



New Report: Amtrak can more effectively ensure it awards contracts in its best interest

July 2, 2025

WASHINGTON – Amtrak has opportunities to better ensure contracts that it awards are in its best interest, an Amtrak Office of Inspector General Report released today found.

The OIG examined the pre-award phase of Amtrak's procurement process and found that certain contracting activities generally worked well, but it also identified areas where weaknesses place the company at greater risk of paying more than it should for goods and services.

According to the report, Amtrak could better ensure its employees adhere to its own requirements and best practices for solicitations. For example, after reviewing 20 contracts valued at approximately \$408 million, OIG auditors found that some did not have cost estimates while others only included a single estimate without details for labor, materials, overhead rates and other significant cost elements as leading practices suggest.

In addition, some contracts the OIG reviewed did not follow company requirements for the internal committees that evaluate technical aspects of a suppliers' proposals. For example, the OIG found that some contract files did not document changes in composition of the committee (which Amtrak requires) and the reasons for them. In addition, there were some contracts in which the company could not provide signed disclosure forms for one or more of the committee members. These documents affirm that committee members do not have conflicts of interest related to the procurement.

Prior OIG investigations identified instances of conflicts of interest in these committees, including [two senior Amtrak employees who failed to disclose family relationships](#) with suppliers whose bids their committee reviewed and [a senior management employee who was fired](#) for not disclosing two relationships with a supplier the committee selected as an awardee, the report noted.

The report also found that Amtrak could better identify and mitigate fraud risks that can occur during the pre-award phase. Specifically, Amtrak is not collecting and analyzing data for its pre-award activities to identify fraud indicators, and it is not effectively training employees involved in the pre-award phase to detect the types of procurement fraud they may encounter during the pre-award steps of its procurement process, the report said.

To improve in these areas, the OIG recommended that Amtrak 1) develop and implement a process to assess ongoing solicitations to determine their compliance with company requirements, 2) develop additional guidance for COs regarding cost estimate details, 3) collect and analyze pre-award data to identify fraud indicators, and 4) develop and implement additional recurring fraud training for employees involved in the pre-award phase.

The company agreed with the recommendations and described actions and plans it will take to address them. More information is included in the full report which can be downloaded on the OIG's website: <https://direc.to/nU9P>.

Reports of fraud, waste, or abuse; criminal or unethical acts affecting Amtrak's property or operations; or mismanagement in Amtrak programs or operations can be made 24 hours a day via the Amtrak OIG Hotline at 1-800-468-5469 or online at <https://direc.to/hPAu>.

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