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AMERICAN RECOVERY AND REINVESTMENT ACT:

Opportunities Exist to Recover Funds and Reduce
Future Costs by Improving Procurement Policies


Audit Report OIG-A-2013-016 | July 29, 2013





Memorandum

To: Eleanor Acheson, Vice President, General Counsel
Dan Black, Acting Chief Financial Officer
Jeff Martin, Chief Logistics Officer

From: David R. Warren 
Assistant Inspector General, Audits

Date: July 29, 2013

Subject: *American Recovery and Reinvestment Act: Opportunities Exist to Recover Funds and Reduce Future Costs by Improving Procurement Policies (OIG-A-2013-016)*

The American Recovery and Reinvestment Act of 2009 (ARRA) authorized the Federal Railroad Administration (FRA) to provide Amtrak a grant of \$1.3 billion. Amtrak was required to use the grant for capital projects to repair, rehabilitate, or upgrade railroad assets or infrastructure, and for security projects, including life safety improvements. Amtrak's Procurement and Materials Management¹ (Procurement and Materials) reported spending approximately \$788.5 million of ARRA funds on capital and security project contracts it managed.² The original aggregate contract value of these projects was about \$705 million; however, as the projects progressed, Procurement and Materials officials and the contractors agreed to contract change orders valued at approximately \$83.5 million, according to Procurement and Materials data.

The Law Department develops Amtrak's general provisions for construction contracts, according to a senior Procurement and Materials official. The provisions define a change order or contract modification as a document executed after the contract is

¹ Procurement and Materials Management reports to the Acting Chief Financial Officer.

² We previously reported on \$158.8 million of ARRA contracts managed by Jacobs Project Management Company in *American Recovery and Reinvestment Act: Some Questioned Invoice Charges and Minimal Benefit from Duplicative Invoice-Review Process* (OIG-A-2012-021, September 21, 2012).

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awarded in order to clarify, revise, add to, or delete from the original scope of work. To avoid overpaying for agreed-to tasks, business procurement best practices call for a thorough and accurate review of the documentation supporting change orders before approving them.

Given the large number and value of ARRA change orders managed by Procurement and Materials, we reviewed the adequacy of its process for reviewing and approving change orders. Our reporting objective is to assess whether the policies, procedures, and practices used by Procurement and Materials ensured that the values of ARRA contract change orders were adequately supported and allowable under the contracts' terms and conditions. We discuss our detailed scope and methodology in Appendix I.

SUMMARY OF RESULTS

The policies, procedures, and practices used by Procurement and Materials provided assurance that change orders to its ARRA contracts were, with minor exceptions, adequately supported and allowable under the contracts' terms and conditions. To Procurement and Materials' credit, we found an error rate of 1.2 percent. This low error rate was in part attributable to Procurement and Materials' enhancement of the review process for ARRA funds—by engaging contractors to review the fairness and reasonableness of proposed change order values. The errors we identified amounted to approximately \$824,042 — \$596,345 in questioned costs and \$227,697 in unsupported costs. We questioned these costs because Procurement and Materials approved change orders that contained errors, including applying (1) overhead rates to costs not covered in the general contract provisions, (2) incorrect overhead rates, (3) incorrect profit rates, and (4) inappropriate markup of subcontractor costs and sales tax.

In addition, certain policy weaknesses caused Procurement and Materials to pay about \$529,175 in unnecessary costs for some contract change orders:

- For change orders to construction contracts, the procurement policy states that the profit and overhead should be applied to change orders. The policy also establishes different profit and overhead rates based on the value of the change order. Lower-valued change orders are permitted higher rates, and higher-valued change orders

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are permitted lower rates.³ However, the policy does not explicitly state that overhead and profit rates should be based on the total value of a change order and not on each individual component. A senior law department official stated that the policy intent is that rates should be applied to the total value, but noted it could be interpreted to permit charges on individual components of change orders. Consequently, on 36 of 60 change orders, rates were charged and approved on the component basis, rather than on the total value. Because the component values were low, the contractors received higher overhead and profit rates than if the rates had been applied at the higher total change order value. We estimate that if the lower rates had been charged, about \$529,175 could have been saved.

- For change orders to services contracts, the policy is silent on the rates for overhead, profit, and subcontractor markup that can be added to a change order. The policy contains rates for those charges on construction contracts. On 8 of 31 change orders to services contracts, contractors applied—and in some cases, Procurement and Materials approved—higher overhead and profit rates than are permitted for change orders to construction contracts. In other cases, officials used the construction rates as a basis for negotiating the rates on services contracts.

The opportunity has been missed to save about \$529,175 resulting from procurement policy weaknesses. However, correcting these weaknesses could lead to future change orders being less costly. We were not able to conclusively document future savings; nevertheless these weaknesses likely could result in some percentage of change orders related to Amtrak's existing contracts—valued at \$1.4 billion—being more costly than necessary.

We recommend that the Acting Chief Financial Officer direct the Chief Logistics Officer to take the following actions:

- (1) Seek reimbursement for the questioned costs.
- (2) Obtain documentation or seek reimbursement for the unsupported costs.

³Contractors are allowed a 15 percent overhead and 6 percent profit on change orders \$100,000 or less; 11 percent and 4.5 percent on values \$500,000 or less; and 7.5 percent and 3 percent on values greater than \$500,000.

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We also recommend that the General Counsel work with the Chief Logistics Officer to clarify procurement policy by taking the following actions:

(3) Ensure that the overhead and profit rates permitted on a change order is based on the total amount of the change order, not on the individual components.

(4) Develop guidance to help ensure that rates for overhead, profit, and subcontractor markup on change orders to service contracts are fair and reasonable.

In commenting on a draft of this report, management generally concurred with draft recommendations one through three. They disagreed with draft recommendation four to establish maximum rates for overhead, profit, and subcontractor markup on change orders to service contracts. They noted that the diversity of services contracted for under service contracts may make it difficult to establish maximum rates for overhead, profit, and subcontractor markup on change orders. We agree with their point. Therefore, we are recommending in this report that General Counsel and Chief of Logistics develop guidance to help ensure, where appropriate, overhead, profit, and subcontractor markup on change orders to service contracts are fair and reasonable. We also revised as appropriate the section of the report addressing this matter to reflect management's comments.

CHANGE ORDER REVIEW PROCESS WAS GENERALLY SOUND

We found that the process used by Procurement and Materials to review change orders was generally sound. It included contractor-supported review of change order values for fairness and reasonableness, as well as overall reviews of the proposed change orders by Procurement and Materials officials. We reviewed 92 change orders related to ARRA contracts managed by Procurement and Materials and found an error rate of 1.2 percent, approximately \$824,042. These change orders accounted for about \$70.8 million (85 percent) of the approximately \$83.5 million of ARRA change orders managed by Procurement and Materials (see Table 1).

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**Table 1. Summary of Change Orders to ARRA Contracts
 Managed By Procurement and Materials**

Type of Contract	Number of Change Orders	Total Amount of Change Orders
Construction	60	\$ 47,772,135
Services	31	22,623,855
Other ^a	1	430,280
Subtotal	92	\$70,826,270
Total amount of change orders		\$83,509,086
Percent Reviewed		85

^aIncludes both construction and services

Source: OIG analysis of Procurement and Materials ARRA contract files

Questioned Costs

We reviewed 92 change orders and questioned approximately \$824,042 of the total value of \$70.8 million. Our basis for questioning this amount follows:

- We question \$478,940 because Procurement and Materials approved change orders in which contractors applied overhead rates to costs not covered in the general contract provisions. The general provisions permit a contractor to add an overhead rate to costs for direct material, direct labor, and fringe benefits. However, we found 35 change orders in which contractors inappropriately added the overhead rate to labor burden, other direct costs, and costs related to contractor-owned equipment, resulting in approximately \$333,699 in additional overhead charges. The general provisions do not permit adding overhead to any of these categories. Doing so also resulted in an additional \$145,241 profit charged by contractors. We estimate that eliminating these costs in calculating the overhead and profit would have reduced the amount of these change orders by \$478,940.
- We question \$43,685 because Procurement and Materials approved change orders in which subcontractors inappropriately applied a 5 percent markup on five change orders. The general provisions permit prime contractors to add 5 percent to the

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dollar value of the work being performed by subcontractors to cover administrative costs, but they do not permit subcontractors to add 5 percent to the value of work performed by its subcontractors. Nevertheless, subcontractors inappropriately applied a 5 percent markup to their subcontractors on the five change orders. We estimated that eliminating this inappropriate charge would have reduced the change order amount by \$43,685.

- We question \$26,871 because Procurement and Materials approved a change order in which a contractor inappropriately applied a markup to sales taxes. Costs for sales taxes were not included in the contract because Amtrak is exempt from paying sales tax. However, because the contractor – and not Amtrak – purchased the materials, sales tax was paid. Procurement and Materials staff agreed to a change order that allowed charges for sales tax. The prime contractor inappropriately applied a 2 percent markup to the sales tax on materials it directly purchased, and its subcontractors inappropriately applied a 3 percent markup on the sales tax related to the costs of increased insurance and bond. However, the general provisions do not allow any sales tax markup. We estimate that eliminating the sales tax markup would have reduced the amount of the change order by \$26,871.
- We question \$19,230 because Procurement and Materials approved change orders in which contractors applied incorrect overhead rates on 3 of 60 construction change orders. The general provisions permit contractors to use different overhead rates based on the dollar value of the change order.⁴ However, on three change orders the contractors applied a higher overhead rate than permitted by the provisions. For example, on one change order for the Pelham Bay Bridge, the contractor applied a 15 percent overhead rate; however, the contractor should have applied an 11 percent rate because the amount was between \$100,000 and \$500,000. We estimate that applying the correct overhead rate to the three change orders would have reduced the amount of these change orders by \$19,230.
- We questioned \$14,948 because Procurement and Materials approved one change order that used an incorrect methodology to determine profit. According to an Amtrak official, the general and administrative (G&A) cost should be calculated by multiplying a contractor's G&A rate by its total costs. Profit should be calculated by multiplying a contractor's profit rate by the total costs including the amount added

⁴ The general provisions allow up to 15 percent overhead on change orders \$100,000 or less; 11 percent on values \$500,000 or less; and 7.5 percent for values greater than \$500,000.

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for G&A. However, on one service change order, the contractor used a different methodology to calculate the G&A and profit rates. After we questioned this methodology, the contractor provided Procurement and Materials an updated spreadsheet to support the change order. The updated information showed a correct G&A calculation but an incorrect profit rate calculation. We estimated that applying the correct methodology to determine the amount of profit would have reduced the change orders amount by \$14,948.

- We question \$12,671 because Procurement and Materials approved change orders in which contractors applied an incorrect profit rate on 5 of the 60 construction change orders. The general provisions permit contractors to use different profit rates based on the dollar value of the change order.⁵ In some instances, however, contractors applied a higher profit rate than allowed. For example, on two change orders for the Los Angeles maintenance facility project, the contractors applied a 6 percent profit rate; however, based on the change order value, they should have applied a 4.5 percent rate. We estimate that applying the correct profit rate to these five change orders would have reduced the amount by \$12,671.

Unsupported Costs

We also identified \$227,697 in unsupported costs that were approved by Procurement and Materials officials. A change order to a contract for the Atglen-Susquehanna Branch transmission line replacement project had no documentation to support \$227,697 or 41 percent of the \$553,241 change order. A Procurement and Materials official told us that the only documentation to support the lump sum charge was a sentence in the negotiation memorandum stating that the amount was fair and reasonable. According to the Procurement and Materials official, they did not ask the contractor to provide any additional supporting documentation.

IMPROVEMENTS TO THE PROCUREMENT POLICY COULD LIKELY REDUCE FUTURE COSTS

We estimate that Procurement and Materials paid more than \$529,000 in unnecessary costs due to weaknesses in procurement policy. These weaknesses apply to change orders for ARRA and other Amtrak contract change orders. Correcting these

⁵ The general provisions allow up to 6 percent profit on change orders \$100,000 or less; 4.5 percent for values \$500,000 or less; and 3 percent for values greater than \$500,000.

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weaknesses could likely lead to future change orders being less costly. We were not able to conclusively estimate the potential savings; however, because Amtrak's existing contracts are valued at about \$1.4 billion, the savings could be significant.

Policy Weaknesses Related to Overhead and Profit Rates

The general provisions of construction contracts permit contractors to add overhead and profit to change orders. However, they do not clearly define how they should be applied. According to a Law Department senior official responsible for developing the general contract provisions, the intent is that profit and overhead rates should be applied to the total value of the change order. However, because that is not explicitly stated, it could be interpreted that the rates can be applied to the individual components that make up the total value. As a result of this weakness, in some cases contractors were permitted to apply overhead and profit rates for each component. Using that practice was more cost-advantageous to the contractors, but not to Amtrak because lower-value change orders are permitted to include higher overhead and profit rates (see table 2).

Table 2. Overhead and Profit Rates Permitted under the General Provisions for ARRA Construction Contracts (percent)

Change Order Value	Rate Permitted	
	Overhead	Profit
\$100,000 or less	15	6
\$500,000 or less	11	4.5
Greater than \$500,000	7.5	3

Source: Amtrak General Provisions for Construction Contracts

We found that in 36 of the 60 change orders for construction contracts, contractors charged and were approved to use overhead and profit based on the individual change order component values. For example, change order 61 to the Los Angeles maintenance facility project consisted of 39 different components. Most of the components were valued below \$100,000, but the total value of the change order was more than \$1 million. The contractor added a 15 percent overhead and 6 percent profit rate to each

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component, and Procurement and Materials officials approved these change orders. If the profit and overhead rates had been based on the total change order value, the rates charged would have been 7.5 percent for overhead and 3 percent for profit. We estimate that the costs for the 36 change orders would have been about \$529,175 less if overhead and profit rates had been based on the total change order values.

Policy Weaknesses Related to Change Orders to Service Contracts

We also identified weaknesses in procurement policies on service contract changes in two areas: (1) overhead and profit rates, and (2) administrative cost charges for subcontractors.

Overhead and Profit Rates

The construction contract general provisions permit contractors to use different overhead and profit rates based on the change order value, as shown previously in Table 2. However, neither the *Procurement Manual* nor the contract general provisions have similar provisions for service contracts. We recognize the construction contract general provisions may not be applicable to all service contracts due to the different nature of the services being provided. However, in the absence of guidance the amounts charged vary widely. Eight of the 31 change orders to service contracts we reviewed contained overhead and profit rate charges, and the remaining 24 change orders did not identify rates for these items. In the absence of specific guidance, the Procurement and Materials staff approved overhead rates ranging from 7.5 to 170 percent and approved profit rates ranging from 4.5 to 14 percent for the above change orders:

- Staff used the construction contract general provisions to negotiate lower overhead and profit rates on two change orders. However, only one of the final change orders included the correct overhead and profit rates based on the total value of the change order.
- Staff approved overhead rates higher than those in the general provisions on seven change orders. For example, a 170 percent overhead rate was permitted on a change order related to a train control dispatch system project, and a 21 percent combined overhead and profit rate was permitted for a change order related to an asbestos-removal project.

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Administrative Markup Rate

The *Procurement Manual* and the general provisions also do not address the percentage for administrative costs that a contractor can add to its subcontractor costs on service contracts. As in the cases above, without specific guidance, Procurement and Materials staff were inconsistent in the percentage of administrative cost they allowed contractors to charge.

For construction contracts, the general provisions permit contractors to add 5 percent to subcontractor costs for administrative costs. On 2 of the 31 change orders to service contracts, contractors were permitted to charge considerably more than 5 percent to subcontractor costs. On one change order, a contractor charged and was approved to include a 21 percent combined overhead and profit rate for subcontractor costs. In this case, the subcontractor was to perform all work on the change order value, \$1.6 million; consequently, the contractor received about \$285,900 for administrative costs. On another change order valued at \$578,506, a contractor charged almost 13 percent for subcontractor administrative costs and received about \$56,734.

CONCLUSIONS AND RECOMMENDATIONS

Overall, Procurement and Materials thoroughly reviewed the ARRA change orders for the projects it managed to ensure that the value was adequately supported. We identified some minor questioned and unsupported costs. More importantly procurement policy weaknesses contributed to change orders being more costly than necessary. These same weaknesses apply to all Amtrak contract change orders, and correcting them could lead to future change orders being less costly.

We recommend that the Acting Chief Financial Officer direct the Chief Logistics Officer to take the following actions:

- (1) Seek reimbursement for the questioned costs.
- (2) Obtain documentation or seek reimbursement for the unsupported costs.

We also recommend that the General Counsel work with the Chief Logistics Officer to clarify procurement policy by taking the following actions:

- (3) Ensure that the overhead and profit rates permitted on a change order is based on the total amount of the change order, not on the individual components.

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(4) Develop guidance to help ensure that rates for overhead, profit, and subcontractor markup on change orders to service contracts are fair and reasonable.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the Acting Chief Financial Officer concurred with draft recommendation one to seek reimbursement for the questioned costs we identified, except for the costs we questioned related to vacation and holiday pay. He noted that while it is not customary to negotiate and award contracts that include holiday and vacation pay, no policy prohibits the inclusion of holiday and vacation pay. We agree that holiday and vacation pay is not prohibited, and we deleted these questioned costs. This reduced the costs we questioned from \$871,122 to \$824,042. Management concurred with draft recommendations two and three.

Management did not concur with draft recommendation four to establish maximum rates for overhead, profit, and subcontractor markup on change orders to service contracts. Management noted that the standard construction percentages are not applicable or appropriate to the vast majority of service contracts due to the diversity of service types in this commodity group. They stated that service contracts are primarily awarded utilizing fully burdened rates; they determine fair and reasonableness by comparing rates from various offerors or historical data. Finally, management stated that when a change order is issued and rates are not established in the contract, a breakdown is requested and, if appropriate, negotiations occur.

We agree that the diversity of services contracted for under service contracts may make it difficult to establish maximum rates for overhead, profit, and subcontractor markup on change orders to service contracts. Nonetheless, our work indicates that without specific guidance, Procurement and Materials staff were inconsistent in the percentages of cost they allowed contractors to charge on change orders to service contracts. Therefore, our recommendation in this report is that the General Counsel and Chief of Logistics develop guidance to help ensure that overhead, profit, and subcontractor markup on change orders to service contracts are fair and reasonable. We also revised the section of the report addressing this matter to reflect management's comments.

Amtrak's comments are responsive to our recommendations. Their memorandum is reprinted in Appendix II.

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Appendix I

SCOPE AND METHODOLOGY

This report provides the results of our review to assess whether the policies, procedures, and practices used by Procurement and Materials Management (Procurement and Materials) ensured that the values of the American Recovery and Reinvestment Act (ARRA) contract change orders were adequately supported and allowable under the contracts' terms and conditions. We reviewed all ARRA contract change orders managed by Procurement and Materials valued at \$200,000 or more. Using this scope, we reviewed 92 change orders out of a total of 521. The value of the change orders we reviewed was about \$70.8 million — 85 percent of the value of all ARRA change orders managed by Procurement and Materials. We conducted this audit work from October 2012 through July 2013, in Philadelphia and Washington, DC.

Our methodology for accomplishing this work included reviewing contract terms and conditions, construction contract general provisions, the Amtrak *Procurement Manual*, and applicable clauses of the Code of Federal Regulations regarding allowable costs. We also researched public and private procurement best practices for reviewing and approving contract change orders. We interviewed Procurement and Materials officials about their practices for reviewing and approving change orders. We reviewed change order contract files to determine whether those files contained documentation to support the change order value, such as contractor cost and pricing data; analyzed the cost and pricing data by Procurement and Materials staff; and reviewed negotiation memos.

When we identified a lack of documentation to support the costs included in the change order, we requested support from the Procurement and Materials staff. If they could not provide documentation, we considered these to be unsupported costs.

We identified questioned costs by (1) comparing the approved overhead and profit rates and subcontractor markup on construction contract change orders with the rates and markup allowed in the construction contract general provisions, (2) comparing change orders issued for contractors' vacation and holiday pay and sales tax mark-up to procurement policy, (3) reviewing the costs that overhead was applied to for construction contract change orders, and (4) reviewing the methodology a contractor used to calculate General and Administration (G&A) and profit rates by comparing it to the methodology described by a senior Amtrak official.

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We also identified weaknesses in procurement policy by (1) comparing how the overhead and profit rates included in the contract general provisions were applied to construction contract change orders, and (2) comparing the overhead, profit, and subcontractor markup allowed on change orders to construction contracts with those allowed on service contracts. We also interviewed a Law Department senior official responsible for developing the general contract provisions on how to apply overhead and profit.

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 examined the internal controls related to reviewing and approving change orders for ARRA contracts. Specifically, we reviewed the internal controls to determine whether they were adequate to ensure that (1) contractors submitted documentation to support the change order; and (2) Procurement and Materials officials analyzed the contractors' supporting data to determine whether the price was fair and reasonable. We also reviewed the adequacy and completeness of procurement policies used by Procurement and Materials to complete their reviews. Further, we considered the impact of any identified policy weaknesses on ARRA and other Amtrak contracts. The results of our internal controls review are the focus of this report.

Computer-Processed Data

To identify change orders to ARRA-funded contracts we relied on data from the contracting spreadsheet provided by Procurement and Materials. We did not review the overall accuracy and reliability of the database that produced that information. However, for the 92 change orders we reviewed, we compared the database information with the change order information in the Procurement and Materials contract file. We identified minor discrepancies between the two data sources. Given the focus of our work and the steps we took to verify the reliability of the computer-generated data used in our work, we concluded that the data are sufficiently reliable for the purposes of our objectives.

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Prior Audit Reports

We identified the following Office of Inspector General reports as being relevant to this audit's objectives: We reviewed these reports.

American Recovery and Reinvestment Act: Some Questioned Invoice Charges and Minimal Benefit from Duplicative Invoice-Review Process (OIG-A-2012-021, September 21, 2012)

American Recovery and Reinvestment Act: Infrastructure Improvements Achieved but Less than Planned (Report No. 908-2010, June 22, 2011)

American Recovery and Reinvestment Act: Fewer Security Improvements than Anticipated Will be Made and Majority of Projects Are Not Complete (Report No. 914-2010, June 16, 2011)

American Recovery and Reinvestment Act of 2009: Assessment of Project Risks Associated with Key Engineering Projects (Report No. 912-2010, May 14, 2010)

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Appendix II

COMMENTS FROM THE ACTING CHIEF FINANCIAL OFFICER

NATIONAL RAILROAD PASSENGER CORPORATION
 40 Massachusetts Avenue, NE, Washington, DC 20002

Memo



<p>Date July 19, 2013</p> <p>To David Warren Assistant Inspector General, Audits</p>	<p>From Dan M. Black <i>DMB</i> Acting Chief Financial Officer</p> <p>Department Finance</p> <p>Subject Management Response to Amtrak Office of Inspector General's (OIG) Draft Report No. 001-2013, dated May 30, 2013</p> <p>cc J. Martin B. Reynolds E. Acheson W. Herrmann D. Herndon M. Gagnon M. Paige</p>
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Management has reviewed the OIG Draft Report (No. 001-2013) entitled "American Recovery and Reinvestment Act: Opportunities to Recover Funds and Reduce Future Costs by Improving Procurement Policies". Management's response to each of the recommendations is detailed below.

Recommendation 1: seek reimbursement for the questioned costs.

Management response - Management concurs with the OIG's recommendations to seek reimbursement for the questioned costs except for questioned cost related to vacation and holiday pay. The questioned cost associated with vacation and holiday pay was not for an Independent Contractor. The contractor in question was employed by a third party firm and did not have a contract directly with Amtrak. While it is not customary for Amtrak to negotiate and award contracts that include vacation and holiday pay, there is no policy prohibiting the inclusion of holiday and vacation pay.

Recommendation 2: obtain documentation or seek reimbursement for the unsupported costs.

Management response – Management concurs with the OIG's recommendation.

Recommendation 3: The General Counsel working with the Chief Logistics Officer take action to clarify procurement policy to: ensure that overhead and profit rates permitted on a change order is based on the amount of the change order, not the individual components.

Management response – Management concurs with the OIG recommendation.

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Recommendation 4: establish maximum rates for overhead, profit, and subcontractor markup on change orders to service contracts.

Management Response – Management does not concur with the OIG recommendation. Management’s opinion is that the standard construction percentages are not applicable or appropriate to the vast majority of service contracts due to the diversity of service types included in this commodity group. Service contracts are primarily awarded utilizing fully burdened rates where fair and reasonableness are determined by comparing the rates from the various offerors or historical data. When a change order is issued and the rates are not already established in the contract, a breakdown is requested and if appropriate, negotiations occur.

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Appendix III

ABBREVIATIONS

ARRA American Recovery and Reinvestment Act

G&A General and Administrative

OIG Office of the Inspector General

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Appendix IV

OIG TEAM MEMBERS

Michael Kennedy, Senior Director

Dorian Herring, Auditor-in-Charge

David Burrell, Senior Auditor

Roslyn Kessler, Senior Auditor

Maryellen Moran, Senior Auditor

John Weinle, Senior Auditor

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OIG MISSION AND CONTACT INFORMATION

Amtrak OIG's Mission The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits, inspections, evaluations, 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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