OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

Procurement:

Company Can Significantly Improve Its Oversight of a Technology Services Contract

OIG-A-2026-009 | August 28, 2026

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AMTRAK OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

Memorandum

To: Costin Corneanu
Executive Vice President, Chief Financial Officer

From: J.J. Marzullo
Assistant Inspector General, Audits

Date: August 28, 2026

Subject: *Procurement: Company Can Significantly Improve Its Oversight of a Technology Services Contract* (OIG-A-2026-009)

In February 2023, Amtrak (the company) awarded a technology services contract to a supplier to provide supplemental staffing to various company eCommerce development projects. This contract has a maximum commitment value of about $8.9 million, which the company partially funds through the Infrastructure Investment and Jobs Act.[1] As of September 15, 2025, the supplier had billed the company for about $7.8 million in services.

This audit is the first in a series of audits we plan to conduct reviewing individual contracts. Our objective was to assess the company's oversight of the cost, schedule, and performance of this technology services contract from March 1, 2023, through September 15, 2025. To accomplish our objective, we reviewed the company's contract files and supporting documents, such as timesheets, invoices, and reports. We assessed the company's oversight, including whether costs were allowable, accurate, and supported by sufficient documentation for all of the 297 invoices the supplier submitted during our review period.[2] We also selected a generalizable sample of 73 invoices to estimate the prevalence of other supplier-provided documentation. In addition, we interviewed key personnel in two departments—Digital Technology and Innovation (DT) and Procurement—about the management and oversight of this contract. Our results apply solely to this contract and not the company's contracting practices more broadly. For additional information on our scope and methodology, see Appendix A.

[1] Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021).
[2] We applied criteria from the Inspector General (IG) Act, as amended, 5 U.S.C. § 405(a)(4), which defines the various types of monetary findings an IG may report. Specifically, we reviewed the invoices to identify any "unsupported costs," which the IG Act defines as a cost that was not supported by adequate documentation at the time of the audit. See 5 U.S.C. § 405(a)(7) ("Unsupported Cost").

SUMMARY OF RESULTS

The company can significantly improve its oversight of this technology services contract to effectively manage its cost, schedule, and performance. We identified the following three oversight weaknesses:

- **Invoices were not fully supported, calling into question approximately $7.8 million in costs.**[3] Company personnel did not review and reconcile the supplier's invoices before payment to verify that they were fully supported. Of the 297 invoices the supplier submitted during our review period, only 1 included all of the required supporting documentation. As a result, we question approximately $7.8 million in costs—nearly all of the funds the company spent on this contract.[4]

- **Weak controls may have resulted in unapproved offshore work.** The company is allowed to contract for work outside the United States (offshore); however, it paid at least $201,000 for work that invoices show was performed offshore without proper internal approvals. Further, the company paid for this work at onshore rates, which are higher. As a result, we question at least $135,000—the difference between the onshore and offshore rates.[5]

- **Contract terms may have limited the company's ability to hold the supplier accountable.** The company chose contract terms associated with a firm-fixed price contract for services that were better suited to a time-and-materials

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[3] While the company received technology services associated with this contract, we are questioning these costs based on the definition in the IG Act, as amended, 5 U.S.C. § 405(a)(4) and (a)(7) because at the time of the audit, the costs were not supported by adequate documentation. We consider the $7.8 million to be "questioned costs" because the company provided the invoices we requested, but it did not provide the additional documentation we requested—approved timesheets, weekly reports, and monthly accruals—that would demonstrate that invoices accurately reflected the work performed and billed.

[4] During our review period, the company paid a total of $7,759,368.04 to the supplier for work performed under this contract. We found only one invoice, with a value of $6,088.80, that was fully supported. Thus, our total questioned amount is $7,753,279.24.

[5] The $135,000 of questioned costs for offshore labor is included in the $7.8 million in costs we questioned for insufficient documentation.

contract.[6] This misalignment may have limited the company's ability to oversee the supplier's costs, adherence to schedule, and performance.

Given there are time and funds remaining on this contract—and because the company may extend it—we recommend that the company (1) improve invoice reviews on this contract, (2) assess any offshore costs, and (3) determine whether to amend the contract to better hold the supplier accountable. In addition, we recommend that the company evaluate the questioned costs we identified and recover any that are disallowed.[7] In commenting on a draft of this report, the Executive Vice President, Chief Financial Officer, agreed with our recommendations and described actions the company plans to take to address them. For management's complete response, see Appendix B.

BACKGROUND

The company's procurement manual[8] outlines five phases in the procurement process. We previously assessed the first three phases, which we refer to collectively as the "pre-award phase."[9] This report focuses on company activities in the award and post-award phases of one contract, as Figure 1 shows.

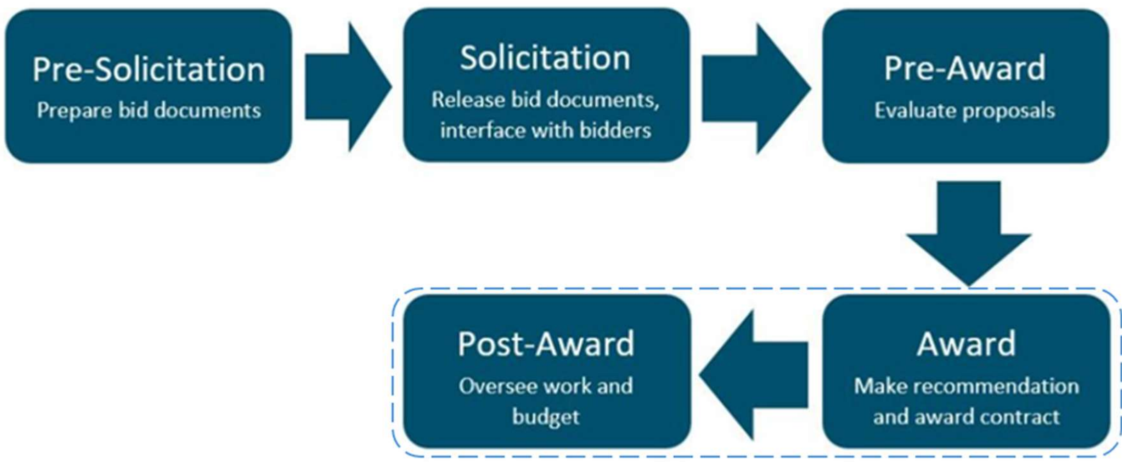
[6] Amtrak's Procurement Manual-Procurement and Supply Chain Management, V.1.0, December 8, 2021, states that a firm-fixed price contract "establishes a lump sum price or unit prices and a total contract price, that are not subject to adjustment based on the contractor's cost experience in fulfilling the contract." The manual also notes that a time and materials contract "is appropriate when goods or services are furnished at specified fixed costs, such as hourly rates, because the number of hours can vary."

[7] According to the IG Act, a disallowed cost refers to a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government. 5 U.S.C. § 405(a)(1).

[8] The company's procurement manual and other guidance establish requirements for employees to follow throughout the procurement process, including during the post-award phase.

[9] *Acquisition and Procurement: Company Has Opportunities to More Effectively Ensure That It Awards Contracts in Its Best Interest* (OIG-A-2025-007), June 30, 2025.

Figure 1. Contract Procurement Lifecycle



Source: OIG analysis of the company's procurement manual

Note: We analyzed the two phases outlined with the dashed line.

Contract oversight roles and responsibilities. During the post-award phase, employees in the Procurement department and DT—the end-user department requesting goods or services—have the following roles and responsibilities:

- **Contracting Official (CO).** COs are part of the Procurement department. Their primary responsibility during the post-award phase is to manage the company's business relationship with the supplier. Other procurement responsibilities include the following: (1) soliciting, negotiating, executing, and managing a contract between the company and a supplier; (2) authorizing changes to the contract; (3) settling disputes; and (4) documenting that the supplier is satisfying the quantity and quality requirements of the contract.

- **Contracting Official's Technical Representative (COTR).** COTRs have technical expertise in the goods or services the company is procuring. For this contract, the COTR is in the company's DT department (the contract's end-user). Their primary responsibility during the post-award phase is to oversee supplier performance and provide technical advice to the CO and supplier. They are responsible for the following: (1) reviewing and approving invoices, (2) verifying and documenting supplier completion of milestones, (3) notifying COs in writing of any performance deficiencies, and (4) consulting with COs to ensure that change orders comply with contract requirements.

- **Value Managers.** The DT department also has a Value Management Office (VMO) to help ensure that DT projects adhere to all policies, procedures, and contract terms. VMO's value managers told us they are part of the approval process for invoices that the supplier submitted under this contract.[10] According to DT guidance, these managers are responsible for verifying that supplier invoices reflect the approved work and hours.

Further, the company awarded this contract under an existing Master Service Agreement (MSA). MSAs are a type of service contract that the company typically uses to obtain staff with special skillsets (to use as staff augmentation) and to acquire professional services (such as technology support or maintenance activities). Under an MSA, the company negotiates terms for the general services that a supplier would provide and then identifies the specific work to be performed in follow-on contracts.

THE COMPANY DID NOT EFFECTIVELY OVERSEE THIS CONTRACT

The company did not effectively oversee the contract's cost, schedule, or performance, as its policies require**.** We identified significant weaknesses in three areas: (1) the adequacy of support for invoices, (2) the approval of work the supplier performed outside the United States (offshore work), and (3) the establishment of contract milestones to evaluate supplier performance. As a result, we are questioning approximately $7.8 million in costs the company paid on this contract.

Invoices Not Supported by Adequate Documentation Call into Question Approximately $7.8 Million in Costs

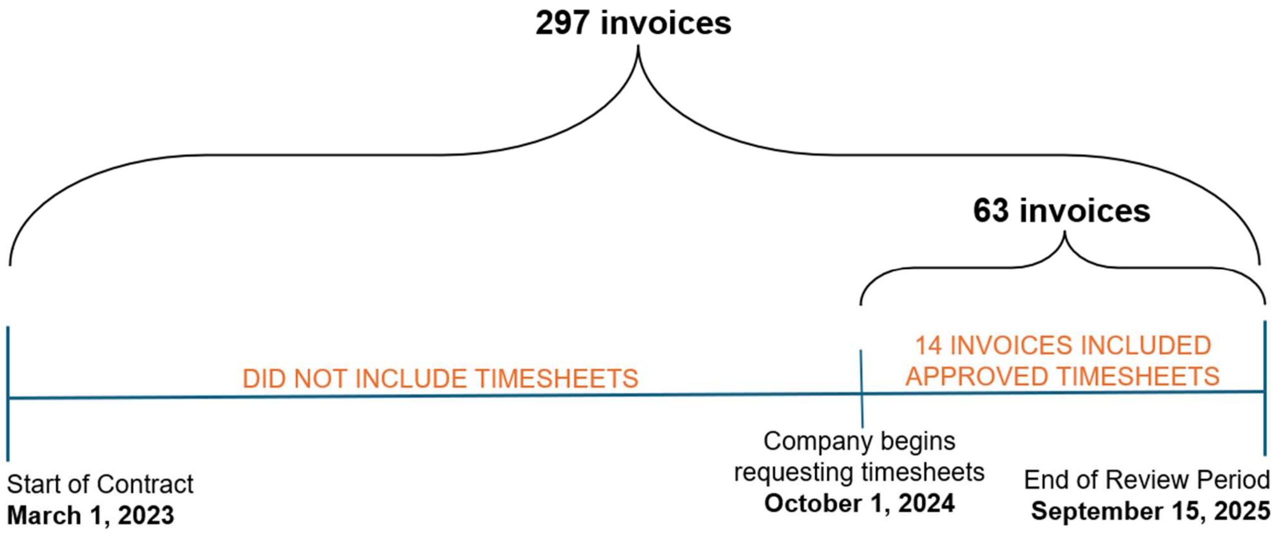
The company paid 297 invoices during our review period. While the company received technology services associated with this contract, only one invoice included all three types of supporting documents that company guidance or the contract requires: approved timesheets, monthly accruals, and weekly reports.

- **Approved timesheets.** Approved timesheets document the number of hours the supplier's employees worked. Only 14 of the 297 invoices the company paid

[10] The company's procurement manual and related procedures do not formally describe VMO's role in the procurement lifecycle. Senior VMO officials provided us with internal guidance on their roles and responsibilities, and we obtained additional information via interviews.

during our review period (5 percent) included approved timesheets.[11] The company did not request or collect timesheets for the 234 invoices the supplier submitted before October 2024.[12] We assessed the 63 invoices that the company paid after it began requesting timesheets and found that only 14 included approved timesheets.[13] Figure 2 shows the supplier invoices in our review period that included approved timesheets.

Figure 2. Supplier Invoices that Included Approved Timesheets



Source: OIG analysis of contract documents

Note: We reviewed the 14 invoices that included approved timesheets to determine if they also included monthly accruals and weekly reports. We found that only one of these invoices included all three types of supporting documents.

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[11] We considered a timesheet approved when the review status for each employee on the supplier's timesheet was marked as "approved" for the entire month.

[12] Company policy requires the COTR to review invoices to ensure that the supporting documentation is adequate. The contract states that invoices should be billed based on actual resource utilization, which would necessitate reviewing timesheets for hours worked. In February 2024, the Chief Financial Officer sent an advisory email to all company personnel clarifying that they are required to collect labor hour documentation, as applicable. (Amtrak: *Fraud, Waste & Abuse Prevention - Need for Proper Documentation Special Employee Advisory*, February 2024). Amtrak's 2025 COTR Roles and Responsibilities eLearning training also directs COTRs to confirm that labor hours are invoiced accurately.

[13] Of the 63 invoices that the company paid after it began requesting timesheets, 62 included timesheets, but the company marked only 14 as approved.

- **Monthly accruals.** Monthly accruals summarize the costs associated with the supplier's labor hours, which timesheets typically provide. We estimate that 89 percent of the 297 invoices the company paid during our review period had monthly accruals.[14] Given that most invoices did not have approved timesheets, however, the company could not verify the accuracy of most monthly accruals.

- **Weekly reports.** Weekly reports include descriptions of the work performed by each employee for whom the supplier billed time. We estimate that 5 percent of the 297 invoices the company paid during our review period had complete weekly reports.[15]

In accordance with company guidance and the contract, all three types of documentation are needed to validate that the supplier's hours and costs are accurate and aligned with services provided. Specifically, the absence of required documentation is inconsistent with (1) company guidance requiring support for invoiced labor hours (which timesheets and monthly accruals provide), and (2) the contract's terms and conditions (which require the supplier to submit weekly reports that describe the work performed).

We found that documentation was insufficient because the DT department COTR did not adequately review and reconcile the supplier's invoices prior to approving them for payment.[16] The COTR told us that the extent of their review was to verify that the monthly accrual amounts matched the invoices, but that the DT department VMO was responsible for validating supplier billing. Regardless of the VMO's involvement, company policy states that COTRs are responsible for meeting all their assigned

[14] We derived this estimate from a generalizable simple random sample of 73 of the 297 invoices in our review period. We are 95 percent confident that the actual percent of invoices in our review period that have monthly accrual documents is between 86 percent and 92 percent.
[15] We derived this estimate from a generalizable simple random sample of 73 of the 297 invoices in our review period. We are 95 percent confident that the actual percent of invoices in our review period that have complete weekly reports is between 2 percent and 12 percent.
[16] P/I 11.64.1, Contracting Official's Technical Representative (COTR) Requirements, February 23, 2021; P/I 11.64.2, February 2, 2024; P/I 11.64.3, April 16, 2024; and P/I 11.64.4, September 8, 2025. Four versions of this policy were in effect throughout our audit scope. We assessed each and determined that each version requires the COTR to monitor contractual requirements, and each of the three newest versions explicitly require a detailed review of all invoices.

requirements independent of any delegation of duties.[17] Ultimately, neither the COTR nor VMO officials ensured that the invoices had the supporting documentation that is required and necessary to provide reasonable assurance that the supplier's invoices were accurate.

As a result, we are questioning $7,753,279.24[18] that the company spent on this supplier's work from March 1, 2023, to September 15, 2025, because the company did not ensure that invoices were adequately supported.[19] Given the dearth of documentation, we determined that all but one invoice were unsupported. Regardless, the company can revisit and evaluate these unsupported costs to determine if any portion should be disallowed and recovered.

Weak Controls Resulted in the Company Paying for Unapproved Offshore Work

The company approved and paid for work that the supplier's invoices showed was performed outside the United States (offshore) without required approvals and was billed at unreasonably high rates.

Offshore work not approved. We reviewed 128 invoices[20] and identified 20 with offshore labor charges totaling $201,735. Although the company is allowed to contract for offshore work,[21] we assessed the company's electronic procurement system and found no approvals by procurement officials or senior officials in the end-user department for such work, despite prompts in the system.[22] Further, both the CO and

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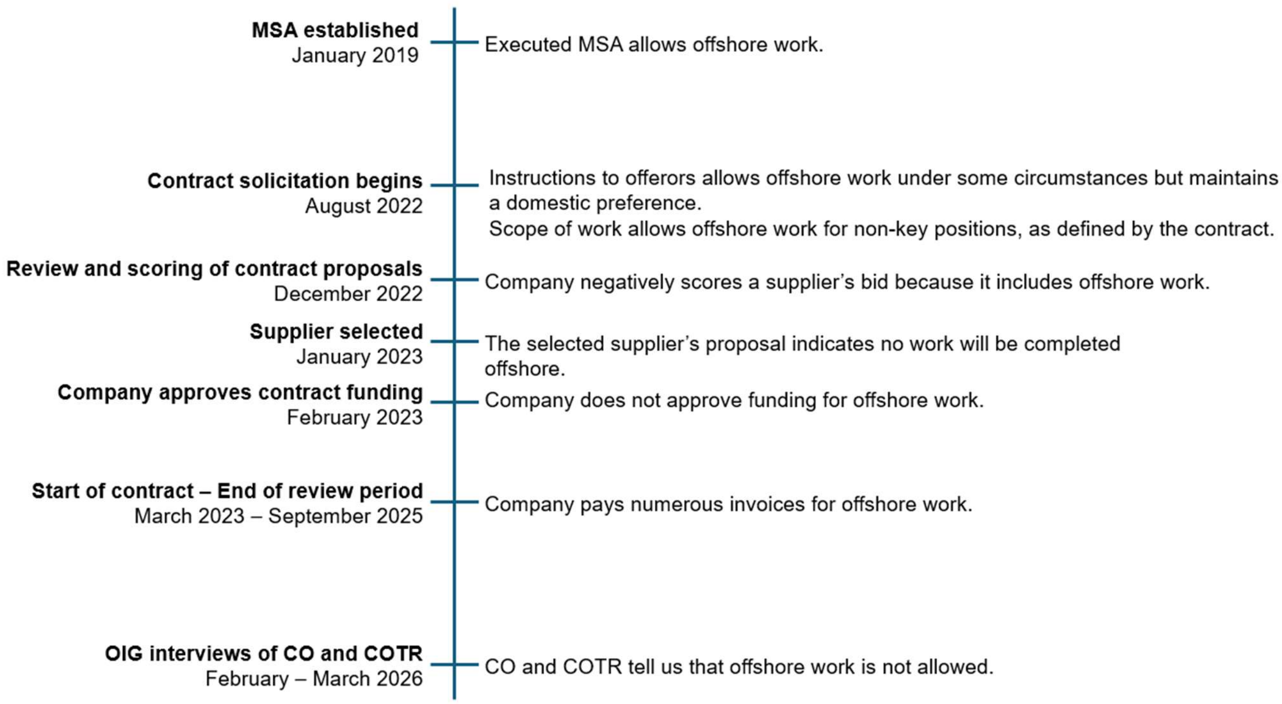
[17] SOP 1017.00, Contracting Official's Technical Representative (COTR) Procedure, February 26, 2021; SOP 1017.01, April 5, 2024; and SOP 1017.02, May 2, 2025. Three versions of this policy were in effect throughout our audit scope. All versions are consistent as to the COTR's responsibility described above.
[18] The company paid a total of $7,759,368.04 to the supplier in our review period. One invoice totaling $6,088.80 had all supporting documentation; therefore, our total questioned amount is $7,753,279.24.
[19] We are questioning these costs under the definition in the IG Act, as amended, 5 U.S.C. § 405(a)(4).
[20] For additional information about these 128 invoices, see Appendix A.
[21] The company is generally allowed to pay for offshore work if it meets grant requirements and is approved by senior company officials.
[22] Ariba-on-Demand—the company's electronic procurement system—requires COs to state in purchase requisitions if contract funding will result in work performed outside of the United States.

COTR told us that no offshore work was approved, and they were unaware that the supplier billed for any offshore work until we told them.[23]

The company paid for unapproved offshore work because it did not establish and implement (1) validation steps to ensure that all work on this contract was performed in the United States, or (2) additional controls to ensure that senior company officials approve any work performed outside the United States. Further, we found inconsistencies in the company's actions and communications to suppliers regarding whether offshore labor was permitted for this contract, as Figure 3 shows.

Figure 3. Timeline of Company's Inconsistent Actions and Communications Related to Offshore Labor on Technology Services Contract



Source: OIG analysis of contract documents and interviews with company officials

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[23] During the contract selection process, the company communicated to bidders that it expected key project resources to be onsite and that remaining resources may be offshore. When asking for best and final offers, however, the company communicated that offshore work was not allowed. The company did not consistently apply this specification because it cited proposed offshore labor as a reason justifying a lower score of another proposal. The pre-award phase for this contract was outside the scope of our review; however, in this report we discuss some decisions made during that time because of their impact on the post-award phase.

Notwithstanding these inconsistencies, the company's electronic procurement system is designed to prompt both the Procurement department and end-user department to approve offshore work for any given contract. In addition, annual federal grants to the company state that contracts for "IT services, including subsidiary services, must be performed within the United States to the extent practicable."[24] Nevertheless, as of January 2026, senior company officials had not approved the use of offshore labor for the contract we reviewed. Without such approvals, the company's payments for such work on this contract were not allowed. Absent adequate oversight to ensure that all work is performed onshore or, alternatively, having senior company officials approve any work to be performed offshore, the company does not have reasonable assurance that it is using this funding in accordance with annual federal grants, which could increase the company's legal and compliance risk.

Company may have paid for work outside the United States at an unreasonably high rate. The COTR approved invoices where the supplier billed for offshore labor at rates closely aligned with onshore work.[25] The pricing schedule on the MSA shows that labor averages for offshore work were approximately 67 percent less than onshore work, meaning the company significantly overpaid for this work.[26] If offshore work had been approved, the company would have saved an estimated $135,000 by enforcing the lower rate. As a result, we are questioning at least $135,000 the company overpaid for offshore labor.[27] Again, the company can evaluate these questioned costs to determine if they are disallowed and recoverable.

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[24] FY25 National Network Cooperative Agreement to the National Railroad Passenger Corporation, clause 75.

[25] The company's COTR policy for invoice reviews requires validating the rates charged. P/I 11.64.4, Contracting Official's Technical Representative (COTR) Requirements, September 8, 2025, specifically: 4.10.1. The COTR will conduct a detailed review of each invoice, and any overbillings or discrepancies from the contract may result in a denied invoice.

[26] For this analysis we compared the MSA's 2022 pricing schedule for positions based onshore with the same positions based offshore. According to company personnel, the 2022 pricing schedule is the most recent version.

[27] The $135,000 of questioned costs for offshore labor is included in the approximately $7.8 million in costs we questioned for insufficient documentation. In determining this amount, we used a judgmental sample of 128 invoices and thus cannot project the questioned costs for all 297 invoices. As a result, the company may have paid for more offshore work than identified in this report.

Contract Terms May Have Limited the Company's Ability to Hold Supplier Accountable

The company selected terms for the contract that did not align with the services it required, which may have limited its ability to hold the supplier accountable for its costs, schedule adherence, and performance. Specifically, the company awarded the work using terms associated with a firm-fixed-price contract. Such contracts establish a set price and are used when services can be clearly defined.[28] Despite this, the company requested and accepted monthly invoices from the supplier based on labor hours—a practice more typical for time and materials contracts, where payments are based on actual labor and material costs.[29]

This misalignment began at the start of the contract process. When the company issued its initial request for proposals, it requested suppliers to provide price proposals that included "all costs of supervision, labor, materials, tools, supplies, insurance, bonds and any other items necessary" to accomplish the requested services. This aligns with firm-fixed-price contracts. Later in the solicitation, however, the company requested that suppliers provide bids based on predetermined staffing levels and further stipulated that the supplier would bill the company based on actual labor hours—a practice that aligns with time-and-materials contracts.

The contract's terms and performance expectations are misaligned because during the solicitation the company's needs evolved to align with a time-and-materials contract. The company, however, did not amend the contract to reflect this evolution. If it had chosen to keep this as a firm-fixed price contract, it would have needed to amend the contract to include deliverables tied to specific milestones.

Company stakeholders told us they have not identified any issues with the quality or timeliness of the supplier's overall performance.[30] Nonetheless, the use of firm-fixed

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[28] Amtrak's Procurement Manual, V.1.0, December 8, 2021, states that a firm-fixed price contract "establishes a lump sum price or unit prices and a total contract price, which are not subject to adjustment based on the contractor's cost experience in fulfilling the contract." It further states that a firm-fixed price contract should be used when purchasing commercial off-the-shelf commodities, goods or services which have definitive or detailed specifications, and a reasonable price can be established.
[29] Amtrak's Procurement Manual, V.1.0, December 8, 2021, notes that a time and materials contract is appropriate when goods or services are furnished at specified fixed costs, such as hourly rates, because the number of hours can vary.
[30] The COTR told us that when an individual supplier employee was not performing at an acceptable level, they had that employee replaced, but we did not find this process documented in the contract files.

price contract terms for work billed on a time-and-material basis limits the company's ability to oversee the supplier's cost, schedule adherence, and performance. For example, a firm-fixed price contract without milestones tied to deliverables does not give the company clarity regarding: (1) when the supplier has satisfied its obligations under the contract and (2) the overall schedule the company expected the supplier to achieve. Further, paying based on actual labor used, increases a supplier's incentive to maximize the hours it bills instead of only the hours it needs to meet the contract's deliverables. This deprives the company of price certainty, a key benefit of a firm-fixed price contract. Although the company has spent most of the funds it initially committed to this contract, it extended the period of performance and added additional funds. Without addressing the weaknesses we identified, the company's ability to oversee this contract will continue to be limited.

CONCLUSIONS

The company did not effectively oversee this contract and has opportunities to improve the oversight of its costs, schedule, and performance. Because we found that the company accepted invoices that were not adequately supported, we are questioning $7,753,279.24 in costs. Evaluating these unsupported costs may allow the company to recover any that are disallowed. Further, ensuring that invoices have adequate supporting documentation and that offshore work is approved and paid at the appropriate rate will help the company demonstrate its stewardship of taxpayer funds and reduce legal and compliance risks. Moreover, assessing whether to amend this contract to include contract terms that better align with the services requested could help the company better hold this supplier accountable.

RECOMMENDATIONS

To improve the effectiveness of the company's oversight of this technology services contract, we recommend that the Executive Vice President, Chief Financial Officer, in coordination with the Executive Vice President, Digital Technology & Innovation and the Vice President, Chief Procurement and Supply Chain Officer, take the following actions:

1. Develop and implement a process for the COTR to review and reconcile forthcoming supplier invoices before payment to ensure that they are supported by all required documentation.

2. Evaluate the $7,753,279.24 in unsupported costs we identified and, based on the results, recover any disallowed costs from the supplier.

3. Establish and implement validation steps on this contract to ensure that all work going forward is performed onshore or establish additional controls to ensure that senior company officials approve any work to be performed offshore.

4. Determine the full amount the company may have overpaid for unapproved offshore labor—which we estimate may be at least $135,000—and recover any disallowed costs from the supplier.

5. Assess whether to amend this contract to better hold the supplier accountable for its performance. This could include either adding defined milestones in line with the current contract terms or amending the terms to be consistent with its scope of services.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of our report, the Executive Vice President, Chief Financial Officer, agreed with our recommendations and identified actions the company plans to take to address them, which we have summarized below:

- **Recommendation 1:** Management agreed with our recommendation to develop and implement a process for the COTR to review and reconcile forthcoming supplier invoices before payment to ensure that they are supported by all required documentation. Management stated that the Procurement department, in partnership with DT, will enhance COTR training. DT will also develop and implement a standardized checklist for invoice reviews across their contracts and will conduct sessions to increase understanding of contract oversight responsibilities. The target completion date is September 30, 2027.

- **Recommendation 2:** Management agreed with our recommendation to evaluate the $7,753,279.24 in unsupported costs we identified and, based on the results, recover any disallowed costs from the supplier. To achieve this, Management stated that it has requested supporting documentation from the supplier and will determine whether any costs are disallowed. If Management identifies disallowed costs, it plans to pursue recovery from the supplier. The target completion date is December 31, 2026.

- **Recommendation 3:** Management agreed with our recommendation to establish and implement validation steps on this contract to ensure that all work going forward is performed onshore or establish additional controls to ensure that senior company officials approve any work to be performed offshore. Management stated that they will continue to review supplier staffing information to validate that work is being performed onshore. The target completion date is December 31, 2026.

- **Recommendation 4:** Management agreed with our recommendation to determine the full amount the company may have overpaid for unapproved offshore labor. Management also stated, however, that it believes that invoice references to offshore labor were the result of a supplier error; therefore, it believes there are no disallowed costs. Management stated it will continue to review performance and invoices through contract completion. We will assess the company's decisions about offshore labor during our regular recommendation closure process. The target completion date is December 31, 2026.

- **Recommendation 5:** Management agreed with our recommendation to assess whether to amend this contract to better hold the supplier accountable for its performance. Upon review, however, management stated it does not believe that amending the current contract will add value. Management stated that it will continue to monitor supplier performance through the contract closeout process and document lessons learned for future sourcing activities. The target completion date is December 31, 2026.

For management's complete response, see Appendix B. Management also provided technical comments that we have incorporated into this report as appropriate.

APPENDIX A

Objective, Scope, and Methodology

This report provides the results of our audit assessing the company's management of a technology services contract for supplemental staffing in the company's DT department. Our objective was to assess the company's oversight of the cost, schedule, and performance of this technology services contract. Our results apply solely to this contract and not to the company's contracting practices more broadly. Our scope was from March 1, 2023 (the contract's inception) through September 15, 2025. We conducted our work from August 2025 through August 2026 in Washington, D.C.; Philadelphia, Pennsylvania; and New York City, New York.

To assess the company's oversight of the cost, schedule, and performance of the contract we did the following:

- **Oversight.** We interviewed company personnel in the DT and Procurement departments involved in the contract's management to better understand how they identified and resolved issues related to cost, schedule, and performance. We also reviewed communications, such as emails, between company personnel and the supplier.

- **Cost.** We reviewed company policy, guidance, and the contract's terms and conditions to determine requirements for allowable and supported costs. We then assessed supplier invoices to determine if they adhered to contract requirements and company policies.

- **Schedule.** Although the contract did not have explicit schedule milestones, we took steps to assess the extent to which the supplier performed its work according to the company's ad hoc schedule, including interviewing company personnel with knowledge of the contract.

- **Performance.** Although the contract did not have explicit performance measures and the company does not have a standardized process for documenting supplier performance, we took steps to assess the extent to which the supplier met required conditions and deliverables, including reviewing solicitation documents to better understand performance expectations at the outset of the contract and interviewing company personnel with knowledge of the contract.

To ensure the consistency of our work and determine if the contract file contained key components related to cost, schedule, and performance, we developed and used a standardized data collection instrument. In addition, we reviewed and analyzed relevant company documents, including the procurement manual, standard operating procedures, and related company guidance for contract oversight. We also interviewed stakeholders in the Procurement and DT departments on cost, schedule, and performance of this contract.

Process for selecting this contract to audit. Using the company's accounts payable data, we identified all company suppliers from October 2019 through May 2025.[31] From this, and based on our knowledge of the company's procurement risk, we judgmentally selected 13 suppliers. Relying on Procurement department data, we then used four factors to inform our contract selection: (1) contracts for services, (2) contracts with a maximum commitment value from $2 million to $50 million, (3) contracts with an effective date before January 2025, and (4) contracts with an expiration date after December 2025. We identified a total of 13 contracts that met all 4 factors.[32] From these, we judgmentally selected this technology services contract because our preliminary work indicated possible oversight challenges.

Process for selecting and analyzing a generalizable sample of invoices.[33] To analyze invoices for unsupported costs, we queried the company's accounts payable data for invoices that the selected supplier submitted to the company during our review period. This yielded 297 invoices. We then independently validated this population by using invoice data that the CO provided. Based on these results, we believe we have reasonable assurance of the complete population of invoices the supplier submitted during our review period.

To determine our analytical approach, we first tested our invoice review methodology. We did so by randomly selecting and examining six invoices to better understand their content, as well as the level of effort required to analyze one invoice. Based on this

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[31] This is based on when the company implemented Ariba-on-Demand, its current procurement system of record.

[32] The 13 identified contracts are not evenly distributed across the 13 identified suppliers.

[33] We developed steps for our analysis to ensure that our review of invoices was uniform across audit team members performing this task.

testing, we performed two separate analyses with different sampling characteristics, as follows:

- *Analysis of invoice attributes*. We selected a generalizable, simple random sample of 73 invoices to review for selected attributes, such as the presence of weekly reports and monthly accrual documents.[34] This sample can be projected to the entire population. Because we selected the 73 invoices randomly, our sample is only one of a large number of samples that we might have drawn. Because each sample could have provided different estimates, we express the confidence in our sample's results using a 95 percent confidence interval. This is an interval that would contain the actual population value for 95 percent of the samples we could have drawn.

- *Analysis of unsupported costs*. Under the Inspector General Act of 1978, as amended, costs are considered "unsupported" if they are not supported by adequate documentation at the time of the audit. Because the contract states that invoices are based on actual resource utilization, we consider adequate supporting documentation to include timesheets and monthly accruals, as well as weekly reports, which the contract requires. Early in our audit, we determined that 234 of the 297 invoices in our review population (79 percent) did not contain timesheets and therefore were unsupported. After this initial observation, we chose to review all 63 remaining invoices for unsupported costs, thus allowing us to report on total unsupported costs across all 297 invoices in our scope.

We included steps in our analysis process to ensure the accuracy of the invoice population and associated data. In addition, to ensure consistency, we reviewed the data for reasonableness, and we compared key values such as invoiced amounts across multiple systems.

Analysis of offshore work completed by supplier. During our review of the contract file, we noted that the company did not approve the contract for offshore work. We also observed that some invoices showed that the company paid for work that the supplier performed offshore. To determine the amount the company paid for offshore work, we reviewed 128 invoices. This included 73 invoices in the random sample we assessed for weekly reports and monthly accruals, 52 invoices the supplier submitted after the

[34] We use the term "attributes" to describe yes/no questions about the invoices.

company began requesting timesheets,[35] and 3 invoices reviewed during methodology testing.[36] To further understand the monetary impact of offshore verses onshore work, we analyzed the MSA's price schedule to determine the rate difference for job titles when performed offshore versus onshore.[37]

We conducted this performance audit in accordance with generally accepted government 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 objectives.

Internal Controls

We reviewed the company's internal controls for this contract. We assessed the internal control components and underlying principles and determined that the following internal control areas, among others, were significant to our audit objective:

- **Risk Assessment**. Management should identify, analyze, and respond to risks related to achieving the defined objectives. Management should consider the potential for fraud when identifying, analyzing, and responding to risks. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

- **Control Activities**. Management should design control activities to achieve objectives and respond to risks, such as training requirements, segregation of duties, and approvals. Management should design the entity's information system and related control activities to achieve objectives and respond to risks. Management should implement control activities through policies.

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

[35] Although there are 63 invoices since the company began requesting timesheets, 11 of these invoices were already selected and reviewed as part of the generalizable sample.
[36] We reviewed six invoices during methodology testing. We selected two of these invoices and reviewed them as part of the generalizable sample, and we removed one during testing because it was cancelled.
[37] The position titles from the MSA that we compared for onshore and offshore rates were identical. These position titles were similar, but not identical to the positions in the contract.

the necessary quality information to achieve the entity's objectives. Management should externally communicate the necessary quality information to achieve the entity's objectives.

We developed audit work to ensure that we assessed each of these controls for this contract. This included reviewing policies and procedures to identify requirements and then comparing them to the company's practices for this contract. We also reviewed the CO and COTR responsibilities and actions to ensure that the company was sufficiently mitigating contract oversight risk. In addition, we reviewed the contract file to determine if adequate documentation existed to support post-award procurement oversight. We have noted in this report the internal control deficiencies our audit work identified. Because our review was limited to these internal control components and underlying principles, we may not have identified all of the internal control deficiencies that may have existed at the time of the audit.

Computer-processed Data

The company typically includes in its contracts a signed contract document that includes the scope of work, schedules (if applicable), deliverables (if applicable), and terms and conditions. We found that most of the documents we reviewed were not computer-generated outside of the invoices. We worked with our Office of Data Analytics to reconcile the company's list of invoices associated with this contract with the company's accounts payable data. We confirmed that the invoice population was complete. We identified our invoice sample size, with the advice and input from our statistician. Based on our professional judgement, we determined that the data were sufficiently reliable for the purposes of our audit.

Prior Reports

In conducting our analysis, we reviewed the following reports:

- *Acquisition and Procurement: Company Has Opportunities to More Effectively Ensure That It Awards Contracts in Its Best Interest* (OIG-A-2025-007), June 30, 2025
- *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

APPENDIX B

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

Memo

AMTRAK

Date: August 27, 2026

From: Kuvesh Ayer, VP Chief Procurement Officer & SCO

Costin Corneanu

Costin Corneanu, EVP Chief Financial Officer

Christian Zacariassen, EVP Digital Technology and Innovation Officer

Christian Zacariassen

To: John Marzullo, Assistant Inspector General, Audits

Department(s): Digital Technology, Finance, and Procurement

cc William Herrmann, Interim President
Ken Altman, VP Government Affairs & Corporate Communications
Devarajan Koushik, Interim Marketing & Chief Commercial Officer
Tonia McMillan, Interim Chief Human Resources Officer
Laura Mason, EVP Capital Delivery
Jennifer Mitchell, EVP Strategy & Planning
Steven Predmore, EVP Chief Safety Officer
Gerhard Williams, EVP Chief Operations Officer

Subject: Management Response to **Procurement:** *Company Can Significantly Improve Its Oversight of a Technology Services Contract* (Draft Audit Report for Project No. 010-2025).

This memorandum provides Amtrak's response to the draft audit report titled, "Company Can Significantly Improve Its Oversight of a Technology Services Contract". In summary, management appreciates the OIG's review and agrees that opportunities exist to strengthen documentation retention, invoice reconciliation procedures, and contract administration training. However, Management respectfully disagrees with the conclusions that equate documentation deficiencies with unsupported performance, disallowed costs, unapproved offshore labor, or actual financial loss. Based on management's independent review of contract records, supplier documentation, resource utilization data, stakeholder validation, and operational outcomes, management has not identified evidence of fraud, waste, abuse, unperformed work, supplier nonperformance, or recoverable overpayments. Accordingly, management views the findings principally as process and documentation improvement opportunities rather than indicators of material financial exposure. Management will continue to monitor supplier performance and review invoicing to ensure compliance with contractual requirements through the remaining lifecycle of the contract.

NATIONAL RAILROAD PASSENGER CORPORATION

To address the issues noted in the audit report, the OIG recommends that the Executive Vice President, Chief Financial Officer, in coordination with the Executive Vice President, Digital Technology & Innovation and the Vice President, Chief Procurement and Supply Chain Officer, take the following action(s):

Recommendation #1:
Develop and implement a process for the COTR to review and reconcile forthcoming supplier invoices before payment to ensure that they are supported by all required documentation.

Management Response/*Action Plan:* Management agrees with this recommendation. Procurement, in partnership with Digital Technology (DT), will enhance COTR training to ensure COTRs understand their responsibilities related to invoice review, reconciliation, and contract administration.

DT will develop and implement a standardized COTR One-Page Checklist to support consistent invoice review and reconciliation activities across DT contracts; the checklist will be reviewed and updated annually to ensure continued relevance and effectiveness.

To further reinforce compliance and accountability, DT Awareness Sessions will be conducted to increase understanding of contract oversight responsibilities and promote consistent application of established controls and procedures.

Procurement's COTR policy and eLearning are already slated for revisions to clarify expectations of COTRs across the enterprise and will be rolled out in FY27.

Responsible Amtrak Official(s): Christopher W. Drabouski, Sr Dir Procurement
Adrienne Anderson-Ferrell, Sr Dir DT Org. Change Management & Supplier Relations

Target Completion Date: September 30, 2027

Recommendation #2:
Evaluate the $7,753,279.24 in unsupported costs we identified and, based on the results, recover any disallowed costs from the supplier.

Management Response/*Action Plan:* Management agrees that documentation and process improvements are warranted. Since the initiation of this agreement, DT has had rigorous oversight of supplier activities for this agreement. Management has requested supporting documentation from the supplier and will conduct a review process to validate if there are any disallowed costs. If we determine that there are disallowed costs, Management will pursue appropriate recovery from the supplier.

Responsible Amtrak Official(s): Christopher W. Drabouski, Sr Dir Procurement
Adrienne Anderson-Ferrell, Sr Dir DT Org. Change Management & Supplier Relations

NATIONAL RAILROAD PASSENGER CORPORATION

Target Completion Date: December 31, 2026

Recommendation #3:
Establish and implement validation steps on this contract to ensure that all work going forward is performed onshore or establish additional controls to ensure that senior company officials approve any work to be performed offshore.

Management Response/*Action Plan:* Management agrees with this recommendation. Management provided a written notice to the supplier requiring that all work is performed onshore as stated in the contract. The supplier acknowledged receipt of this notice in writing. In addition, the supplier notified management that the reference to "offshore" work on the invoice was the result of an error and confirmed that all work performed under this agreement was performed onshore and will continue to be performed onshore, per the requirements in the contract.

To validate compliance, Management will continue reviews of supplier staffing information and related contract performance documentation to confirm that work is being performed by onshore personnel. Any identified deviation from the contractual onshore requirement will be escalated and addressed in accordance with established contract management procedures.

Cybersecurity has recently implemented monitoring and alerting controls that automatically detect and notify appropriate personnel when resources connect from locations outside the United States or Canada, enabling timely review and response to potential offshore work.

Responsible Amtrak Official(s): Adrienne Anderson-Ferrell, Sr Dir Org. Change Management & Supplier Relations

Target Completion Date: December 31, 2026

Recommendation #4:
Determine the full amount the company may have overpaid for unapproved offshore labor - which we estimate may be at least $135,000 - and recover any disallowed costs from the supplier.

Management Response/*Action Plan:* Management agrees with the OIG's recommendation to recover disallowed costs from the supplier. However, management believes that there are no disallowed costs to recover. The supplier has since validated that all work performed under this agreement was performed onshore, and the reference to "offshore" work on the invoice was the result of an error. Management will continue to monitor supplier performance and review invoices to ensure compliance with contractual requirements and the accuracy of future billings through contract completion.

NATIONAL RAILROAD PASSENGER CORPORATION

Responsible Amtrak Official(s): Christopher W. Drabouski, Sr Dir Procurement
Adrienne Anderson-Ferrell, Sr Dir DT Org. Change Management & Supplier Relations

Target Completion Date: December 31, 2026

Recommendation #5:
Assess whether to amend this contract to better hold the supplier accountable for its performance. This could include either adding defined milestones in line with the current contract terms or amending the terms to be consistent with its scope of services.

Management Response/*Action Plan:* Management agrees that an assessment of the contract is warranted. Upon review, management does not believe that the current structure impaired supplier accountability. The contract type reflected business judgement at the time of the award, and supplier performance was effectively managed through ongoing oversight, resource controls, status reporting, and performance monitoring.

Given the contract's expiration on September 30, 2026, and the effectiveness of existing oversight mechanisms, management does not believe amending the current contract would provide meaningful value. Management will continue to monitor supplier performance through contract closeout and document any lessons learned for future sourcing activities.

Responsible Amtrak Official(s): Christopher W. Drabouski, Sr Dir Procurement
Adrienne Anderson-Ferrell, Sr Dir Org. Change Management & Supplier Relations

Target Completion Date: December 31, 2026

APPENDIX C

Abbreviations

the company	Amtrak
CO	Contracting Official
COTR	Contracting Official's Technical Representative
DT	Digital Technology and Innovation
MSA	Master Service Agreement
VMO	Value Management Office

APPENDIX D

OIG Team Members

Anne Keenaghan, Deputy Assistant Inspector General, Audits

Dorian Herring, Director

Steven R. Cohen, Audit Manager

Brian Persse, Senior Auditor, Lead

Clare Shepherd, Senior Auditor, Lead

Athena Postlewait, Senior Auditor

Jed Marcelo, Senior Auditor

Frank Mazurek, Counsel to the Inspector General

Nadine Jbaili, Senior Associate Counsel

Alison O'Neill, Communications Analyst

Sid Schwartz, Contractor Statistician

Casandra Toole, Contractor

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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Contact Information

J.J. Marzullo

Assistant Inspector General, Audits

Mail: Amtrak OIG

10 G Street NE, 3W-300

Washington, D.C. 20002

Phone: 202-906-4600