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OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

Financial Management:

Improved Governance Would Help the Company Address Infrastructure Investment and Jobs Act Compliance Risks

OIG-A-2027-001 | November 19, 2026

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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: November 19, 2026

Subject: *Financial Management: Improved Governance Would Help the Company Address Infrastructure Investment and Jobs Act Compliance Risks* (OIG-A-2027-001)

The Infrastructure Investment and Jobs Act (IIJA) provided up to $66 billion for passenger and freight rail improvements—the largest investment in rail in generations. Of this, IIJA provided $22 billion in supplemental funding exclusively to Amtrak (the company) to bring its capital assets into a state of good repair. The law also provided discretionary grants to advance safe and efficient rail, for which the company competes with freight railroads, state and local governments, and other applicants. As of December 2025, the Federal Railroad Administration (FRA) obligated $8.2 billion in discretionary grants to the company.

Beyond the billions in new funding, IIJA included extensive requirements for the company on operations, policy, and financial matters.[1] In 2022, Congress directed our office to focus on financial matters. In 2023, we reported that the company was positioning itself to comply with the law's financial requirements, including its use, accounting, and reporting of the $22 billion in supplemental funding.[2] At that time, however, the company had not received any IIJA discretionary grants.

[1] Operational requirements address the company's day-to-day management of train services. Policy requirements address formalizing company practices. Financial requirements address the company's use, accounting, and reporting of IIJA funds.
[2] *Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act* (OIG-A-2023-011), September 1, 2023.

Consistent with the directive from Congress, the objective of this review was to assess the company's management of its financial reporting requirements for IIJA.[3] Individual IIJA-funded transactions and the company's compliance with the law's operational and policy requirements were outside the scope of this review, but we have previously conducted a series of audits of the company's management and oversight of individual IIJA-funded programs and contracts.[4]

To complete our assessment, we analyzed data, documents, and information systems supporting the company's IIJA reporting. We compared the company's activities to its compliance plan and reviewed reports by its internal audit group and independent public accountant. We interviewed 43 officials in 6 departments, as well as FRA officials who oversee the company's IIJA compliance. Our scope covered obligation and expenditure data through December 2025. For more details, see Appendix A.

SUMMARY OF RESULTS

Since 2023, the company has taken a series of steps to meet its reporting requirements for the $22 billion in IIJA supplemental funding. Five years since the law's passage, however, the company has not fully developed its governance structures to ensure compliance with these requirements. Moreover, since the company set up its IIJA governance structures, it has received discretionary grants that compounded its compliance burden, but its management processes have not kept pace. Accordingly, we identified the following four weaknesses:

- **Unclear roles for staff.** Seven company groups are involved in IIJA grant compliance activities. Their roles and responsibilities, however, are not always clear, including how they should coordinate.
- **Inefficient and error-prone processes.** The company manually tracks hundreds of IIJA reporting requirements from its grant agreements but consistently omits

[3] These include requirements such as monthly and quarterly financial reports, statements of work explaining how projects achieve IIJA's broader goals and outcomes, monthly progress reports, and an annual plan listing projects anticipated to be funded by the supplemental grants.
[4] These include assessments of the company's management and oversight of its $7 billion Long Distance Fleet Replacement Program; its $4 billion maintenance facilities program supporting its NextGen Acela, Airo, and Long Distance fleet acquisitions; and its $1.74 billion efforts to comply with the Americans with Disabilities Act.

some and incorrectly tracks others. In addition, its manual edits to financial data have introduced inconsistencies in that data.

- **Limited monitoring for discretionary grants.** The company monitors its $22 billion in supplemental grants for compliance with IIJA's reporting requirements but has not established similar processes for its $8.2 billion[5] in discretionary grants.
- **Risks to IIJA compliance not assessed at enterprise-level.** The company does not systematically identify risks that could prevent it from meeting its legal obligations under IIJA.

Taken together, these weaknesses increase the company's risk of not meeting all of its legal obligations under IIJA. Some of these risks have already been realized. For example, FRA mandates the use of certain terms in contracts funded with discretionary grants, but the company reported to FRA that it omitted or used incorrect terms in 719 of the 1,279 contracts it reviewed.[6] As a result, FRA responded with a formal letter of non-compliance requiring the company to develop corrective actions that include steps consistent with addressing several of our findings.

Therefore, we recommend that the company define roles and establish quality control steps for IIJA grant compliance responsibilities, reassess its monitoring needs for discretionary grants and implement appropriate procedures, and assign responsibility for identifying and mitigating IIJA compliance risks at the enterprise level.[7] In commenting on a draft of this report, the Executive Vice President, Chief Financial Officer—in coordination with the Vice President, Government Affairs & Corporate Communications, and the Acting General Counsel—agreed with our recommendations and described actions the company plans to take to address them. For management's complete response, see Appendix C.

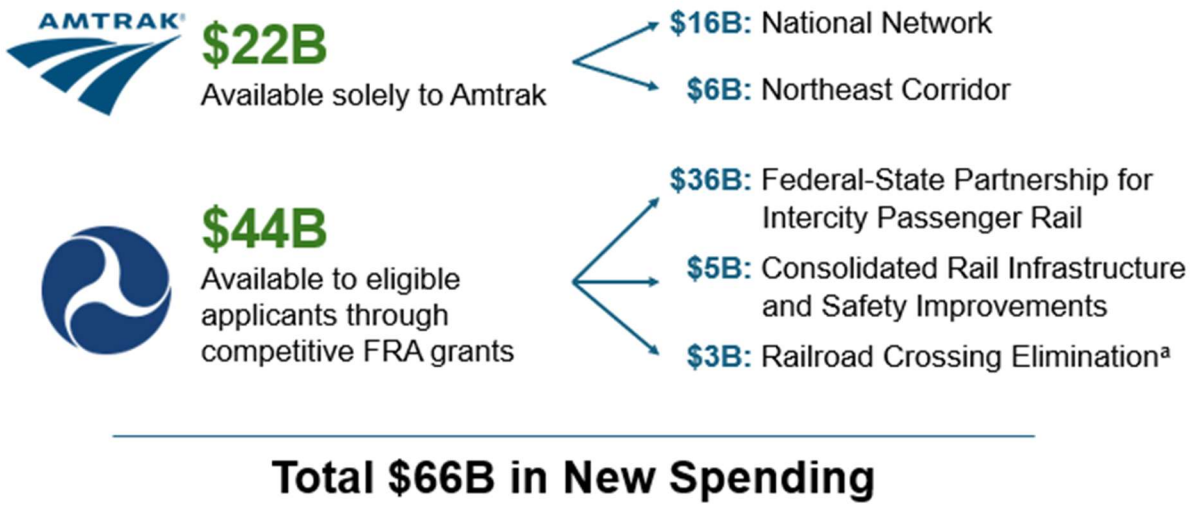
BACKGROUND

Signed into law in November 2021, IIJA provides up to $66 billion for passenger and freight rail improvements. Some are supplemental funds available solely to the

[5] This total reflects obligated grants as of December 2025.
[6] This total reflects contracts the company reviewed as of February 2026. If the company reviews additional contracts, this number could rise.
[7] In June 2026 while our audit was underway, FRA separately identified similar weaknesses and directed the company to take additional corrective actions.

company, and some are discretionary grants for which the company competes with other applicants, as Figure 1 shows. Appendix B provides more information about each of these programs.

Figure 1. IIJA Funds Available for Passenger and Freight Rail (in billions)



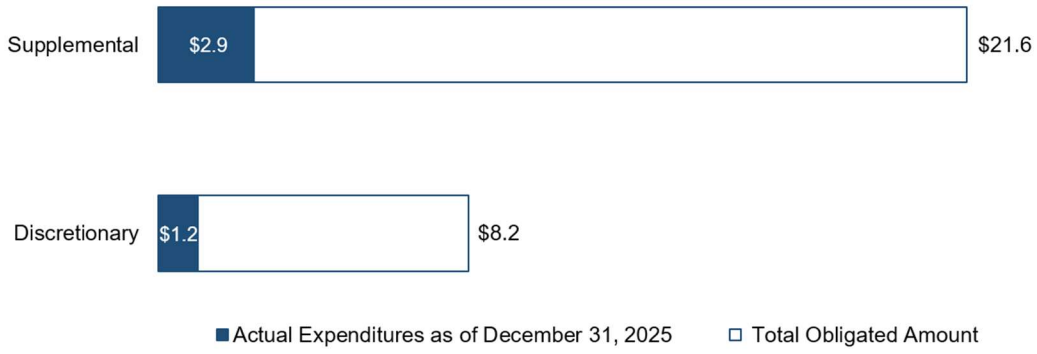
Source: OIG analysis of IIJA
Note:
[a] The company may benefit from these grants but is not eligible to apply for them directly.

Funding available solely to the company (supplemental). IIJA provided approximately $22 billion to the company through two grants to upgrade its capital assets, acquire new trainsets, and reduce its backlog of deferred capital projects, such as projects to bring stations into compliance with the Americans with Disabilities Act (ADA). These funds are commonly called "supplemental" because they are in addition to the annual grants the company already receives.

Funding available through competitive grants (discretionary). The company has access to, or may benefit from, as much as $44 billion in competitive IIJA grants. The company must apply for these grants and compete with other applicants—such as other rail carriers, state and local governments, and public agencies and authorities—either alone or in partnership. These funds are commonly called "discretionary" because the grantor (FRA) exercises its discretion to select grant recipients based on merit and eligibility.

As of December 31, 2025, FRA had obligated to the company its full $22 billion in IIJA supplemental grants and another $8.2 billion in discretionary grants.[8] Figure 2 provides an overview of the company's planned and actual spending under these grants. For more information, see Appendix B.

Figure 2. Planned and Actual IIJA Expenditures by Grant Program, as of December 31, 2025 (in billions)



Source: OIG analysis of IIJA and company reporting

IIJA Requirements

The scale and complexity of IIJA's funding introduced a wide range of new requirements. This audit focused on the company's efforts related to its financial reporting requirements, which allow FRA and Congress to verify that the company is spending IIJA funds appropriately.[9] These requirements are defined in individual grant

[8] The full supplemental obligation to the company totals approximately $21.585 billion; the remaining $415 million is distributed to FRA, the Northeast Corridor Commission, the State-Supported Route Committee, and the Interstate Rail Compact and Restoration and Enhancement grant programs.
[9] Assessing operational and policy requirements was outside the scope of this review. Operational requirements address the company's day-to-day management of train services. For example, IIJA requires the company to establish a working group to provide recommendations to improve the company's onboard food and beverage service. Policy requirements address implementing or complying with certain statutory provisions, such as requiring the company to clarify that its Chief Executive Officer is a nonvoting member of its Board of Directors. (The company's Chief Executive Officer position has been vacant since March 2025.)

agreements and vary from one grant to another, but they generally require the company to submit key reports and documents to FRA, such as the following:

- *Annual detailed spend plan.* The company must submit a detailed plan each year with an overview of projects it proposes financing with IIJA supplemental funds. The plan includes projects FRA has approved and projects the company has not yet fully developed. FRA reviews the plan to ensure that proposed projects meet eligibility requirements.

- *Work plan and statements of work.* The company was required to submit to FRA a work plan for its use of supplemental funds during the obligation process, which it did. The company must provide project-level statements of work that document scope, budget, intended outcomes, and performance measures for the projects included in the work plan. As grant activities evolve, the company must update its plan. For discretionary grants, the statement of work is part of the grant agreement and is submitted as part of the obligation process. It includes a general project description, location, and scope.

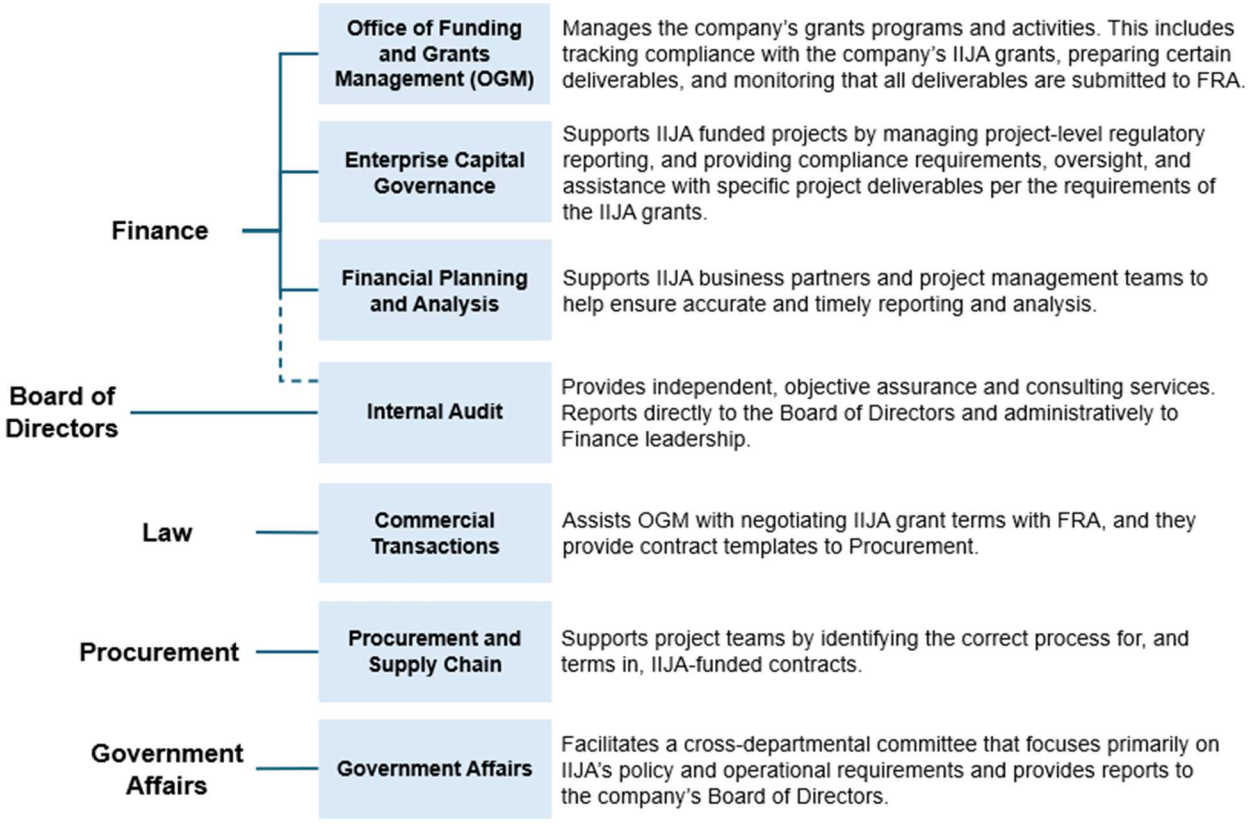
- *Periodic reporting.* The company must submit a monthly report showing the cumulative expenditure and remaining balance of its supplemental grant funds. For all IIJA grant-funded projects, the company also submits progress reports that provide narrative information on each project's status and budget performance. In addition, the company must submit periodic financial reports (typically quarterly) for its supplemental and discretionary grant funds that provide support for federal grant receipts and expenditures.

Stakeholders and Functions

Seven groups across four departments have roles in the company's efforts to comply with IIJA requirements. The Office of Funding and Grants Management (OGM) in the Finance department plays a key role: it manages the company's grant activities, including IIJA financial and reporting requirements. Six other groups support the company's efforts to comply with IIJA requirements, directly or indirectly. For example, the Government Affairs department facilitates a cross-departmental IIJA Implementation Committee that tracks the IIJA operational and policy requirements.

Figure 3 provides an overview of the various company groups involved in these efforts.

Figure 3. Key Company Groups that Support Management of IIJA Requirements



Source: OIG interviews with company officials

Additionally, in fiscal year 2022, the company established the Integrated Risk and Compliance Program (IRCP) to advance its Enterprise Risk Management program. As originally envisioned, the IRCP consisted of the Internal Audit, Enterprise Compliance, and Risk and Controls groups.[10] Its purpose was to identify, manage, and respond to organizational risks, which included those related to IIJA.

[10] The Risk and Controls group includes separate Enterprise Risk and Fraud Risk functions.

To determine whether the company's spending aligns with IIJA's intended purpose, various internal and external entities provide the following oversight:[11]

- The company's Internal Audit group performs quarterly testing of transactions to verify the accuracy, completeness, and timeliness of the data in the company's IIJA supplemental reports.
- The company contracts with an independent public accountant that conducts annual audits of the company's compliance with—and internal controls over—award requirements for major federal programs, including IIJA-funded grants.[12]
- FRA reviews the company's IIJA reports to ensure that the company's spending is supportable and consistent with the law.

AFTER INITIAL PROGRESS, THE COMPANY DID NOT FULLY DEVELOP GOVERNANCE STRUCTURES FOR IIJA COMPLIANCE

Initially, the company took encouraging steps to meet its reporting requirements for the $22 billion in supplemental funding. For example, it established quarterly testing to verify that it submitted the required monthly reports to FRA for its supplemental grants and developed an annual spend plan for using IIJA funds. Notwithstanding these efforts, the company has not fully developed governance structures to ensure that it complies with the law's reporting requirements.

Compounding these challenges has been the company's receipt of discretionary grants after it set up its governance structures. These grants increased the volume and complexity of its IIJA reporting requirements. Before the law's passage, the company had 21 active federal grant agreements. By 2025, this number had more than tripled to 64. For IIJA grants alone, the company must now meet and track hundreds of reporting

[11] Assessing the effectiveness of these groups' oversight efforts was outside the scope of this review.
[12] The company is required to receive these annual audits under federal law and contracted with Ernst & Young LLP to conduct this work.

requirements. Moreover, the requirements for discretionary grants can vary from one grant to another, which further increases the company's management obligations.[13]

In the face of this significantly greater management burden, we identified governance weaknesses that increase the company's risk of not meeting all of its legal obligations under IIJA, which we discuss in the sections that follow.

Unclear Staff Roles

Multiple company groups administer the company's IIJA financial reporting requirements. OGM oversees the company's grants process, and six other company groups are involved in IIJA grant activities and monitoring. In addition to these seven groups, the company established the IRCP to identify, manage, and respond to organizational risks, including those related to IIJA.

The roles and responsibilities of these groups are unclear, however, because they are not adequately defined or documented, which is inconsistent with common management control standards.[14] Among other risks, this condition hinders their ability to effectively coordinate, which could lead to gaps in IIJA administration and accountability.

During our interviews, company officials across these groups revealed instances of staff confusion, uncertainty, and misunderstanding as to their respective roles and responsibilities. For example, Government Affairs and OGM conduct separate but related IIJA compliance tracking activities. Government Affairs monitors operations and policy requirements through its IIJA Implementation Committee, and OGM monitors compliance with the financial requirements in each IIJA grant. These divisions of responsibilities, however, are not always clear. For example, a senior official incorrectly told us that Government Affairs manages most IIJA compliance work. A senior Finance department official told us they were unsure of their role on the

[13] As of November 2025, OGM was tracking 84 combined requirements across its supplemental grant agreements. As described in the Background section of this report, some of these apply separately to each IIJA supplemental grant-funded project. At the time of our review, OGM was tracking a cumulative list of 875 project-level requirements. As of May 2025, for each of its discretionary grant agreements, OGM was also tracking an additional 125 standard requirements and approximately 35 project-specific requirements.

[14] Committee of Sponsoring Organizations of the Treadway Commission (COSO), *Internal Control-Integrated Framework*, May 2013; Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government* (GAO-25-107721), May 2025.

committee. Moreover, Government Affairs officials told us they have little visibility into OGM's IIJA-specific activities despite both groups' work being related.

Inefficient and Error-prone Processes

The company uses manual processes to manage compliance with its grant agreements, which have produced persistent internal tracking errors and data inconsistencies, contrary to management control standards.[15] We identified the following weaknesses:

Tracking requirements. The company tracks hundreds of requirements from its grant agreements, and this number continues to increase as it receives additional discretionary grants. OGM uses an internally created spreadsheet to manually track supplemental grant requirements; the spreadsheet also identifies the internal parties responsible for each requirement. We reviewed this spreadsheet and found nine areas that did not align with the grant agreements. For example, it did not include terms from the grant agreements that dictate which costs FRA considers to be allowable, such as requirements that costs are reasonable and that funds are spent during the performance period.[16] The company also maintains separate spreadsheets for each discretionary grant.[17]

Internal and external reviews of the company's grant requirement spreadsheets have found the following similar inaccuracies:

- In 2023, an Internal Audit assessment found that the company's tracking spreadsheet for supplemental grant requirements was incomplete and identified the need for improved accountability over its maintenance.
- In 2024, an Internal Audit assessment found that some of the company's tracking spreadsheets for discretionary grant requirements did not accurately reflect the amendments and modifications to their related agreements.
- In 2024, the company's independent public accountant found that grant provision language in some of the company's tracking spreadsheets did not match language from the respective grant agreements, which it noted was a significant deficiency in the company's controls over complying with grant

[15] COSO, *Internal Control-Integrated Framework*, May 2013; GAO, *Standards for Internal Control in the Federal Government* (GAO-25-107721), May 2025.
[16] Identifying instances of the company failing to meet the omitted terms was outside our scope.
[17] The company refers to these spreadsheets as "grants compliance matrices." The number of spreadsheets increases with each additional discretionary grant received.

agreements. The independent public accountant found the same issue in 2025, and some provisions that were missing entirely, which it again noted was a significant deficiency.

Failure to resolve this known deficiency in a timely manner has significantly increased the company's risk of overlooking—and thus potentially not adhering to—IIJA grant requirements. In addition, FRA has changed requirements over time, necessitating ongoing vigilance to ensure that the company's tracking includes up-to-date information.

Reconciling data. The company's Internal Audit group regularly compares the supplemental spending data the company reports to FRA against source data in the company's financial system, and it has identified inconsistencies between these data sources. For example, Internal Audit identified variances between the company's monthly expenditure reports to FRA and its initial data source, which the company manually corrected before submitting the reports. Although this did not result in inaccurate reporting to FRA, correcting the source data is essential to ensure accurate future reporting. The company is in the process of implementing changes to its grant management systems to better manage its financial operations and reporting. (This is part of a larger effort the company calls its Funds Management Solution or FMS.) Although those efforts have included new features to align data between the company's financial and reporting systems, full implementation of FMS is still ongoing.

The company has faced challenges tracking its requirements and reconciling data because it has not established adequate quality control steps and procedures. During our audit, OGM officials told us they had not established such control steps because any new steps will change when the company updates its grant management systems. By June 2026, the company implemented portions of its new grant management systems to improve tracking of requirements and reconciling data. It has not, however, fully established accompanying quality control steps and procedures. Moreover, the company's remaining system development efforts may not be completed for several more years.[18] Given those long timelines, establishing interim quality control steps—and updating them when the new systems are operational—would help the company

[18] The two other future workstreams include a tool for determining fund sources for projects and a tracker for discretionary grant applications the company submits.

reduce the risk of errors in tracking requirements and reconciling data.[19] Without these quality control steps, the company could overlook IIJA reporting requirements, provide inaccurate reports to FRA, or face challenges validating its financial data.

Limited Compliance Monitoring for IIJA Discretionary Grants

The company conducts quarterly monitoring of its compliance with financial reporting requirements for IIJA supplemental grants, including reviewing the accuracy and timeliness of its monthly reports to FRA. It has not, however, established comparable monitoring processes for discretionary grants, which is contrary to management control standards.

In 2023, when the company developed its IIJA supplemental compliance plan, FRA had not yet obligated it any discretionary grant funding. As of December 2025, FRA had obligated to the company 19 IIJA discretionary grants totaling $8.2 billion.[20] Although this significantly increased the number of requirements it must track, the company has not developed similar monitoring procedures for these grants. This occurred because the company did not reassess whether existing compliance monitoring processes were sufficient for the increased workload or assign responsibility for compliance monitoring when it began receiving discretionary grants. Reassessing its monitoring needs and implementing additional procedures specific to discretionary grants would help the company reduce the risk of non-compliance with its IIJA reporting requirements.

No Enterprise-level Risk Management Process for IIJA Compliance

Common management control standards suggest that organizations should methodically identify and mitigate risks that may affect their goals.[21] The company, however, does not systematically identify risks companywide that could prevent it from meeting its legal obligations specific to IIJA.

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[19] In January 2026, the company's Internal Audit group recommended that the company document its data migration and validation procedures for these systems as it implements them.

[20] Our analysis did not include grants that were not listed as active or obligated as of December 2025, as reported by FRA.

[21] This includes identifying and assessing the risks posed by significant internal and external changes. COSO, *Internal Control-Integrated Framework*, May 2013; GAO, *Standards for Internal Control in the Federal Government*, May 2025.

To its credit, the company originally envisioned monitoring compliance risks, including IIJA, through its broader enterprise-wide IRCP.[22] The groups established as part of the IRCP told us, however, that they do not play a role in monitoring IIJA risks. We reviewed several key risk-related documents—including the company's current list of high-level risks and an overall compliance strategic plan[23]—but found no evidence that the company has identified the risks it faces from not following IIJA requirements. No other group fills this role, and other relevant officials told us they do not track such risks. For example, OGM officials were unaware of any efforts to catalog IIJA compliance risks beyond project-level issues.

The company is not methodically identifying and mitigating IIJA risks at the enterprise-level because it has not assigned responsibility for this function. Without enterprise-level risk management for IIJA, the company is missing an opportunity to proactively address compliance problems before they occur. Although clearer roles, improved processes, and better monitoring—as discussed above—would help the company lower its risks, those steps cannot replace an intentional enterprise-wide process to identify and mitigate the risks of missing its legal obligations specific to IIJA.

THE COMPANY IS NOT COMPLIANT WITH CERTAIN PROVISIONS IN IIJA GRANT AGREEMENTS

Collectively, the governance and monitoring weaknesses we identified resulted in the company not complying with certain provisions in discretionary grant agreements.[24]

FRA requires that standard terms and conditions are included in contracts for all projects funded with discretionary grants, including those funded by IIJA. The company, however, reported to FRA that it omitted or used incorrect terms in 719 of the

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[22] The IRCP consisted of the Internal Audit, Enterprise Compliance, and Risk and Controls groups. The company's Enterprise Risk and Fraud Risk functions—part of its Risks and Controls group—each have a single employee.

[23] Unrelated to IIJA grant administration, the company's Enterprise Risk group in Risk and Controls maintains a list of high-level risk scenarios known as a risk universe, and its Enterprise Compliance group in the Law Department maintains a strategic plan specific to its activities.

[24] During this audit, our office also identified at least one instance of IIJA funds being charged for unrelated project expenses, potentially putting the company out of compliance with IIJA grant terms. In August 2025, we began auditing the company's oversight of a contract for an ongoing construction services project. We identified an $18,902 invoice charged against this contract for work performed on an unrelated project. *Financial Management: Observations on Payment Processes in the Company's Electronic Procurement System* (OIG-MAR-2026-011), September 30, 2026.

1,279 contracts it reviewed as of February 2026. For example, the law requires that covered infrastructure projects receiving federal funding comply with the Build America, Buy America Act. This act requires that projects purchase materials produced in the United States, such as iron and steel, unless a waiver has been granted. The company, however, did not include the correct version of this legal requirement in all of its relevant contracts.[25] Without correct contractual terms, the company is at risk that its contractors will not satisfy the conditions for using IIJA funds, and that it will make payments that are not allowed under IIJA.

In June 2026, during our audit, FRA issued a letter stating that the omission of appropriate provisions in the company's contracts resulted in non-compliance with certain provisions in discretionary grant agreements and, by extension, certain federal requirements.[26] In response, FRA is requiring the company to submit a corrective action plan that includes steps consistent with addressing several of our findings, such as improving internal controls, establishing a communication and coordination plan, and developing a monitoring plan.[27] In addition, FRA determined that expenses from three contracts that did not meet the required conditions, as identified by the company, were not eligible for reimbursement and will be seeking repayment from the company for a total of $774,476.[28]

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[25] Build America, Buy America Act, Div. G, Title IX, Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429, 1294 (2021).

[26] Specifically, the Uniform Guidance post federal award requirements at 2 C.F.R. §§ 200.303 and 200.318; 200.327 and 200.344 address factors affecting internal controls, general procurement standards, contract provisions, and closeout; and 2 C.F.R. § 200 Appendix II addresses mandatory contract provisions.

[27] Other corrective actions included (1) amending all contracts to include required flow downs, (2) providing documentation of training and retraining efforts, (3) continuing to submit affirmative statement certifying that expenses comply with federal requirements, (4) conducting periodic check-ins with FRA, and (5) creating a central repository. We previously reported that the company did not have an automated central repository of all procurement contracts and supporting documentation and that, without one, the company could not effectively and efficiently monitor contracts. See *Acquisition and Procurement: Company's Electronic Procurement System Limits Effective Contract Oversight* (OIG-MAR-2022-013), August 16, 2022.

[28] In a July 2026 response, the company stated that it would return the requested funds and improve related controls by instituting a corrective action plan. It also noted, however, an alternative understanding of its legal and regulatory obligations and asserted that FRA's request to amend all these contracts would be unduly burdensome, impractical, or have otherwise materially negative impacts on its operational efficiency.

CONCLUSIONS

The company's compliance efforts have not kept pace with the complexity and volume of IIJA funding and reporting requirements. This has resulted in non-compliance with certain provisions in discretionary grant agreements and presented long-term risks to its efforts to comply with key requirements. Clearly defining the roles and responsibilities of groups involved across the company, establishing quality control steps, implementing monitoring procedures for discretionary grants, and incorporating IIJA compliance into the company's overall enterprise-wide risk management efforts would reduce these risks and help the company demonstrate its financial stewardship over this significant taxpayer investment.

RECOMMENDATIONS

To improve its governance over IIJA's financial reporting requirements, we recommend that the Executive Vice President, Chief Financial Officer—in coordination with the Vice President, Government Affairs & Corporate Communications, and the Acting General Counsel—take the following actions:

1. Define, document, and communicate the roles and responsibilities of groups involved in IIJA compliance, including how they should coordinate.
2. Until the company fully implements its new grant management systems, establish quality control steps and procedures sufficient to ensure that the company does the following:
    a. accurately tracks all IIJA reporting requirements and deliverables, and
    b. reconciles and accurately tracks IIJA financial data.
3. When the company fully implements its new grant management systems, update the quality control steps and procedures to align with any process changes from the new systems.
4. Reassess the company's compliance monitoring needs for IIJA discretionary grants. Based on this assessment, assign responsibilities and implement procedures for discretionary grant compliance efforts.
5. Assign responsibility for identifying and mitigating enterprise-level risks to IIJA compliance.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of our report, the Executive Vice President, Chief Financial Officer—in coordination with the Vice President, Government Affairs & Corporate Communications, and the Acting General Counsel—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 define, document, and communicate the roles and responsibilities of groups involved in IIJA compliance, including how they should coordinate. Management stated that the company will assess the roles, responsibilities, and coordination activities of departments involved in IIJA compliance and develop and document a governance framework that defines accountability, responsibility, consultation, and information-sharing. Management stated that, upon completion, the framework will be communicated to relevant stakeholders and incorporated into applicable processes. The target completion date is January 31, 2027.
- **Recommendation 2:** Management agreed with our recommendation to establish quality control steps and procedures sufficient to ensure accurate tracking of IIJA reporting requirements and deliverables, and reconciliation and tracking of financial data. Management stated that the company has deployed technology tools to address manually intensive processes and better track financial data and is in the process of documenting new processes for this technology. The company further plans to create reports to track expenditures compared to approved funding levels. The target completion date is March 31, 2027.
- **Recommendation 3:** Management agreed with our recommendation to update quality control steps and procedures to align with any process changes once the company fully implements its new grant management systems. Management stated that it will continue to update its processes as additional FMS workstreams are implemented and update its documentation accordingly. The target completion date is March 31, 2027.
- **Recommendation 4:** Management agreed with our recommendation to reassess the company's compliance monitoring needs for IIJA discretionary grants and, based on this assessment, assign responsibilities and implement procedures for discretionary grant compliance efforts. Management stated that it will perform an assessment of its compliance monitoring activities related to IIJA

discretionary grants to identify any necessary enhancements, assign responsibility, and establish or update procedures. Management stated that the assessment and procedures will be documented and communicated to relevant stakeholders. The target completion date is January 31, 2027.

- **Recommendation 5:** Management agreed with our recommendation to assign responsibility for identifying and mitigating enterprise-level risks to IIJA compliance. Management stated that the Enterprise Risk and Fraud Management groups will conduct quarterly interviews with groups responsible for managing IIJA-related processes to identify risks and mitigation plans. They then intend to document the identified risks and plans, provide feedback and recommendations, and monitor the status of those activities. The target completion date is August 31, 2027.

For management's complete response, see Appendix C. 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 of the company's IIJA compliance efforts. The objective of this review was to assess the company's management of its IIJA financial reporting requirements. Our scope focused on the company's efforts to meet its IIJA financial reporting requirements since the law's passage. Assessing individual transactions funded by the IIJA, as well as the company's compliance with the law's operational and policy requirements, was outside the scope of this review. We conducted our work from March 2025 through November 2026 in Chicago, Illinois, and Washington, D.C.

To assess the company's governance over its IIJA reporting requirements, we reviewed its documentation, process narratives, and the information systems supporting its compliance reporting. We compared the company's monitoring activities to its 2023 IIJA Finance Compliance Plan for Supplemental Funding, and we reviewed relevant prior reports produced by the company's Internal Audit group and independent public accountant. We reviewed the company's plans and system documentation for its ongoing funds management technology initiative. We also interviewed 43 company officials with responsibilities related to IIJA compliance in the following departments: Finance, Law, Digital Technology and Innovation, Government Affairs, Procurement, and Capital Delivery.

To assess the company's IIJA supplemental planned expenditures and actual expenditures in Appendix B, we reviewed its detailed spend plan and the monthly reports it submitted to FRA, as well as its internal grants tracker. To assess the company's discretionary grant obligations and actual expenditures, we reviewed and assessed the accuracy of its internal grants tracker and the quarterly financial reports it submitted to FRA.

To assess the impact of the company's non-compliance with certain provisions in discretionary grant agreements, we reviewed documentation and correspondence between FRA and the company outlining the impact of the issue. We also conducted interviews with company and FRA officials who are responsible for overseeing the company's IIJA compliance with these terms.

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

Internal Controls

We reviewed the internal controls components and underlying principles related to the company's efforts to comply with its IIJA requirements. We determined that all five internal control areas were significant to our audit objective:

- **Control Environment.** The oversight body and management should demonstrate a commitment to integrity and ethical values. The oversight body should oversee the entity's internal control system. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.

- **Risk Assessment.** 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 the necessary quality information to achieve the entity's objectives. Management should externally communicate the necessary quality information to achieve the entity's objectives.

- **Monitoring.** Management should establish and operate activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

We developed audit work to ensure that we assessed each of these controls, including assessing policy and process documentation, identifying relevant company groups, and determining the extent to which roles and responsibilities were clearly defined. We also reviewed the company's financial compliance plan for IIJA funds and interviewed officials responsible for implementing this plan. Because our review was limited to these internal control components and underlying principles, we may not have identified all internal control deficiencies that existed at the time of this audit.

Computer-processed Data

To accomplish our objective, we relied on computer-processed data from various company reports. To assess the reliability of the company's data on its planned spending for IIJA supplemental funds, we interviewed company officials who developed and used the detailed spend plan, including OGM and other representatives. To assess the reliability of the company's actual supplemental expenditure data, we assessed the data in the 2025 IIJA Monthly Expenditure Reports it submitted to FRA by reviewing the company's process for developing and using the reports. We also reviewed Internal Audit's quarterly testing of these reports and the company's independent public accountant's testing of controls over the SF-425 Federal Financial Reports, which did not identify any exceptions. Based on these assessments, we determined that the data were sufficiently reliable for the purpose of our audit.

To assess the reliability of the company's IIJA discretionary grant tracker for obligated funds, we interviewed OGM officials who developed and used the report. We also verified the completeness and accuracy of the data by comparing it to a list of active IIJA discretionary grants provided by FRA. To assess the accuracy of the company's report on discretionary grant expenditures, we compared the report data to the supporting quarterly federal financial reports it submitted to FRA. Based on these assessments, we determined that the data were sufficiently reliable for the purpose of our audit.

Prior Reports

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

- *Financial Management: Observations on Payment Processes in the Company's Electronic Procurement System* (OIG-MAR-2026-011), September 30, 2026

- *Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act* (OIG-A-2023-011), September 1, 2023
- *Governance: Company Is Strengthening Project Cost Management but Can Better Organize Costs and Improve Guidance* (OIG-A-2023-010), July 17, 2023
- *Acquisition and Procurement: Company's Electronic Procurement System Limits Effective Contract Oversight* (OIG-MAR-2022-013) August 16, 2022
- *Amtrak: Areas for Management Focus in Advance of Infrastructure Investment and Jobs Act Funding* (OIG-SP-2022-008), March 31, 2022
- *Information Technology: Better Requirements Could Help the Company Implement Technology Projects More Effectively* (OIG-A-2022-007), March 11, 2022

APPENDIX B

Planned and Actual Spending for IIJA Supplemental and Discretionary Grants

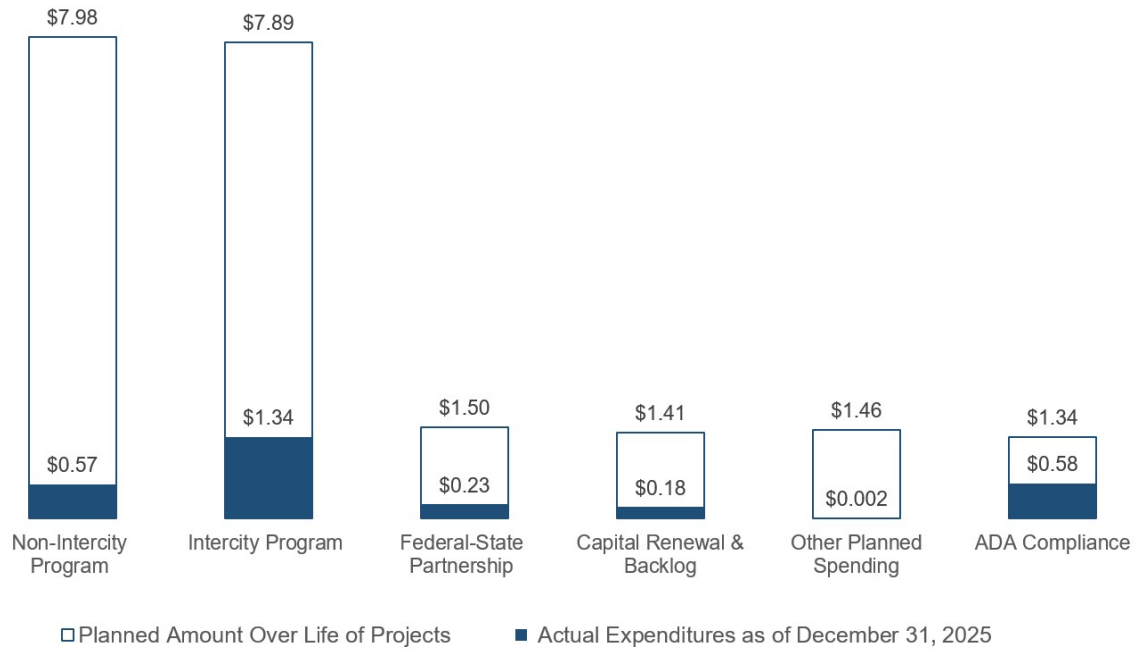
We assessed the company's IIJA supplemental planned and actual expenditures, as of December 31, 2025, and found the following:

Supplemental funds. Using the company's detailed spend plan, we identified the following six areas where the company intends to spend its supplemental funds:

- *Non-intercity train program***.** The company plans to replace its long-distance fleet of passenger cars used on overnight routes and the diesel locomotives that pull them. It also plans to upgrade or modify the maintenance facilities that service these trainsets.
- *Intercity train program***.** The company plans to purchase new Airo intercity trainsets and construct or modify the maintenance facilities that service them.
- *Federal-state partnerships***.** The company plans to fund projects such as replacing the Baltimore and Potomac Tunnel, Connecticut River Bridge, and Susquehanna River Bridge.
- *Capital renewal and backlog.* The company plans to address its backlog of deferred capital projects and reduce its inventory of obsolete assets. Proposed projects include: (1) upgrading a train control system and (2) upgrading information technology systems, including the company's reservation system.
- *Other planned spending.* The company plans to set funds aside for contingency for its IIJA-funded projects, as IIJA requires, and for program expenses in support of capital projects, as IIJA allows.
- *ADA compliance.* The company plans to bring stations for which it has sole or shared responsibility into ADA compliance.

Figure 4 shows the company's planned and actual expenditures in these categories as of December 31, 2025.

Figure 4. Planned and Actual IIJA Supplemental Grant Expenditures, as of December 31, 2025 (in billions)



Source: OIG analysis of company documents

We assessed the company's discretionary grant obligations and actual expenditures as of December 31, 2025, and found the following.

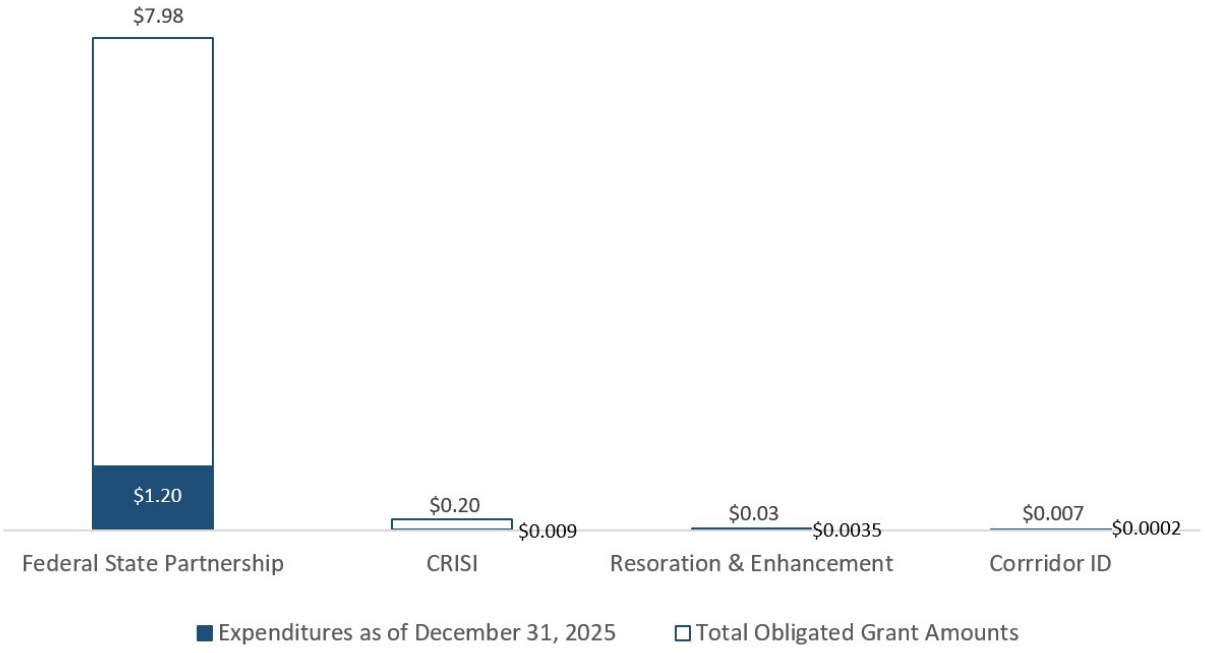
Discretionary grants. Each discretionary grant program has different purposes and requirements, as follows:

- *Federal-State Partnership for Intercity Passenger Rail grants* fund capital projects to bring intercity passenger rail assets into a state of good repair, improve performance, and expand or establish new service.
- *Corridor Identification and Development (Corridor ID) grants* use Federal-State Partnership funding to help guide intercity passenger rail development throughout the country.
- *Consolidated Rail Infrastructure and Safety Improvements (CRISI) grants* fund projects to improve the safety, efficiency, and reliability of freight and intercity passenger rail systems.

- *Railroad Crossing Elimination grants* fund projects to improve the safety or mobility of people or goods. The company is not eligible to apply for these grants directly, but eligible applicants can use such funding to benefit the Northeast Corridor or the National Network.[29]
- *Restoration and Enhancement grants* provide funding for initiating, restoring, or enhancing intercity passenger rail transportation.

When the company negotiates and signs a final agreement with FRA, the grant is considered to be "obligated" to Amtrak. As Figure 5 shows, as of December 31, 2025, FRA had obligated $8.2 billion to the company through these programs, of which the company had expended $1.2 billion.[30]

Figure 5. Obligated and Actual IIJA Discretionary Grant Expenditures, as of December 31, 2025 (in billions)



Source: OIG analysis of company and FRA documents

[29] Eligible applicants for this program include state and local governments, port authorities, and metropolitan planning organizations.
[30] This excludes grants received through the National Infrastructure Project Assistance (Mega) Program.

APPENDIX C

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

Memo

Date: November 5, 2026

From: Costin Corneanu, EVP Chief Financial Officer

Ken Altman, VP Government Affairs & Corporate Communications

Keren Rabin, Acting General Counsel

To: John Marzullo, Assistant Inspector General, Audits

Department(s): Finance, Government Affairs, and Legal

cc William Herrmann, Interim President
Devarajan Koushik, Interim Marketing & Chief Commercial Officer
Tonia McMillan, Interim Chief Human Resources Officer
Jennifer Mitchell, EVP Strategy & Planning
Kuvesh Ayer, VP Chief Procurement Officer & SCO
Steven Predmore, EVP Chief Safety Officer
Gerhard Williams, EVP Chief Operations Officer
Christian Zacariassen, EVP Digital Technology and Innovation Officer

Subject: Management Response to ***Financial Management:*** *Improved Governance Would Help the Company Address Infrastructure Investment and Jobs Act Compliance Risks (Draft Audit Report for Project No. 007-2025).*

This memorandum provides Amtrak's response to the draft management advisory report titled, "Improved Governance Would Help the Company Address Infrastructure Investment and Jobs Act Compliance Risks." Management agrees and/or concurs with all the noted OIG recommendations below and appreciates the opportunity to provide a response. Management would like to highlight that the Company has implemented and deployed technology tools that are already replacing manually intensive processes and we are in the process of documenting processes and procedures that align with how the new technology is used.

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To improve its governance over IIJA's financial reporting requirements, the OIG recommends that the Executive Vice President, Chief Financial Officer in coordination with the Vice President, Government Affairs & Corporate Communications, and the Acting General Counsel take the following actions:

Recommendation #1:
Define, document, and communicate the roles and responsibilities of groups involved in IIJA compliance, including how they should coordinate.

Management Response/*Action Plan*:

Management agrees with the recommendation. Amtrak will assess the roles, responsibilities, and coordination activities of departments involved in IIJA compliance. Based on the results of this assessment, management will develop and document a governance framework that clearly defines accountability, responsibility, consultation, and information-sharing expectations for IIJA compliance activities. The framework will include a RACI matrix, escalation protocols, and coordination mechanisms to support effective oversight and execution of IIJA compliance requirements. Upon completion, the framework will be communicated to relevant stakeholders and incorporated into applicable governance and compliance processes.

Responsible Amtrak Official(s): Maria Buccieri, Sr Dir Enterprise Compliance & Ethics

Target Completion Date: January 31, 2027

Recommendation #2:
Until the company fully implements its new grant management systems, establish quality control steps and procedures sufficient to ensure the company:

a. accurately tracks all IIJA reporting requirements and deliverables, and

b. reconciles and accurately tracks IIJA financial data.

Management Response/*Action Plan*:
Management agrees with the recommendation to establish quality control procedures to ensure accurate tracking of IIJA reporting requirements and deliverables, and the tracking of financial data. The company has already deployed technology tools to address manually intensive processes and better tracking of financial data, as follows:

a) The company has already implemented a work stream of the Funds Management Solution Program that allows the company to track IIJA reporting requirements and deliverables. The tool, known as the Grant Deliverables Compliance Tracker (Tracker), uses SAP/BPT functionality and was deployed in June 2026 for use starting with deliverables due on July 1, 2026. Numerous training sessions were held and job aids were created to educate users regarding the Tracker. All deliverables for all federal active grants are entered into the Tracker and are assigned a preparer and a reviewer. The Tracker sends automated email reminders to all preparers to let them know a deliverable is coming due and to

inform reviewers that there is a deliverable to review and approve. Grant Managers within the Funding and Grants Management Office have the role to monitor the Tracker and ensure that preparers and reviewers are taking necessary actions, that deliverables are being completed and submitted, and when necessary, ask FRA for extensions of deliverable due dates. Once a deliverable is approved within the Tracker by the assigned approver, the deliverable gets transmitted to the FRA-secured site. The Tracker also generates an email indicating to FRA contacts that a deliverable has been transmitted to the FRA-secured site.

b) The company has also already implemented a separate work stream of the Funds Management Solution Program that allows for the allocation of fund sources to expenses posted in the FI/CO modules in SAP/ECC. This functionality was achieved by: (1) activating the Funds Management and Grants Management (FM/GM) modules in SAP/ECC, (2) the use of funding rules, and (3) building logic that applies the funding rules to expenditures, so expenditures can be allocated to one or multiple fund sources. This functionality is being actively used in FY27. Along with this functionality, a new model called "Grants" has been created in the company's reporting tool SAP/BPC. This model will be used for grant reporting starting with FY27. The grants team will expand on the use of the BPC/Grants model to build reports that will allow for timely reconciliation and tracking of the use of fund sources, including federal grants.

Technology for these two areas has already been implemented. The company is currently documenting the new processes for the use of this new technology with an anticipated completion date of March 31, 2027. Creation of reports in the BPC Grants model to track expenditures versus approved funding levels is anticipated to be completed by March 31, 2027.

Responsible Amtrak Official(s): Lucia Butts, AVP Funding & Grants

Target Completion Date: March 31, 2027

Recommendation #3:
Once the company fully implements its new grant management systems, update quality control steps and procedures to align with any process changes from the new systems.

Management Response/*Action Plan:*
Management agrees with this recommendation and as additional work streams of the Funds Management Solution Program are implemented, we will continue to update our processes to reflect these changes.

Documentation of processes from recent technology implementations are targeted to be completed by March 31, 2027. As additional work streams are completed, we will update our documentation accordingly.

Responsible Amtrak Official(s): Lucia Butts, AVP Funding & Grants

NATIONAL RAILROAD PASSENGER CORPORATION

Target Completion Date: March 31, 2027

Recommendation #4:
Reassess the company's compliance monitoring needs for IIJA discretionary grants. Based on this assessment, assign responsibilities and implement procedures for discretionary grant compliance efforts.

Management Response/*Action Plan:*
Management agrees with the recommendation. Amtrak will perform an assessment of its compliance monitoring activities related to IIJA discretionary grants to determine whether existing oversight mechanisms are sufficient to address applicable compliance risks and requirements. Based on the assessment, management will identify any necessary enhancements, assign responsibility for monitoring activities to the appropriate functions, and establish or update procedures to support consistent execution and oversight of discretionary grant compliance obligations. The assessment and resulting procedures will be documented and communicated to relevant stakeholders.

Responsible Amtrak Official(s): Maria Buccieri, Sr Dir Enterprise Compliance & Ethics

Target Completion Date: January 31, 2027

Recommendation #5:
Assign responsibility for identifying and mitigating enterprise-level risks to IIJA compliance.

Management Response/*Action Plan:*
Management agrees with the recommendation. Enterprise Risk and Fraud Management will conduct quarterly interviews with groups responsible for managing IIJA-related processes. During these interviews, each group will identify and communicate the risks associated with its area and describe the actions planned to mitigate those risks. Enterprise Risk and Fraud Management will document the identified risks and mitigation plans, provide feedback and recommendations on proposed remediation activities, and monitor the status of those activities through subsequent quarterly interviews.

Responsible Amtrak Official(s): Anna Rusakova, Sr Director Enterprise Risk and Fraud Mgmt.
Lindsay Boyes, Sr Manager, Enterprise Fraud Risk

Target Completion Date: August 31, 2027

APPENDIX D

Abbreviations

the company	Amtrak
ADA	Americans with Disabilities Act
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRISI	Consolidated Rail Infrastructure and Safety Improvements grants
FMS	Funds Management Solution
FRA	Federal Railroad Administration
GAO	Government Accountability Office
IIJA	Infrastructure Investment and Jobs Act
IRCP	Integrated Risk and Compliance Program
OGM	Office of Funding and Grants Management
OIG	Amtrak Office of Inspector General

APPENDIX E

OIG Team Members

Laura Nicolosi, Deputy Assistant Inspector General, Audits

Anne Keenaghan, Deputy Assistant Inspector General, Audits

Katherine Moore, Senior Director, Financial Audits

Dorian Herring, Director

David Yoder, Director, Financial Audits

Claire Kruschke, Audit Manager

Joseph Zammarella, Senior Auditor Lead

Samuel Diaz, Senior Auditor Lead

Jed Marcelo, Senior Auditor, Financial Audits

Alison O'Neill, Communications Analyst

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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Report suspicious or illegal activities to the OIG Hotline

www.amtrakoig.gov/hotline

or

800-468-5469

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