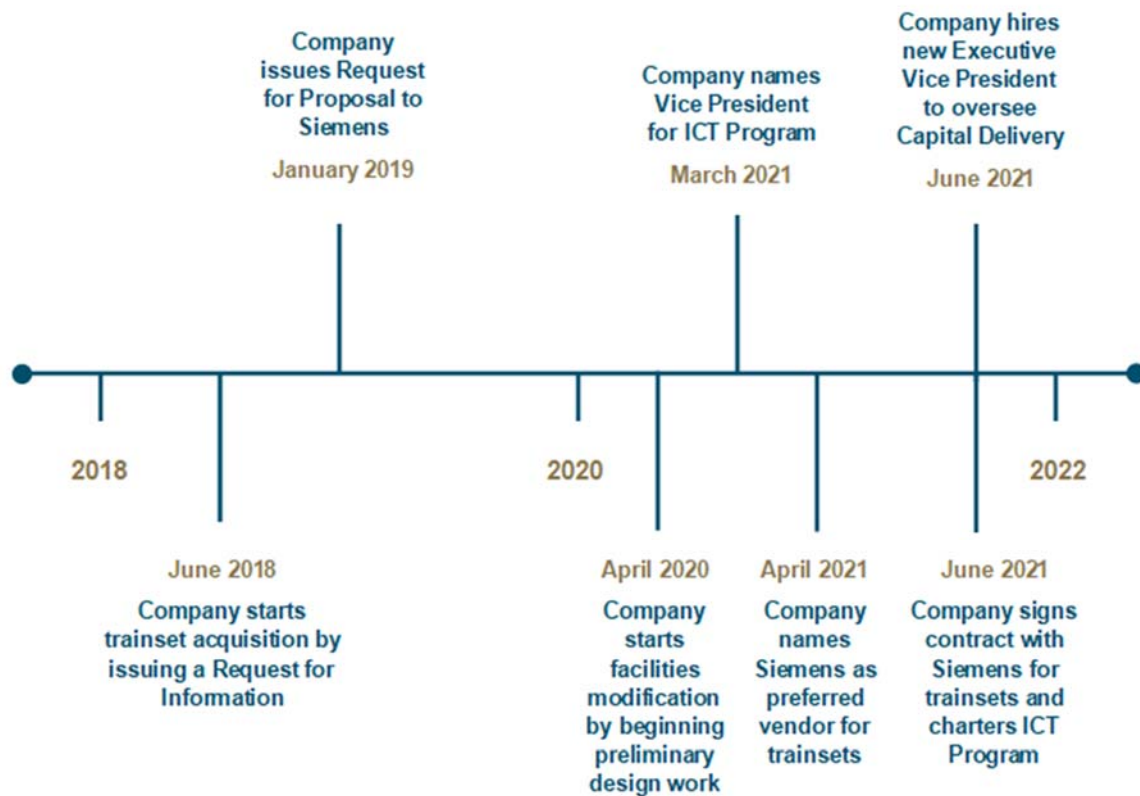
Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

Company Established a Program Management Framework for ICT

Since its initial challenges, the company established the ICT program’s overall management and structure to closely align with company and industry standards. For example, in March 2021, the company dedicated a Vice President to manage and oversee the ICT program, and in June 2021, it held an official kick-off for the program implementation. The company’s decision to formalize the program in 2021 was the point at which the company determined it could more effectively meet its ICT goals by managing ongoing initiatives as a single program. Figure 3 shows a timeline of major events in the evolution of the program.

Figure 3. Major Events in ICT Program



Source: OIG analysis of company documents

After dedicating a Vice President to manage ICT, the program team developed several tools necessary for an effective program management framework, including a program management plan that includes controls related to cost, risk, and change management.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

It has also made progress in two key areas where the company has experienced challenges in other major capital programs—developing schedules and identifying resource needs, as follows:

- **Scheduling.** In summer 2021, the company created and filled a position called Senior Manager for Project Scheduling specifically for the ICT program. In keeping with best practices for schedulers,¹¹ this individual has full ownership of the program’s integrated master schedule. This manager is also responsible for analyzing and managing individual workstream schedules that feed into the integrated master schedule. As part of these duties, they are empowered to check the vendor’s trainset schedule to ensure that they align with company standards and meet delivery dates. If the vendor’s trainset schedule does not meet company standards, this manager can reject them.
- **Resource needs.** The program team has conducted several resource assessments to determine its current and potential future personnel needs, in accordance with program management standards and our prior recommendations.¹² From March through May 2022, the team identified more than 100 additional positions it intends to fill at varying stages over the lifetime of the program and submitted this plan to FRA. The company approved and funded 109 requested positions, and as of June 2022, the team had filled 44 of them.

Company Reorganized to Better Manage Major Capital Programs

In addition to the improvements to the ICT program, the company has significantly improved its overall approach to major capital programs over the past 18 months, including the following:

- In June 2021, the company hired an Executive Vice President for Capital Delivery¹³—a newly established position—to oversee and execute major capital programs, including ICT.

¹¹ GAO: *Schedule Assessment Guide, Best Practices for Project Schedules* (GAO-16-89G), December 2015.

¹² TRAIN OPERATIONS: *The Acela Express 2021 Program Faces Oversight Weaknesses and Schedule Risks*, (OIG-A-2018-002), November 16, 2017; and HUMAN RESOURCES: *The Company is Addressing Engineering Management Workforce Challenges, but Additional Work Remains*, (OIG-A-2022-012), July 12, 2022.

¹³ Her title was Executive Vice President of Major Program Delivery from June 2021 to January 2022 when the company reorganized Major Program Delivery into the newly formed Capital Delivery department.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

- In January 2022, the company further reorganized its operations, giving the new Capital Delivery department additional resources and responsibilities related to executing and overseeing major programs.
- In June 2022, the company hired an Assistant Vice President for Project Controls—an overarching organizational position responsible for developing processes and procedures for the Capital Delivery department to align it with the company’s program management guidance. For example, the Assistant Vice President told us they are evaluating the company’s project management standards to identify any new controls that the Capital Delivery department may need to better manage its portfolio.
- The Capital Delivery department is hiring internal and external project and program management professionals to improve the company’s management of ICT and other major capital programs.

With a senior executive heading this newly formed Capital Delivery department, the ICT program is better aligned with industry standards that call for programs to be overseen by a senior accountable official with the authority to make timely business decisions. In addition, the Capital Delivery department’s mission is to execute major infrastructure programs and fleet acquisitions, which allows it to focus on these duties. This is an improvement over previous major programs, where we found that the company assigned officials who were already overtasked with other responsibilities and did not give them the authority to impose necessary changes.¹⁴

OPPORTUNITIES TO IMPROVE STAKEHOLDER INPUT

Our previous work has identified longstanding challenges with stakeholder engagement on other major programs that have led to cost increases and schedule delays. For example, we reported in August 2020 that during the development and construction of the Moynihan Train Hall in New York City, the original program team did not engage with internal stakeholders to identify requirements.¹⁵ This resulted in the program team having to add information technology (IT) projects, health

¹⁴ *ASSET MANAGEMENT: Additional Actions Can Help Reduce Significant Risks Associated with Long-Distance Passenger Car Procurement* (OIG-A-2016-003), February 1, 2016; and *TRAIN OPERATIONS: Acela 21 Program Continues to Face Significant Risk of Delays, Warranting More Contingency Planning* (OIG-A-2020-004), January 21, 2020.

¹⁵ *GOVERNANCE: Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program* (OIG-A-2020-014), August 17, 2020.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

inspections, and liquor licenses to its schedule at the final stages of the program. Additionally, in March 2022 we reported that poorly defined IT requirements posed one of the most significant challenges to company technology projects; as a result, most of the 11 projects we reviewed experienced schedule delays or cost overruns.¹⁶

Despite the company's progress on ICT, this issue could persist on this and other major programs. The Capital Delivery department is in the process of identifying any new controls needed to manage its major capital programs, but it has not implemented a control to identify and engage all relevant stakeholders, including business end-users, early and throughout a program's lifecycle. Without such a control to ensure that stakeholders are engaged, program teams may not thoroughly identify requirements or modify those requirements as needs and assumptions evolve. This leaves the company at risk of repeating past mistakes that increased costs and delayed project and program delivery.

CONCLUSIONS

In addition to the trainset acquisition and the modification of its maintenance facilities, the ICT program has nine workstreams in the planning stage. Given the size and scope of the program and its impact on the company's operations, requiring program personnel to identify and engage all relevant stakeholders will allow the company to better manage this and other major capital programs. Our office will continue to monitor the program, and we plan to conduct additional audits as the program moves into implementation.

RECOMMENDATION

To continue improving oversight of major capital programs, we recommend that the Executive Vice President, Capital Delivery, take the following action:

- Establish and implement controls for program personnel to identify and engage all relevant stakeholders, including business end-users, to specify requirements

¹⁶ For example, on four projects—Revenue Accounting, Food and Beverage Point of Sale, Ariba on Demand, and Passport—the company spent \$16.4 million more than it initially budgeted on change requests through February 2021 to address new requirements or expanded scopes on the projects because it did not have clear or complete initial requirements. See *INFORMATION TECHNOLOGY: Better Requirements Could Help the Company Implement Technology Projects More Effectively* (OIG-A-2022-007), March 11, 2022.

Amtrak Office of Inspector General

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

early for all major capital programs and to modify those requirements as program needs and assumptions evolve.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the Executive Vice President, Capital Delivery, agreed with our recommendation and identified specific actions the company plans to address it, which we summarize below:

Recommendation 1: Management agreed with our recommendation to establish and implement controls for program personnel to identify and engage all relevant stakeholders throughout the duration of a program. Management provided a draft outline of a project development process that it believes will facilitate the company's ability to identify and engage stakeholders throughout a project's lifecycle. Management also stated that the ICT program team will apply this process on future projects. The target completion date is November 30, 2023.

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

APPENDIX A**Objective, Scope, and Methodology**

This report provides the results of our audit of the company's Intercity Trainset (ICT) acquisition program. Our objective was to assess the company's management and oversight of the program and to identify the risks, if any, to completing it on time. This report is the first in a series over the life of the program. The scope of our work focused on the company's efforts to manage critical program workstreams, including (1) the trainset design and modification and (2) the construction of company maintenance facilities. We conducted our audit work from January 2022 through December 2022 in Washington D.C; Philadelphia, Pennsylvania; Sacramento, California; and New York City.

To assess the effectiveness of the company's management and oversight of the program, we reviewed the company's Enterprise Project Management Standards and other commonly accepted standards in the management of programs and projects. We also reviewed company documents, such as contracts, program budgets, the integrated master schedule, and change order logs. In addition, we reviewed recent changes to the company's organizational structure intended to help it better manage major programs such as ICT, and we interviewed officials in charge of the new Capital Delivery department.

To assess the extent to which the company has identified and mitigated schedule risks, we interviewed officials from the higher-level Capital Delivery department, as well as the program team charged with managing program delivery, including the trainset design and facilities construction. We also interviewed company officials who are program stakeholders in the following departments:

- Major Program Delivery ICT Programs
- Major Program Delivery ICT Engineering
- Capital Delivery Project Controls
- Operations Mechanical
- Planning National Network
- Planning and Strategy

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

- Stations & Customer Services
- Financial Enterprise Capital Planning & Governance
- Financial Planning Grants
- Procurement
- Capital Construction
- State-Supported Services
- Long-Distance Services
- Northeast Corridor Service Line
- Law Commercial Transactions
- Information Technology

We interviewed FRA officials on the status of the program. We visited company maintenance facilities in Philadelphia, Pennsylvania; Washington, D.C.; and New York City. In addition, we visited the Siemens manufacturing facility in Sacramento, California, and we observed production processes and interviewed Siemens officials assigned to the ICT program.

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

Our review considered the extent to which the company used its internal control network to assess whether departments implemented controls designed to specifically mitigate risks associated with managing a major procurement and infrastructure projects. We did not conduct an independent review of company controls. In particular, we determined that four of the five internal controls areas were significant to our audit objectives:

Control environment. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.

*Amtrak Office of Inspector General***Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs**

OIG-A-2023-005, December 22, 2022

Risk assessment. Management should identify, analyze, and respond to risks related to achieving the defined objectives.

Control activities. Management should design control activities to achieve objectives and respond to risk.

Information and Communication. Management should use quality information and communicate this information internally to achieve the entity's objectives.

We developed audit work to ensure that we assessed each of these controls. This included (1) reviewing the extent to which the company followed internal program management standards, such as developing a risk register; (2) maintaining an integrated master schedule; (3) assigning clear roles and responsibilities for program managers; and (4) determining if there were clear lines of authority within the program. Because our review was limited to these internal control components and underlying principles, it may not have disclosed all of the internal control deficiencies that may have existed at the time of this audit.

Computer-processed Data

Our analyses and findings did not rely on computer-generated data from any company information systems.

Prior Reports

In conducting our analysis, we reviewed and used information from the following Amtrak OIG reports:

- *HUMAN RESOURCES: The Company is Addressing Engineering Management Workforce Challenges, but Additional Work Remains* (OIG-A-2022-012), July 12, 2022
- *INFORMATION TECHNOLOGY: Better Requirements Could Help the Company Implement Technology Projects More Effectively* (OIG-A-2022-007), March 11, 2022
- *GOVERNANCE: Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program* (OIG-A-2022-006), February 4, 2022
- *GOVERNANCE: Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program* (OIG-A-2020-014), August 17, 2020

Amtrak Office of Inspector General

Train Operations: Company Has Improved Management of Intercity Trainset Acquisition and Can Improve Stakeholder Engagement on Major Capital Programs

OIG-A-2023-005, December 22, 2022

- *Observations on Risks to the Acela 21 Information Technology Program Element (OIG-MAR-2020-009), April 22, 2020*
- *ASSET MANAGEMENT: Better Schedules, Cost Estimates, and Project Management Could Help Mitigate Risks to Washington Union Station Projects (OIG-A-2018-008), July 24, 2018*
- *TRAIN OPERATIONS: The Acela Express 2021 Program Faces Oversight Weaknesses and Schedule Risks (OIG-A-2018-002), November 16, 2017*
- *ACQUISITION AND PROCUREMENT: Adopting Additional Leading Practices to Manage the Baltimore Penn Station Redevelopment Could Help Mitigate Project Risks (OIG-A-2017-002), December 14, 2016*
- *ASSET MANAGEMENT: Additional Actions Can Help Reduce Significant Risks Associated with Long-Distance Passenger Car Procurement (OIG-A-2016-003), February 1, 2016*
- *GOVERNANCE: Alignment with Best Practices Could Improve Project Management Office Implementation (OIG-A-2016-002), December 16, 2015*
- *ACQUISITION AND PPROCUREMENT: New Jersey High-Speed Rail Improvement Program Has Cost and Schedule Risks (OIG-A-2015-012), June 17, 2015*

Amtrak Office of Inspector General
**Train Operations: Company Has Improved Management of Intercity Trainset Acquisition
and Can Improve Stakeholder Engagement on Major Capital Programs**
OIG-A-2023-005, December 22, 2022


APPENDIX B

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

Memo



Date	December 8, 2022	From	Laura Mason, EVP Capital Delivery
To	Jim Morrison, Assistant Inspector General, Audits	Department	Capital Delivery 
		cc	Stephen Gardner, CEO Roger Harris, President Eleanor Acheson, EVP General Counsel Michael Carter, Director Intercity Trainset Project Mgmt. Norman Forde, VP Project Delivery Fleet & Facilities Hollie Knox, VP Intercity Trainset Dennis Newman, EVP Strategy & Planning Celia Pfleckl, AVP Major Programs ICT Steven Predmore, EVP CSO Mark Richards, Sr. Director Amtrak Risk & Controls Qiana Spain, EVP CHRO Gerhard Williams, EVP Service Delivery & Operations Tracie Winbigler, EVP CFO Christian Zacariassen, EVP Digital Technology & Innovation

Subject: Management Response to *TRAIN OPERATIONS: Company Has Improved Management of Intercity Trainset Acquisition but Can Improve Stakeholder Engagement on Major Capital Programs* (Draft Audit Report for Project No. 004-2022).

This memorandum provides Amtrak's response to the draft management advisory report titled, "*Company Has Improved Management of Intercity Trainset Acquisition but Can Improve Stakeholder Engagement on Major Capital Programs*". Management appreciates the opportunity to respond to the OIG's recommendations. The recommendation provided meaningful input, we agree with the OIG recommendation, and will initiate action(s) to address it in a timely manner. We have provided the following management response to address the recommendation below:

To continue improving oversight of major capital programs, the OIG recommends that the Executive Vice President for Capital Delivery take the following action:

Amtrak Office of Inspector General
**Train Operations: Company Has Improved Management of Intercity Trainset Acquisition
and Can Improve Stakeholder Engagement on Major Capital Programs**
OIG-A-2023-005, December 22, 2022

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Observation 1:

Establish and implement controls for program personnel to identify and engage all relevant stakeholders, including business end-users, to specify requirements early for all major capital programs and to modify those requirements as program needs and assumptions evolve.

Management Response/Action Plan: Attached please find a draft outline of the project definition and development process that the Project Development and Planning Services group (Tony Ryan's team) has been developing for the pipeline of capital projects at Amtrak. This formalized process will allow Amtrak to package and resource projects and programs in a way that identifies and engages stakeholders early on in project/program development and sets the stage for ongoing stakeholder engagement throughout the project/program lifecycle. This will allow for appropriate prioritization, resourcing and buy-in to give each project a solid place from which to initiate. As each project initiates, a charter is written with a basic set of assumptions that will be revisited each year as part of the document review process. Additionally, in the project's or program's communication plan, a cadence for periodically revisiting and vetting the assumptions will be established in order to ensure that this review is actively undertaken.

The Program team has, and continues to, work closely with the Project Development and Planning Services team to provide input to their processes as they are developed. As the ICT Program progresses, the Program team will apply the principles of the Project Development and Planning Services processes on future projects.

The Program team has documented and received approval for high-level requirements for the Program. The Program team is in the process of developing a requirements management system using Jira and Confluence (software). This management system will:

- Allow the Program team to track the requirements throughout the life of the Program,
- Easily track proposed changes (i.e., new scope, reduced scope, assumptions change, etc.) and work with the ICT Change Management team to gain approval of changes as necessary, and
- Work with the ICT Schedule Management team to tie the requirements into the IMS to create a loop that helps ensure all elements of the requirements have been completed and appropriately closed.

Responsible Amtrak Official(s): Norman Forde, VP Project Delivery Fleet & Facilities
Michael Carter, Director Intercity Trainset Project Mgmt.
Celia Ann Pflekl, AVP Major Programs ICT
Hollie Knox, VP Intercity Trainset

Target Completion Date: November 30, 2023.

Amtrak Office of Inspector General

**Train Operations: Company Has Improved Management of Intercity Trainset Acquisition
and Can Improve Stakeholder Engagement on Major Capital Programs**

OIG-A-2023-005, December 22, 2022

APPENDIX C

Abbreviations

FRA	Federal Railroad Administration
ICT	Intercity Trainset Program
IIJA	Infrastructure Investment and Jobs Act
IT	Information Technology
OIG	Amtrak Office of Inspector General
the company	Amtrak
TSSSA	Technical Support and Spares Supply Agreement

Amtrak Office of Inspector General

**Train Operations: Company Has Improved Management of Intercity Trainset Acquisition
and Can Improve Stakeholder Engagement on Major Capital Programs**

OIG-A-2023-005, December 22, 2022

APPENDIX D

OIG Team Members

J.J. Marzullo, Deputy Assistant Inspector General, Audits

Melissa Hermes, Director

Andrew W. Mollohan, Audit Manager

Walter Beckman, Senior Auditor, Lead

Rachel Powell, Senior Auditor, Lead

Alison O'Neill, Communications Analyst

Nadine Bennett, Assistant General Counsel

OIG MISSION AND CONTACT INFORMATION

Mission

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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or

800-468-5469

Contact Information

Jim Morrison

Assistant Inspector General

Mail: Amtrak OIG

10 G Street NE, 3W-300

Washington, D.C. 20002

Phone: 202-906-4600