



New Report: Amtrak lacks centralized and automated repository for procurement contracts, which poses legal and financial risks

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WASHINGTON – Amtrak does not have a centralized and automated repository to store its procurement contracts, and instead stores them in multiple locations, affecting its ability to determine the total number of contracts, suppliers, and other contract information, according to an Amtrak Office of Inspector General report released today.

The lack of such a repository limits Amtrak’s oversight of its contracts and poses legal and financial risks. With as much as \$66 billion available to the company through the Infrastructure Investment and Jobs Act, the company’s contracting needs and capital spending will significantly increase, and these risks will persist and be exacerbated, the report said.

The OIG’s report also identified a number of challenges with Ariba on Demand—its current electronic procurement system—as the company is currently using it. For example, OIG auditors were unable to determine the total number of company contracts, suppliers, and change orders when using Ariba on Demand. Amtrak also cannot readily find such data in Ariba on Demand or any other system.

While Ariba on Demand functions well as an approval and workflow system, six other challenges hamper Amtrak’s ability to efficiently manage construction contracts. These include a limited ability to protect sensitive information, difficulties registering suppliers, and various technical limitations that require manual workarounds and increase the time and effort necessary to develop and manage construction contracts.

Collectively, these challenges require more time and effort to develop and manage construction contracts. For example, when using purchase orders, the system has difficulty supporting progress payments, or funds which Amtrak pays to suppliers at specific intervals during a project. Contracting officers developed a workaround which prevents the system from paying the entire contract in a single payment: manually reversing the price and quantity fields in the purchase order. As an illustration of this workaround, the OIG’s report said “...a contracting officer would have to input a \$10 million bridge as 10 million bridges that cost one dollar each.”

The OIG in 2018 reported that Amtrak’s lack of an enterprise-wide contract management system exposed it to risks and recommended the company address this gap. The company stated it planned to use Ariba on Demand and an accompanying a contract management module for this purpose. As the company transitioned to Ariba on Demand, however, officials began to recognize that it may not fulfill Amtrak’s needs as an automated enterprise-wide contract repository. More recently, company officials told the OIG that they have yet to fully investigate Ariba on Demand’s capabilities, and certain departments have no plans to use it as a contract repository.

According to the report, the company may want to determine whether Ariba on Demand has the capability to meet its needs for an automated contract repository and, if not, explore other viable solutions. In addition, Amtrak may want to assess the relative risks of the other challenges

identified and prioritize addressing them, the report said. Amtrak management agreed with the OIG's considerations and has plans to address them. More information is included in the full report which can be downloaded on the OIG's website: <https://direc.to/im98>.

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