



OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

Financial Management:

Observations on Payment Processes in the Company's
Electronic Procurement System

OIG-MAR-2026-011 | September 30, 2026

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Memorandum

To: Costin Corneanu
Executive Vice President, Chief Financial Officer

Christian Zacariassen
Executive Vice President, Digital Technology & Innovation

Kuvesh Ayer
Vice President Chief Procurement & Supply Chain Officer

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

Date: September 30, 2026

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

In August 2025, we began auditing Amtrak's (the company) oversight of a construction services contract. During the audit, we found that the company incorrectly paid an \$18,902 invoice.¹ We brought this to the attention of company personnel and learned that, for this invoice, an employee was able to bypass automated controls in the company's electronic procurement system, Ariba on Demand. This allowed the employee to unilaterally charge the invoice to an unrelated project and an unrelated federal grant without the requisite protections, such as an additional layer of approval in the process.

The supplier issued a credit to the company for the invoice in question.² We determined that the incorrect payment occurred because two application settings in Ariba on Demand created control weaknesses that allowed the employee to circumvent the standard invoice approval process. We found no evidence of fraud; however, the incident demonstrates a potential risk of financial harm under different circumstances.

¹ The company paid this invoice using funds from the Infrastructure Investment and Jobs Act (IIJA), Pub. L. No. 117-58, 135 Stat. 429 (2021). IIJA prohibits the company from spending these funds on unrelated projects.

² The company initially applied the credit to the unrelated project. When we informed the company of these control deficiencies, an official in the Finance department reviewed this credit and determined it was incorrectly applied and credited it to the correct project in August 2026.

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We believe that if the company does not address these weaknesses, it will remain vulnerable to incorrect payments on other procurements. Given the serious nature of this gap in the electronic procurement system, we are issuing this management advisory report to bring this issue to your attention.³

SETTINGS IN THE COMPANY'S PROCUREMENT SYSTEM ALLOWED INCORRECT INVOICE PAYMENT

Application settings in Ariba on Demand allowed an employee in the Capital Delivery department to circumvent the standard process for invoice approval. This allowed the employee to pay an \$18,902 invoice for a construction services project with funds from an unrelated project.

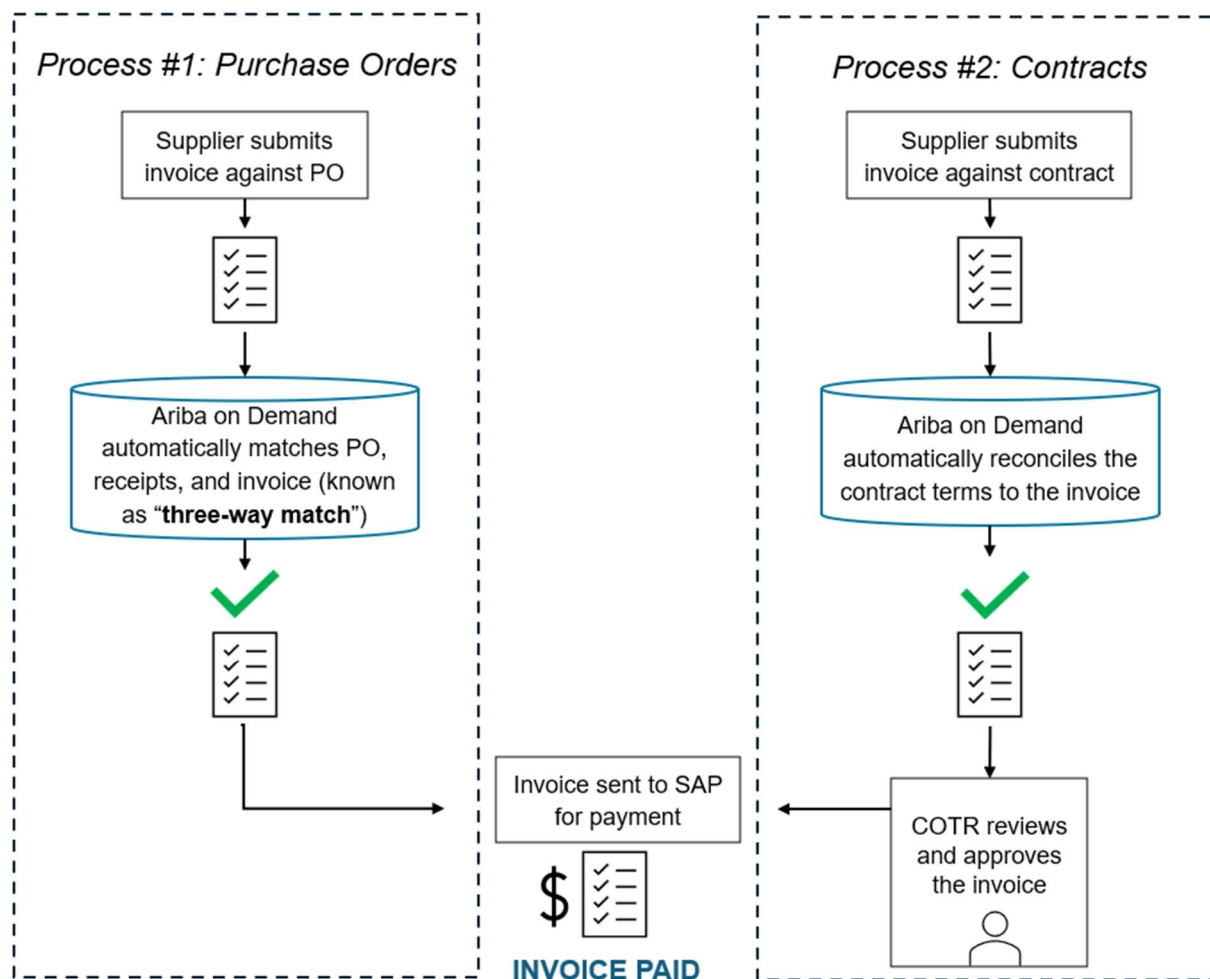
Company's invoice approval process. Under company policy, invoice approvals for purchase orders (PO) follow a different electronic payment process than invoice approvals for contracts.⁴ As part of the invoice approval process for POs, Ariba on Demand verifies that the transaction includes three documents: (1) a purchase order, (2) an acceptance receipt from the company, and (3) a supplier invoice. This verification process is commonly called the "three-way match." The invoice approval process for contracts does not include this three-way match. Instead, Ariba on Demand automatically reconciles the contract terms to the invoice, then routes it to the Contracting Official's Technical Representative (COTR) for review and approval. Figure 1 shows these two invoice approval processes.

³ We conducted our review in accordance with standards we developed for alternative products. We performed our work from June through September 2026 in Washington, D.C.; Philadelphia, Pennsylvania; and New York City.

⁴ A PO is an agreement to pay contractor costs up to an agreed level and is usually a one-time payment. A contract is a long-term agreement to purchase goods or services from a supplier and is usually multi-year. Amtrak SOP 1023.01, *Use of Purchase Orders or Contracts Procedure*, June 12, 2024.

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Figure 1. Two Company Invoice Approval Processes



Source: Amtrak Office of Inspector General (OIG) analysis of company documents and interviews.

Payment flow for incorrectly paid invoice. According to relevant company officials, the incorrectly paid invoice we identified initially entered the PO approval process as it should have.⁵ It was not accompanied by a receipt, however, so Ariba on Demand's three-way match correctly rejected it. In response to this rejection, the employee manually routed the invoice to a different procurement under the same supplier. This effectively overrode the system's rejection and moved the invoice into the approval process used for contracts. At that point, Ariba on Demand again rejected the invoice—

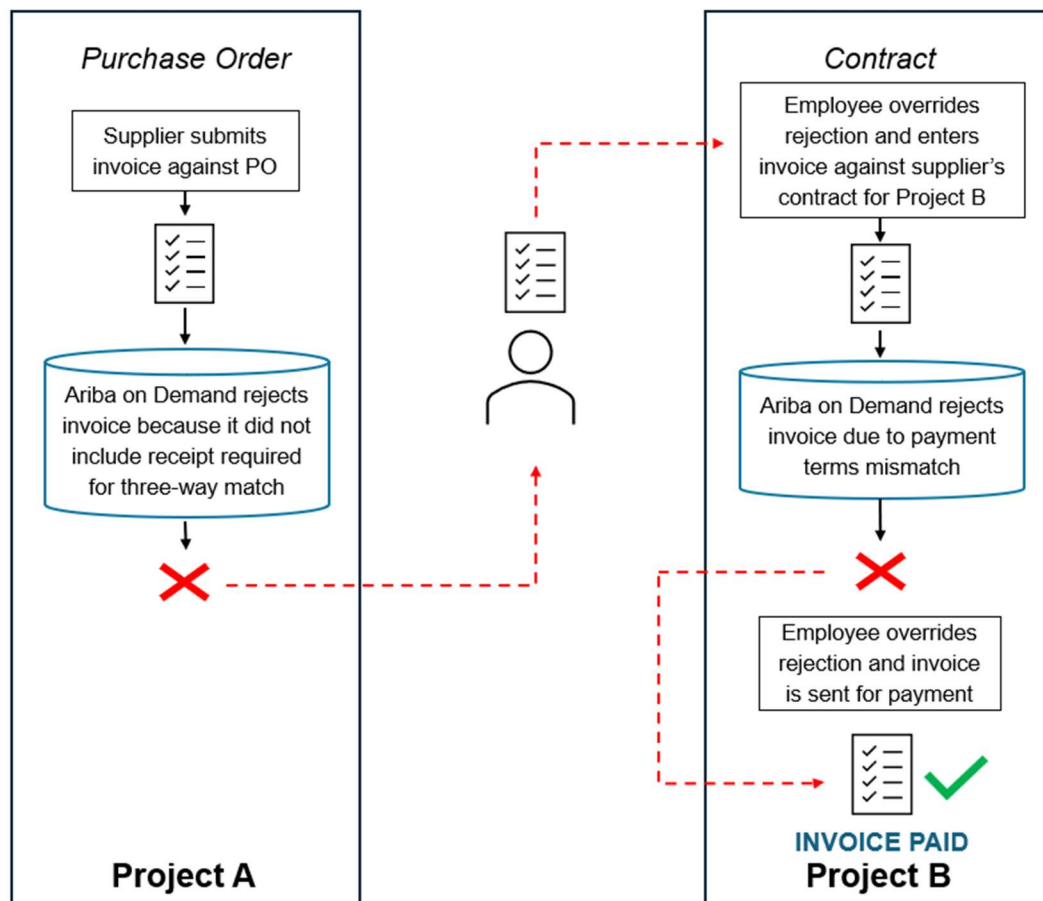
⁵ We derived descriptions of this process and the deviations from company policy based on correspondence with a company subject matter expert and interviews with other company officials.

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this time because the PO and the contract did not have the same payment terms. The employee, however, again overrode the rejection, effectively bypassing the required COTR review and approval. Ariba on Demand then sent the invoice for payment.

Figure 2 shows how Ariba on Demand allowed the employee to circumvent both the three-way match in the PO process and the COTR review and approval in the contract process.

Figure 2. Payment Flow for Incorrectly Paid Invoice



Source: OIG analysis of correspondence with company subject matter expert.

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Application settings pose control weaknesses. Ariba on Demand's application settings create two control weaknesses that made it possible for the employee to manually override both of the company's invoice approval processes:

- **Control weakness 1:** When employees manually match invoices to procurements,⁶ Ariba on Demand allows them to pay the invoice with funds from any PO or contract with that supplier. If the system had prohibited the employee from selecting a different PO or contract, the company would not have incorrectly paid the invoice.
- **Control weakness 2:** The system allows employees to bypass the requirement for COTR review and approval. If the system had enforced this requirement, the COTR would have had an opportunity to identify the error.

When we brought these control weaknesses to the company's attention, it conducted a broader review and identified two other invoices that bypassed the COTR review and approval process and were paid using funds for other projects. As of August 2026, senior Digital Technology and Innovation department officials told us they were working to resolve these issues.

In this instance, after the payment posted, the supplier provided a credit to the company for the incorrectly paid invoice and re-entered it into Ariba on Demand for payment with funds for the correct project. Until the company fixes these control weaknesses, however, it will remain at risk of improper payments on affected projects. In addition, incorrectly paying an invoice could result in the company being noncompliant with its federal grants. If this occurs, the Federal Railroad Administration may require reimbursement for funds the company used to pay such an invoice. Ultimately, bypassing crucial financial controls leaves the company vulnerable to using funds for purposes not authorized by Congress.

CONSIDERATIONS FOR MANAGEMENT

We are continuing our audit of the company's oversight of this contract for construction services. In the meantime, given the risks to other procurements from the two control weaknesses we identified, the Executive Vice President, Chief Financial Officer, in coordination with the Executive Vice President, Digital Technology & Innovation,

⁶ Ariba on Demand triggers this manual match function only when there is a three-way match exception.

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and the Vice President, Chief Procurement and Supply Chain Officer, should consider taking the following actions:

1. Reconfigure Ariba on Demand's settings to ensure that when employees match invoices to procurements, they can charge the invoice only against the associated PO or contract.
2. Reconfigure Ariba on Demand's settings to prevent employees from bypassing required reviews and approvals when an invoice is rejected.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the Executive Vice President, Chief Financial Officer, and Executive Vice President, Digital Technology & Innovation, and Vice President, Chief Procurement and Supply Chain Officer agreed with our considerations for management and identified actions the company plans to take to address them, which we have summarized below:

- **Consideration 1:** Management agreed with our consideration to reconfigure Ariba on Demand's settings to ensure employees can charge invoices only against the associated PO or contract. Management noted that limitations with the company's procurement system prevent it from immediately fixing the control weaknesses we identified. As a result, Management stated that, in the short term, it plans to institute the following supplemental controls: (1) daily ad hoc monitoring for manual invoice matching, (2) automated weekly reports and notifications that will also be used to look for manual invoice matching, and (3) and improved user training. Management stated that in the long term it plans to enact additional system controls and attempt to disable the manual invoice match function in its procurement system. The target completion date is May 31, 2027.
- **Consideration 2:** Management agreed with our consideration to reconfigure Ariba on Demand's settings to prevent employees from bypassing required reviews and approvals when an invoice is rejected. Management noted that it cannot reconfigure Ariba on Demand due to system limitations but that its planned actions for consideration #1 will help mitigate employees' ability to bypass required reviews and approvals when the system rejects an invoice. The target completion date is also May 31, 2027.

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APPENDIX A

Abbreviations

the company	Amtrak
COTR	Contracting Official's Technical Representative
IIJA	Infrastructure Investment and Jobs Act
OIG	Amtrak Office of Inspector General
PO	purchase order

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APPENDIX B

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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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