



OFFICE of INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

GOVERNANCE:

Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program

Certain Information in This Report Has Been Redacted Due To Its Sensitive Nature.


OIG-A-2022-006 | February 4, 2022

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Memorandum

To: Laura Mason
Executive Vice President, Capital Delivery

From: Jim Morrison 
Assistant Inspector General, Audits

Date: February 4, 2022

Subject: *Governance: Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program (OIG-A-2022-006)*

The Gateway program (Gateway) is a generational investment and Amtrak's (the company) highest infrastructure priority. Through a series of phased projects, the company is partnering with the states of New York and New Jersey to upgrade and replace essential rail infrastructure between Newark, New Jersey, and Penn Station in New York City by 2035 at an estimated cost of more than \$30 billion. These projects include the replacement of the Portal Bridge over the Hackensack River, construction of a new tunnel under the Hudson River, and rehabilitation of the existing North River Tunnel. Ultimately, Gateway is expected to add resiliency and reliability to the Northeast Corridor's (NEC) most congested section by increasing capacity from two to four mainline tracks. Because the company considers the program to be fundamental to the future of the NEC, it retained its cash reserve during the pandemic to ensure that Gateway and other priority investments could continue. In November 2021, Congress passed, and the President signed, the Infrastructure Investment and Jobs Act,¹ which will provide additional funding to the company for its infrastructure efforts and potential grants to its partners that could add momentum to the program.

As the majority owner of the NEC,² the company has a vested interest in ensuring that the Gateway projects meet its requirements. The company has a range of responsibilities across the program, from leading the design, procurement, construction, and delivery on some projects to supporting its partners as they lead other projects. For example, the company expects to have a lead role in the delivery of the Sawtooth Bridges project but will support its partner on the Portal North Bridge project by

¹ Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021).

² The company owns and operates 80 percent of the mainline NEC, which runs 457 miles from Washington, D.C., to Boston, Massachusetts.

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reviewing the contractor's drawings and inspecting construction to ensure that it meets company standards. The company is also leading research efforts to help advance the program, including procuring a study to identify the optimal sequence of the Gateway projects in relation to other ongoing or planned rail and station projects in the New York City region. From 2012 through September 2021, the company spent at least \$853 million³ on Gateway, including constructing tunnel segments in Manhattan to secure right-of-way for the future tunnel, acquiring real estate, and developing federal environmental reviews and designs for projects.

With Gateway, the company is pivoting from primarily running a national passenger railroad for the past fifty years to also executing and managing its participation in an infrastructure program of this scale. Successful transition into this dual role will take considerable forethought and planning, require new skillsets and expertise, and demand an enhanced level of program management. Accordingly, our objective was to assess the extent to which the company has a program management framework to govern how it will complete its current and future work across the Gateway projects. A program management framework includes a program management plan that establishes the processes and protocols the company will use to conduct its work, and other management tools to monitor and control the program, such as an integrated master schedule.

To complete our assessment, we reviewed the company's policies and standards for program management, as well as guidance from public- and private-sector sources on managing large programs. We also reviewed company documents related to its long-term, ongoing Gateway efforts. To understand how the company has prepared for its work on the projects, we interviewed officials from the program team and the executives to whom the team reports, along with executives and managers from supporting departments. For more details on our scope and methodology, see Appendix A. Additionally, we compiled information on the scope and status of the individual projects to help inform stakeholders and the public on the breadth and extent of this program. For a summary of each project, see Appendix C.

³ In verifying the expenditure data the company provided, we identified an additional \$3.7 million it spent on Gateway that its data did not capture. The company corrected this discrepancy, and the \$853 million we cite above includes the additional \$3.7 million we identified. The controls, processes, and information systems the company uses to identify and capture its Gateway expenditures were outside the scope of this audit; therefore, the expenditures we report may not include all costs.

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SUMMARY OF RESULTS

The company has started hiring staff and building a schedule, among other things, to manage the volume of work it will soon encounter on Gateway, its highest priority infrastructure investment. The company has not, however, fully developed a thorough program management framework that describes the processes its departments will follow and the tools they will use to manage the program now and in the years ahead. Given the enormity of the company's commitments over the next decade—and the fact that major projects are already underway—the company has an opportunity now to build this framework to better prepare itself to succeed with the program.

During our audit, the company conducted an internal review of its Gateway program management, and its results aligned with our preliminary findings that it had yet to complete this framework. In response to its internal review, the company is developing management tools to guide its work, such as an integrated master schedule. These tools are a component of a program management framework, and we will continue to monitor the company's progress on them. In August 2021, the company also issued a program management plan—another component of the framework. Our analysis found, however, that the plan does not identify or describe the processes the company will use to develop and execute the program so they are repeatable and consistent across projects. Without such defined processes, the company risks reacting to issues and demands as they arise instead of conducting its work in a disciplined manner to help ensure that it meets its commitments on time, in scope, and in budget.

The company is facing three challenges on Gateway without this framework. First, the program team has been overtasked because the company has not assessed the resources that the team and departments providing major support to Gateway need to manage current and future work. Second, it has not determined how it will collect and provide comprehensive and consolidated information on the program's overall status—including budget and schedule—to all the internal stakeholders with responsibilities for Gateway. Third, although the company has assessed the risks to individual projects in coordination with its partners, it has not assessed the broader program-wide risks it may face managing its Gateway commitments, such as potential impacts to other company acquisitions or projects.

Our assessments of prior complex construction and acquisition programs found that when the company did not put this framework in place early enough, it experienced cost increases, schedule delays, and stress on its partner relationships as projects

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matured.⁴ Therefore, we recommend that it further develop its program management framework by (1) building out its program management plan, (2) assessing its current and future resource needs, (3) implementing communication protocols to manage how it will generate, collect, and distribute program information, and (4) developing a process to identify and mitigate its program risks.

In commenting on a draft of our report, the Executive Vice President for Capital Delivery agreed with our recommendations and identified specific actions the company plans to take to address them. These include (1) revising the program management plan; (2) continuing a resource assessment and developing an organizational chart and a hiring plan for the program; (3) creating a communications management plan; and (4) establishing a program-wide risk management process along with bringing on a risk management specialist. For management's complete response, see Appendix D.

BACKGROUND

Program Partners. The company has advanced Gateway in partnership with the states of New York and New Jersey through the following organizations:

- **New Jersey Transit Corporation (NJ Transit).** A public transportation system that serves the state of New Jersey and operates in portions of New York and Pennsylvania. It is the lead sponsor⁵ of the Portal North Bridge project.
- **Port Authority of New York and New Jersey.** An interstate agency between the states of New York and New Jersey.
- **Metropolitan Transportation Authority.** A public corporation that oversees transportation in the New York City Metropolitan area and the state of New York.
- **Gateway Program Development Corporation.** A New Jersey non-profit organization established to advance the Gateway program.

⁴ *Governance: Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program* (OIG-A-2020-014), August 17, 2020; *Train Operations: Acela 21 Program Continues to Face Significant Risk of Delays, Warranting More Contingency Planning* (OIG-A-2020-004), January 21, 2020; and *Governance: Better Management of Reimbursable Projects Could Help the Company Consider Benefits and Recover its Costs* (OIG-A-2020-002), October 23, 2019.

⁵ The Federal Transit Administration defines a project sponsor as an entity that is applying for or has received a grant to implement a capital project.

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- **Gateway Development Commission.** A bi-state governmental entity designed to sponsor some or all of the Gateway projects and is eligible to be a federal grant recipient.
- **Empire State Development.** A subsidiary of the New York State Urban Development Corporation with authority to foster economic development in the state.

The company and its partners work with the U.S. Department of Transportation's Federal Railroad Administration (FRA) and Federal Transit Administration (FTA) to advance individual projects through the federal regulatory approval process, a required step before these projects can receive federal funding and move into construction. FRA provides the company with annual grants for the NEC as well as discretionary grants it can use for Gateway. FTA provides financial and technical assistance to agencies that operate local public transit systems, such as NJ Transit and Port Authority of New York and New Jersey. FTA's discretionary Capital Investment Grants program also provides funding for new and expanded transit projects, including funding for the Portal North Bridge and potentially other Gateway projects such as the Hudson Tunnel.

Program Status. Federal agencies made three regulatory approvals that allowed the company and its partners to progress on the program. First, in June 2020, FTA approved the Portal North Bridge project, making it eligible for federal grant funding to begin construction,⁶ which the company and its partners anticipate will start in early 2022. Second, in August 2020, FRA approved the federal environmental review for the Sawtooth Bridges Replacement project allowing the project to move into preliminary engineering. Third, in May 2021, FRA and FTA jointly approved the federal environmental review for the Hudson Tunnel, and the company and its partners are in the process of applying for federal funds for this project.⁷

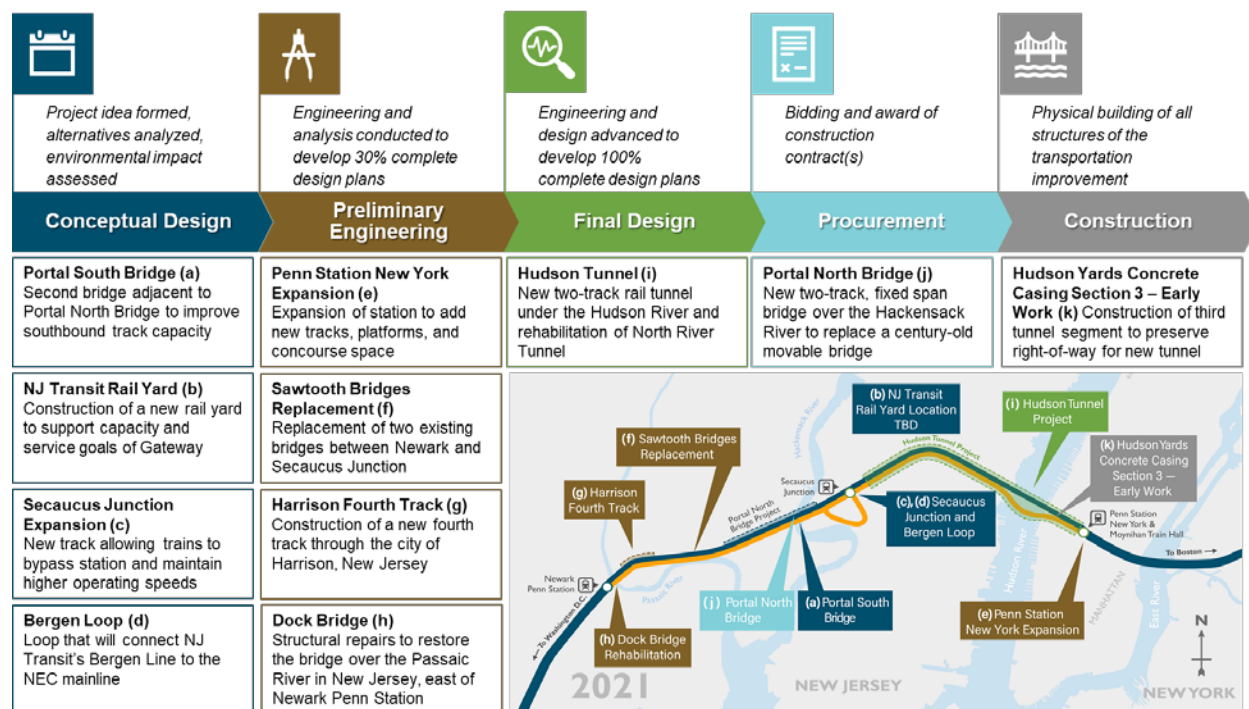
⁶ Federal law outlines a multi-year, multi-step process that proposed transit construction projects must go through to be eligible for and receive discretionary Capital Investment Grants program funding from FTA. See, 49 U.S.C. § 5309 (2021).

⁷ Because the company and its partners anticipate that both FRA and FTA grants will partially fund the Gateway projects, the partners will be required to comply with their agencies' grant requirements. For example, to support FTA grant obligations, the company and its partners have developed project-level management plans for the Portal North Bridge and Hudson Tunnel projects. These plans include details such as how the project sponsor will control project costs, update the project schedule, and manage daily construction activities.

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The Gateway projects are at different stages of development. The Portal North Bridge and Hudson Tunnel projects are the furthest along, except for the Hudson Yard concrete casing work we previously reported on.⁸ The other eight projects are in the conceptual planning or preliminary engineering phases, as Figure 1 shows.

Figure 1. Gateway Projects and Status, as of December 2021



Source: OIG analysis of company data

Program Leadership. During most of our review, the program team was under the Executive Vice President for Planning, Strategy & Accessibility with support primarily from several departments across the company, including Engineering, Law, Finance, and Information Technology. In November 2021, company leadership shifted responsibility for Gateway to the Executive Vice President for Capital Delivery, who was hired in June 2021 to deliver its major infrastructure, trainset acquisition, and station redevelopment programs.

⁸ *Acquisition and Procurement: Gateway Program Projects Have Certain Cost and Schedule Risks* (OIG-A-2015-002), December 19, 2014; *Acquisition and Procurement: Gateway Program's Concrete Casing Project Progressing Well; Cost Increases Will Likely Exceed Project Budget* (OIG-A-2014-004), February 11, 2014.

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Program Management Framework. Company policy and industry standards lay out specific planning activities necessary at the early stages of program development to prepare for managing the complex and concurrent projects and activities of major programs. Companies use a program management framework to manage multiple projects with a common objective in a coordinated manner to gain efficiencies and other benefits not apparent from managing them individually. Specifically, a program management framework includes the following:

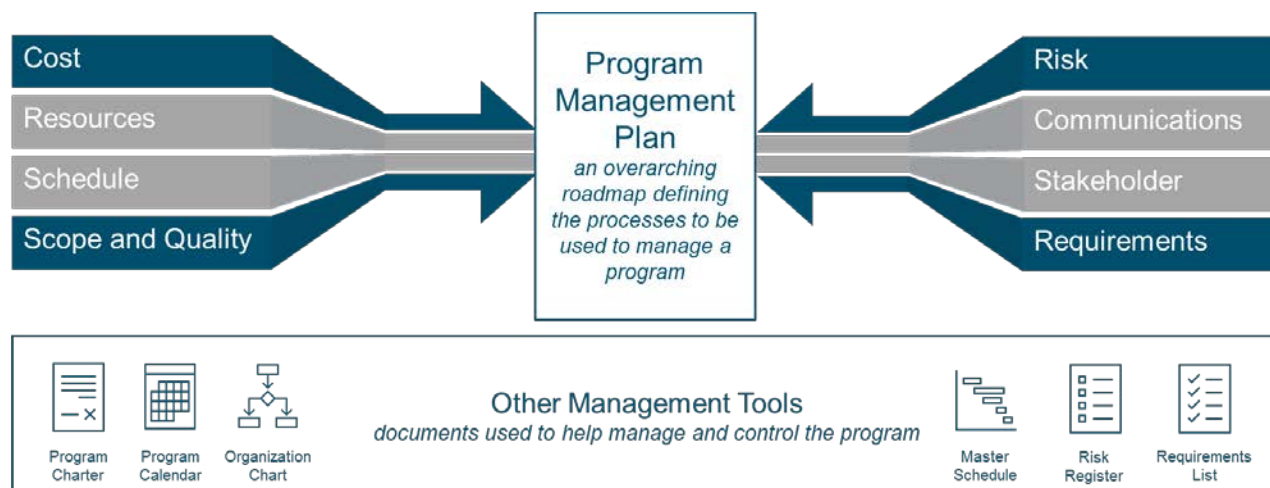
- **A program management plan** details the individual projects and activities included in a program and the processes that companies will use to perform those activities—such as how they will develop, monitor, and control the schedule; and how, when, and to whom they will disseminate program information. Other sections establish how companies manage areas such as cost, resources, stakeholder relationships, and risk.
- Companies also produce and use **other management tools** to help monitor and control program activities. For example, an integrated schedule is a management tool that companies will produce as an output of the processes it established in the program management plan to control the schedule. Other examples of management tools include cost estimates, a program charter, and a risk register.

In addition to a program management plan, companies build individual project management plans to manage the work activities specific to an individual project.⁹ A program management framework helps companies rise above the day-to-day demands of a project to strategically view how to manage across projects and establish the processes needed to do so. For an overview of a program management framework, see Figure 2.

⁹ The company's work on individual project management plans was outside the scope of our review.

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Figure 2. Program Management Framework



Source: industry standards for program and project management

Note: The list of Other Management Tools is not exhaustive.

COMPANY MAKING PROGRESS, BUT DOES NOT YET HAVE A COMPREHENSIVE PROGRAM MANAGEMENT FRAMEWORK

The company has not developed the thorough program management framework it will use to accomplish its work on the program. To its credit, the company—through the Finance department’s Enterprise Program Management Office (EPMO)—initiated a review of Gateway’s program management framework in late 2020 to ensure that the program team was prepared to move forward. In June 2021, during our audit, EPMO reported that the planning did not comply with company standards, which was consistent with our preliminary findings. It recommended improvements that included completing a program management plan and other tools to manage the team’s daily work—components of a program management framework that we also used to assess how well the company is positioned to manage Gateway.

In August 2021, the program team submitted a program management plan as part of its program management framework, but the plan does not provide the details necessary to guide the team’s work, as we discuss in the next section. As of November 2021, the program team was also still developing other management tools that EPMO recommended, including the following:

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- **an organizational structure** that clearly identifies and defines all program participants' roles and responsibilities to show lines of authority and relationships between the program team and supporting departments
- **an integrated master schedule** of all project activities so the program team can see upcoming and concurrent tasks and deliverables
- **a document management process** to create, store, and access critical documents on the program—such as agreements among parties; contract and financial records, including change orders; and correspondence reflecting changes to agreements—to ensure that information is accessible to all program participants over the life of the program

Because the company is in the early stages of developing these management tools as part of its program management framework, we intend to monitor the company's progress implementing them.

PROGRAM MANAGEMENT PLAN IS NOT YET USABLE TO GUIDE DAILY WORK

Based on our review, the program management plan the company issued in August 2021 in response to EPMO's recommendations—and submitted to FRA in accordance with its grant requirements—does not contain necessary details that company and industry standards call for.¹⁰ Specifically, a program management plan should provide the roadmap for how a company intends to manage, monitor, and control a program, such as what it will procure to complete its work and how it will conduct and manage those procurements across the program. Establishing such processes would likely enable current and future team members to develop, manage, and execute the company's Gateway commitments across all projects in a repeatable and consistent manner. EPMO also acknowledged that the plan is not yet of the quality it would need to guide a program of this size and scale.

More specifically, we found that the company provided generic descriptions of participating departments instead of detailed plans identifying and describing how it will perform its work, as shown in the following examples:

¹⁰ Project Management Institute, *A Guide to Project Management Body of Knowledge, Sixth Edition*, 2017; Project Management Institute, *The Standard for Program Management, Fourth Edition*, 2017; and Amtrak, *Project Management Procedure Manual*, October 2018.

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- The team described a process to us that it is using to forecast, track, update, and control program costs. The team, however, has not captured this process or referred to existing company policy, if applicable, in the program management plan to ensure that the team has a consistent approach for managing costs across the program. Instead, it contains only a description of the Finance department.
- The plan does not lay out the process the team will use to develop the master schedule or the frequency and method by which it will be updated. Schedule management will help the company meet timelines set out in contractual agreements. Instead, the plan states that the company is developing a master schedule.
- The plan does not contain a quality management section identifying the company's quality standards—such as whether projects are meeting engineering specifications the company requires, and how the company will ensure that those standards are met across the program.

We acknowledge that the company may not know the specific work activities it will need to accomplish on each project in the program. Building a more thorough program management plan, however, does not require this knowledge. The company's plan will certainly evolve as Gateway projects mature. Building a comprehensive program management plan up front as part of an overarching program management framework, however, prompts the company to think through various components and establish processes for controlling its work—or identify existing company procedures it will leverage, if any—so it is not building such processes at the same time it is trying to meet the program's many demands. Otherwise, the company risks managing its workflow in an ad hoc way reacting to issues and demands as they arise instead of in a disciplined manner—across projects—in which such defined processes would have helped the company anticipate them.

Our prior work on other major programs identified early planning deficiencies as the reason for schedule delays, cost overruns, and strains on partner relationships during the later construction phases.¹¹ As the complex Gateway projects mature, the company

¹¹ *Governance: Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued Risks to the Moynihan Train Hall Program* (OIG-A-2020-014), August 17, 2020; *Train Operations: Acela 21 Program Continues to Face Significant Risk of Delays, Warranting More Contingency Planning* (OIG-A-2020-004), January 21, 2020; and *Governance: Better Management of Reimbursable Projects Could Help the Company Consider Benefits and Recover its Costs* (OIG-A-2020-002), October 23, 2019.

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may face similar risks that could hinder its ability to meet its commitments in scope, on time, and in budget. Because the company has not conducted this planning as part of its program management framework, it is experiencing three challenges, which we describe in the following sections.

COMPANY BEGINNING TO ADD STAFF, BUT CORE TEAM OVERTASKED WITH MULTIPLE RESPONSIBILITIES

The company has recently added staff to the Gateway program team, but it has not fully determined the team's personnel requirements or developed plans to fill them. As a result, the core program team has been overtasked with multiple and competing responsibilities to balance and remains understaffed. On a program as complex as Gateway, where the company will use a mix of staff resources—including management, agreement, and contracted staff—a comprehensive resource assessment and plan would help alleviate overtasking and give the company more assurance that it will have adequate staff with the right skills when needed to successfully manage its commitments. Examples of overtasking include:

- A senior program official was responsible for conducting all of the company's planning on a major Gateway expansion project for Penn Station New York, a multibillion-dollar project, while also developing the company's financial plan for Gateway.
- The lead engineer for Gateway had such extensive responsibilities on the program that, when he left the company in April 2021, the company split his responsibilities among five other engineers in addition to their normal workload, also overtasking them. Company officials decided that this workload, combined with anticipated future work, warranted the hiring of an additional Deputy Chief Engineer and four managers.

As recently as November 2021, a program official told us that such overtasking has also hindered the company's work to complete the early planning efforts that EPMO recommended. Further, the company's workload on Gateway will soon increase because the company will need to provide daily support and oversight to projects in construction, such as on the Portal North Bridge project, and advance other projects through design.

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Throughout 2021, the company added the following capacity to its core program team:

- assigned a scheduler part-time to develop an integrated schedule
- assigned a finance expert to account for and track program expenditures
- assigned a contractor to identify and monitor information technology needs
- filled two new program management positions to manage the day-to-day work
- restructured the Engineering department's Project Delivery group to better address anticipated project and construction management needs and began hiring for key engineering positions for Gateway
- engaged a contractor to build and expand the team's document-retention capabilities

These staff additions should alleviate some of the strain on the core program team, but the program team has not yet assessed its overall staffing needs to know whether they are sufficient for current and future workloads. For example, one of the newly hired program managers who is responsible for developing program-level plans and tools has been assigned to assist in emerging needs on the Hudson Tunnel project, further postponing program-level planning. In another example, a senior program official told us the core program team may need a dedicated risk manager; however, the company has not yet conducted a resource assessment to determine if existing personnel can assume this role or if it will need additional staff for this purpose.

Further, the company has not assessed its current and future staffing needs across other support departments, such as Finance and Law. For example, the supporting Finance department assigned a scheduler part-time to the Gateway program; however, this scheduler told us that when projects move into construction, the company would need a dedicated team of schedulers. In fact, the company has acknowledged that relying on individuals who have competing priorities is a constraint to program success. In addition, we recently reported on challenges within the company's Human Resources department that may delay hiring efforts for major company programs, including Gateway.¹² Developing a plan to identify resource needs and when and how to fill them will help ensure that they are in place so the company's efforts are not hindered.

¹² *Human Resources: Department Will Face Challenges Supporting Workforce Growth Plans* (OIG-A-2022-003), December 7, 2021.

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Company executives said they did not assess their resource needs because the Gateway projects were still in the early phases. Companies, however, typically assess their resource needs prior to executing work on individual program components.¹³

PROGRAM TEAM HAS NOT DEFINED HOW IT WILL SHARE INFORMATION TO MEET THE NEEDS OF INTERNAL STAKEHOLDERS

The program team provides information on various aspects of the program to specific decisionmakers but does not provide information to all internal company stakeholders who may need it. This is because the team has not defined and implemented, as part of its program management framework, communication protocols that company and industry standards suggest.¹⁴ These standards state that companies should identify the information needs of internal stakeholders and plan for how the program team will generate, collect, and regularly distribute information among them to meet those needs. In addition, the team has not defined the methods to distribute and use comprehensive and consolidated reports to track the program's overall status against plans and schedules, or expenditures against the overall budget.

The team provides periodic updates to the Board of Directors and the program's executive-level oversight committee on the status of individual projects, such as the Portal North Bridge project. The team also provides monthly financial data to EPMO, which maintains a company-wide dashboard with information on all ongoing projects. Although we recognize the potential need for restrictions on information sharing, we identified instances when employees with responsibilities in the program and key decisionmakers—such as those budgeting for personnel to review project drawings or ensuring that the program's information technology needs are considered—were not aware of the status of the program or the projects included within it.

The program team has implemented regular meetings to inform some of these stakeholders on current program activities. Without comprehensive reporting and by relying on oral briefings, however, internal company stakeholders could be unaware of the status of program activities that affect them or have outdated information on the

¹³ Project Management Institute, *A Guide to Project Management Body of Knowledge, Sixth Edition*, 2017; Project Management Institute, *The Standard for Program Management, Fourth Edition*, 2017; and Amtrak, *Project Management Procedure Manual*, October 2018.

¹⁴ Project Management Institute, *A Guide to Project Management Body of Knowledge, Sixth Edition*, 2017; Project Management Institute, *The Standard for Program Management, Fourth Edition*, 2017; and Amtrak, *Enterprise Project Management Procedure Standards*, October 2019.

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program schedule, budget, and scope. As Gateway unfolds, current information on where the program stands and the activities that are forthcoming will provide the basis for informed decisions and help company departments anticipate when the program will place demands on their resources.

Providing comprehensive program information on a regular basis, including through standardized reports, also aligns with the company's practices on other major programs to give decisionmakers the information they need to make strategic business decisions related to staffing and budgeting. For example, since at least 2018, the team in charge of the New Acela program has generated and disseminated internally monthly reports that cover the overall program status, each program element's status, recently completed milestones, and upcoming milestones. The New Acela reports also cover risks the company has mitigated and any contingencies it has executed, as well as risks that are pending or that threaten the program's progress and delivery. The reports also provide monthly, yearly, and overall financial information for each project and the entire program.

COMPANY IS NOT ADEQUATELY ASSESSING PROGRAM RISKS

The company has not identified, or planned mitigating actions for, program risks facing the company. This is because it (1) has not drafted and implemented a process to continually assess the company's risks in implementing the program and (2) has not conducted a program-level assessment to identify risks that an individual project's risk assessment may not include. For example, project-level risks may be construction- or market-related risks affecting individual projects, such as if a structural steel shortage occurs while constructing the Portal North Bridge. Program-level risks the company may face, however, go beyond risk to an individual project. They could be broader financial, political, or staff-related risks, as the following examples illustrate:

- Gateway involves multiple transportation organizations—which may have competing priorities—that depend on multiple funding sources for numerous projects and have evolving delivery timelines. These practical and political complexities increase the risk to the company's budget and time frames to meet its commitments to the program.
- The company has other major planned and ongoing construction projects in the New York metropolitan area and elsewhere, such as the rehabilitation of the East River Tunnels and construction of a new Baltimore and Potomac Tunnel.

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These projects could compete for company resources, such as subject matter experts and equipment, adding risks to the program's budget and time frames for Gateway.

Program officials acknowledged these risks and listed general risk categories in the Gateway program charter. Company officials also told us Gateway could affect other company programs, such as its trainset acquisition. They have not, however, assessed the probability of these risks, identified mitigating actions to reduce them, or developed contingencies if they occur. Company officials told us they did not perform a company-specific, program-level risk assessment because they considered their participation with partners in project-level risk assessments as part of the FTA grant process to be sufficient and timely enough for this phase of the program. These project-level risk assessments, however, do not include program-level risks the company may be facing.

A clearly defined process and assessment of how the company will manage its program-level risks would align with company and industry standards¹⁵ and with how the company has addressed risk in other major programs. For example, the company conducted risk assessments as part of its Safety Management System, which is an ongoing companywide effort to improve its safety culture and outcomes. These assessments focused on risks to the company's interests and documented the company's strategies to mitigate them in a risk register. Assessing and designing mitigations for the risks Gateway may pose to the company will help prepare decisionmakers to address risks that could hinder its ability to deliver its commitments.

CONCLUSIONS

With several projects underway, the company has the opportunity now to prepare for its work on Gateway by thoroughly anticipating the program's demands on the company. The company could leverage lessons learned from its other capital programs to put its program management framework in place for this effort, recognizing that it will evolve as requirements and circumstances change over the lifetime of Gateway. Doing so would also help the company effectively staff the program, inform decisionmakers, and identify and address risks that could impede progress as projects mature.

¹⁵ Project Management Institute, *A Guide to Project Management Body of Knowledge, Sixth Edition*, 2017; Project Management Institute, *The Standard for Program Management, Fourth Edition*, 2017; and Amtrak, *Enterprise Project Management Procedure Standards*, October 2019.

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RECOMMENDATIONS

To build a thorough program management framework for Gateway, we recommend that the Executive Vice President for Capital Delivery take the following actions:

1. Build out the Program Management Plan to provide a comprehensive roadmap for how the team will develop and execute the program.
2. Conduct a program-level resource assessment to ensure that the company will have the skillsets and staff to conduct its planned work when it needs them.
3. Define and implement communication protocols to identify the information needs of internal company stakeholders and manage how the company will generate, collect, and distribute comprehensive program information to them, including the use of standardized reports.
4. Develop and implement a risk management process for the program, including a program-level risk assessment.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the company's Executive Vice President for Capital Delivery agreed with our recommendations and identified actions the company is taking or plans to take to address them, which we summarize below:

- **Recommendation 1:** Management accepted our recommendation to build out the program management plan to provide a comprehensive roadmap for how the team will develop and execute the program. Management committed to provide a revised plan that would include the company's restructuring of the Capital Delivery organization and procedures for document control, quality management, and other protocols, such as those identified in our other recommendations. The target completion date is June 30, 2022.
- **Recommendation 2:** Management accepted our recommendation to conduct a program-level resource assessment to ensure that the company will have the skillsets and staff to conduct its planned work when it needs them. Management stated that it is continuing its resource assessment for Gateway, and is committed to develop an organization chart and a hiring plan to fill new or vacant positions. Management noted that it brought on the Executive Vice President for Capital Delivery to re-organize the company to better meet the many program delivery

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challenges it faces, including delivery of Gateway. The target completion date is May 31, 2022.

- **Recommendation 3:** Management accepted our recommendation to define and implement communication protocols to identify the information needs of internal company stakeholders and manage how the company will generate, collect, and distribute comprehensive program information to them, including the use of standardized reports. Management committed to develop a written communication management plan that includes the use of reports and incorporate this information into the revised program management plan. The target completion date is June 30, 2022.
- **Recommendation 4:** Management accepted our recommendation to develop and implement a risk management process for the program, including a program-level risk assessment. Management committed to develop a risk management process and onboard a dedicated risk management specialist. Management plans to incorporate the risk management process into the revised program management plan. Management also noted that the team has developed a program-wide risk register as of December 2021. The target completion date is May 31, 2022.

Management's response also provided additional details regarding Gateway projects the company and its partners advanced throughout our review period, during which company operations were also rebounding from the pandemic. For management's complete response, see Appendix D. Management also provided technical comments that we have incorporated in this report as appropriate.

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APPENDIX A

Objective, Scope, and Methodology

This report provides the results of our audit of the company's Gateway program. Our objective was to assess the extent to which the company has a program management framework to govern how it will complete its current and future work across the Gateway projects. Our scope included the company's efforts to effectively plan for the management and oversight of the program and how these plans compare with its own standards and industry standards. We also identified the scope and status of the individual Gateway projects and the company's commitments on those projects. We conducted our work from February 2021 through December 2021 in Washington, D.C., and Philadelphia, Pennsylvania. Certain information in this report has been redacted due to its sensitive nature.

To assess the company's planning efforts for Gateway, we reviewed the company's policies and standards on program management, as well as program management guidance from other public- and private-sector sources. We also reviewed company documents—such as contracts; documents containing program budget, schedule, and planning information; and agreements with external partners. We compared these documents to applicable company policies and industry practices to assess the completeness of the company's suite of planning and management tools, reviewing the underlying program management framework the company has developed to complete Gateway.

To identify the scope and status of Gateway and the company's commitments on the various projects, we reviewed company documents related to its long-term, ongoing planning efforts; agreements with external partners at the state and federal levels; and agreements and task orders with design, engineering, and construction management consultants.

In addition, we interviewed the company President and Chief Executive Officer, the program's executive sponsors, and officials from the program team charged with managing the commercial planning, design and engineering, and construction of the program. This also included senior company officials supporting the program from the following departments: Engineering; Stations, Facilities, Properties and Accessibilities; Finance; Law; Information Technology; Planning and Strategy; Procurement; and

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EPMO.¹⁶ We interviewed these officials to learn their perspective on past, present, and future decisions and actions related to management of the program, as well as to collect information on ongoing program work.

We also interviewed representatives from NJ Transit and FRA to obtain their perspective on the company's progress. In addition, we reviewed the company's spending on the program to date, but auditing these amounts was outside the scope of this review.

To develop the individual Gateway project status reports that we include in Appendix C, we compiled individual project information from project charters, individual project-level plans, project development and design agreements, project financial plans, updates to the program's executive oversight committee and the Board of Directors, the company's annual business case for the program, and project status submissions to the Northeast Corridor Commission. For all projects beyond the conceptual design phase, we included a description of the project, information regarding the project partners and consultants involved on the project if available, and a brief narrative of the status of the project as of December 2021. For projects in the conceptual design phase, we provided a brief description of the project. We gathered and summarized cost and schedule data from individual project charters, the company's annual business case, and the company's submission to the Northeast Corridor Commission. Except for the Portal North Bridge project, all cost and schedule data presented are estimates. We also interviewed program team members to gather information regarding each project's status and phase. They validated the information that we collected and provided technical comments on a draft of Appendix C, which we incorporated as appropriate.

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.

¹⁶ These were the names of the departments during our review period. In January 2022, the company made several organizational updates to its departments, including consolidating several of them into the Service Delivery and Operations department and Capital Delivery department.

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Internal Controls

We reviewed management controls for overseeing the company's commitments to the program and mitigating associated risks. Specifically, we assessed internal control components and underlying principles and determined that four of the five internal control areas were significant to our audit objectives:

- **Control Environment.** Management should oversee the entity's internal control system, establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. Management should demonstrate a commitment to recruit, develop, and retain competent individuals; evaluate performance; and hold individuals accountable for their internal control responsibilities.
- **Risk Assessment.** Management should identify risks and define risk tolerances and should analyze and respond to risks related to achieving the defined objectives.
- **Control Activities.** Management should design control activities to achieve objectives and respond to risks.
- **Information and Communication.** Management should use quality information and communicate this information internally and externally to achieve the entity's objectives.

We developed audit work to ensure that we assessed each of these controls. This included reviewing the extent to which the company followed internal program management standards, such as assigning clear roles and responsibilities, identifying and responding to risks, maintaining an integrated master schedule, and establishing communication and information tracking protocols. We did not review the company's overall system of controls and procedures. Because our review was limited to the major strategic components of the program, it may not have disclosed all of the internal control deficiencies that may have existed at the time of this audit.

Computer-processed Data

To establish relevant background for our report, we referred to total Gateway expenditures as reported by the company. The program team provided computer-processed data for Gateway program expenditures from FY 2012 through FY 2021 from SAP, the company's financial system of record. To verify these data, we conducted our

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own search and analysis of Gateway-related expenditures in SAP. During our analysis, we identified an additional \$3.7 million the company spent on Gateway that the data it provided to us did not capture. We discussed this discrepancy with the program team and officials from EPMO, and the company corrected its expenditure report by including the \$3.7 million that we identified. The controls, processes, and information systems the company uses to identify and capture amounts it spent on the program were outside the scope of this review; therefore, the expenditures the company reported may not include all costs.

Prior Reports

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

- *Human Resources: Department Will Face Challenges Supporting Workforce Growth Plans* (OIG-A-2022-003), December 7, 2021
- *Safety and Security: The Company Has Made Significant Progress Implementing New Safety Program* (OIG-A-2021-008), April 8, 2021
- *Amtrak: Top Management and Performance Challenges for Fiscal Year 2021* (OIG-SP-2021-002), October 23, 2020
- *Governance: Early Planning and Oversight Deficiencies Led to Initial Program Failures and Continued risks to the Moynihan Train Hall Program* (OIG-A-2020-014), August 17, 2020
- *Train Operations: Acela 21 Program Continues to Face Significant Risk of Delays, Warranting More Contingency Planning* (OIG-A-2020-004), January 21, 2020
- *Governance: Better Management of Reimbursable Projects Could Help the Company Consider Benefits and Recover its Costs* (OIG-A-2020-002), October 23, 2019
- *Acquisition and Procurement: Gateway Program Projects Have Certain Cost and Schedule Risks* (OIG-A-2015-002), December 19, 2014
- *Acquisition and Procurement: Gateway Program's Concrete Casing Project Progressing Well; Cost Increases Will Likely Exceed Project Budget* (OIG-A-2014-004), February 11, 2014

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APPENDIX B

Abbreviations

EPMO	Enterprise Program Management Office
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FY	fiscal year
GDC	Gateway Development Commission
GPDC	Gateway Program Development Corporation
LIRR	Long Island Railroad
MTA	Metropolitan Transportation Authority
NEC	Northeast Corridor
NJ Transit	New Jersey Transit Corporation
NJEDA	New Jersey Economic Development Authority
OIG	Amtrak Office of Inspector General
PATH	Port Authority Trans-Hudson Corporation (subsidiary of the Port Authority of New York and New Jersey)
Port Authority	Port Authority of New York and New Jersey
the company	Amtrak

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APPENDIX C

Project Status Reports

This appendix includes the status of the Gateway projects as of December 2021. For information on how we compiled the Project Status Reports, see Appendix A.

HUDSON YARDS CONCRETE CASING PHASE 3 (EARLY)

Project Description



Source: Amtrak

This project involves the early work to advance construction of the third and final section of concrete casing beneath Hudson Yards from 11th Avenue to 30th Street (at 12th Avenue) in Manhattan to preserve the underground right-of-way for the proposed Hudson Tunnel into Penn Station New York. It includes relocation of LIRR utilities, including the Emergency Services Building, out of the path of the final tunnel casing segment.

Company data provided as of December 2021

Project Phase



Project Information

Project Sponsor:	Amtrak
Project Partners:	N/A
Designer of Record:	Gateway Trans-Hudson Partnership
Construction Contractor:	Skanska (early work)
Construction Manager:	N/A
Amtrak Construction Management:	LiRo Group
Estimated Project Cost:	\$24 million

Project Status

Early construction work to relocate LIRR’s Emergency Services Building and other utilities began in FY 2021 and will continue in FY 2022. The company expected to have completed a substantial portion of this work in 2021 and the remainder by March 2022. The company is working to finalize an agreement with Related Companies, the developer of Hudson Yards, for the construction of Section 3, which is part of Hudson Tunnel project. The agreement will govern Related Companies’ work constructing the third casing segment on the company’s behalf. FRA was on target to finish its environmental review process for the third and final section of the concrete casing in 2021.

Project Timeline (estimated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Preliminary Engineering	Complete											
Final Design	Complete											
Procurement	Complete											
Construction												

Certain information in this report has been redacted due to its sensitive nature.

PORTAL NORTH BRIDGE

Project Description



Source: Amtrak

This project is to replace the existing two-track swing bridge over the Hackensack River in New Jersey with a new fixed structure bridge north of the existing bridge. The new bridge is designed to have clearances that accommodate current and forecasted maritime traffic, eliminating the need for a movable bridge. The goal of the project is to improve reliability of service, allow for increased speeds, and expand capacity along the NEC for commuter and intercity passenger rail travelers.

Company data provided as of December 2021

Project Phase



Project Information

Project Sponsor:	NJ Transit
Project Partners:	Amtrak, Port Authority, GDC, NJEDA
Designer of Record:	Portal Partners (Joint venture of Gannett Fleming Transit and Rail Systems, HNTB Corporation, and Jacobs Engineering Group)
Construction Contractor:	Skanska and Traylor Bros., Inc.
Construction Manager:	AECOM Inc. and STV Corporation (Joint venture)
Amtrak Construction Management:	Hardesty & Hanover
Estimated Project Cost:	\$1.9 billion

Project Status

NJ Transit obtained a Full Funding Grant Agreement from FTA to receive \$766.5 million in grant funding for the project on January 11, 2021. This agreement authorized NJ Transit to begin procuring a major construction contractor, resulting in the selection of Skanska and Traylor Bros., Inc., as the prime contractor. The parties anticipate that construction of the project will start in January 2022. In FY 2022, NJ Transit plans to complete its property acquisitions, relocate most utilities, and issue a notice to proceed on the construction package. The grant agreement with FTA stipulates a required completion date of June 30, 2028.

Project Timeline (estimated)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Preliminary Engineering	Complete											
Final Design	Complete											
Procurement												
Construction												

Certain information in this report has been redacted due to its sensitive nature.

HUDSON TUNNEL PROJECT

Project Description



This project includes the construction of a new, two-track tunnel beneath the Hudson River from the Bergen Palisades in New Jersey to Manhattan, directly serving Penn Station New York. It also includes the rehabilitation of the North River Tunnel, which was opened in 1910, and has deteriorated due to age, extensive use, and water damage. Upon completion, the project will make four tracks available to traffic between New Jersey and New York, supporting operational flexibility and greater resiliency.

Source: Amtrak

Company data provided as of December 2021

Project Phase



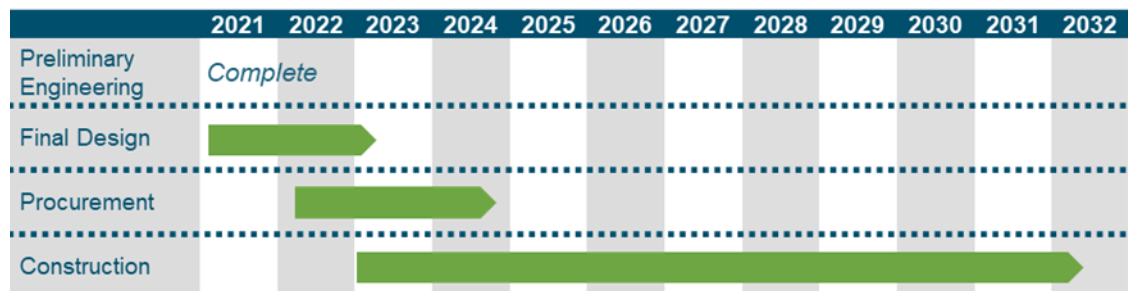
Project Information

Project Sponsor:	Port Authority
Project Partners:	Amtrak, NJ Transit, GPDC, GDC
Design Consultant:	Gateway Trans-Hudson Partnership (Joint venture of WSP, AECOM USA, and STV Inc.)
Construction Contractor:	TBD
Construction Manager:	TBD
Amtrak Construction Management:	TBD
Estimated Project Cost:	\$12.3 billion (\$10.1 billion for new tunnel and \$2.2 billion for rehabilitation of existing tunnel)

Project Status

In May 2021, FRA and FTA approved the federal environmental review for the Hudson Tunnel. This decision enabled the project to progress towards eventual funding. Amtrak and its partners are applying for additional federal funds. The program partners submitted an updated financial plan to FTA in August 2021. Also, in August 2021, the company acquired a piece of property on 12th Avenue in Manhattan to support tunnel construction. The company and NJ Transit applied to the U.S. Army Corps of Engineers for authorization to begin work and received this permit in November 2021.

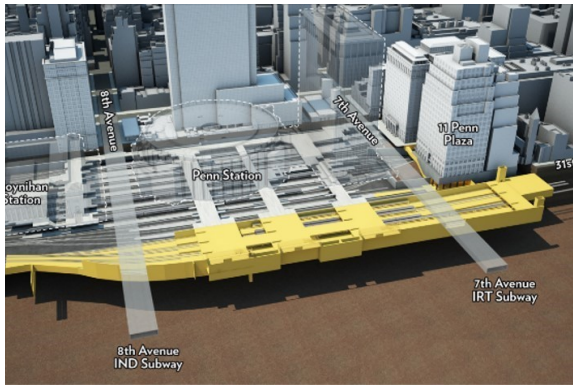
Project Timeline for new tunnel (estimated)



Certain information in this report has been redacted due to its sensitive nature.

PENN STATION NEW YORK EXPANSION PROJECT

Project Description



Source: Amtrak

This project proposes to expand Penn Station New York with additional tracks, platforms, and passenger concourses to accommodate the increased rail capacity Gateway will generate. One concept that will be evaluated would extend the footprint of the station to the south between W. 30th and W. 31st Streets between 7th and 8th Avenues, including adjacent blocks. The project is likely to require major property acquisition in Manhattan to accommodate construction.

Company data provided as of December 2021

Project Phase



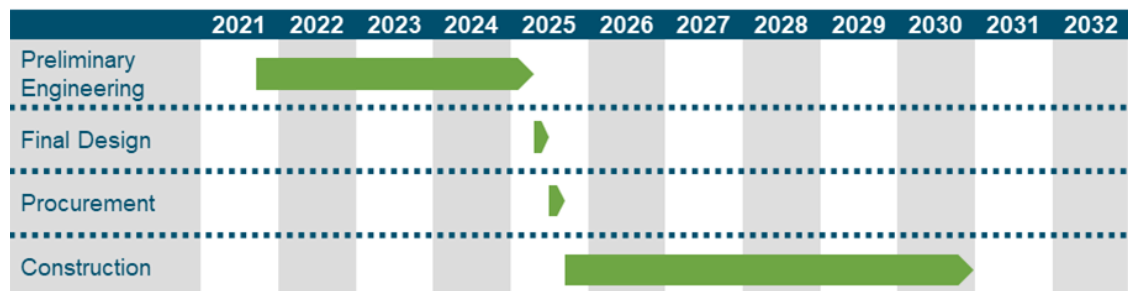
Project Information

Project Sponsor:	MTA (for environmental purposes)
Project Partners:	Amtrak, NJ Transit, State of New York
Designer of Record:	TBD
Construction Contractor:	TBD
Construction Manager:	TBD
Amtrak Construction Management:	TBD
Estimated Project Cost:	\$10.3 billion

Project Status

In May 2021, Amtrak issued a Request for Proposal for an Architectural and Engineering services consultant to be funded jointly by Amtrak and NJ Transit. In FY 2022, the company anticipates completing this design procurement and initiating preliminary engineering. The company also initiated a service planning and rail operations study in FY 2020 to test the operating plan for the entire expanded Penn Station complex under the full build-out of Gateway. The initial simulation run for the study took place in July 2021.

Project Timeline (estimated)



Certain information in this report has been redacted due to its sensitive nature.

SAWTOOTH BRIDGES REPLACEMENT PROJECT

Project Description



Source: Amtrak

This project includes the replacement of Amtrak Bridges 7.80 and 7.96 in Kearny, New Jersey. The bridges span over other NJ Transit, PATH, and Conrail rail tracks. They are over 100 years old and are at or near the end of their expected lifespans. Because of their condition, trains are restricted to 60 mph through this section. Replacement of the bridges will support an expanded four-track segment with improved design speeds and better reliability and resiliency.

Company data provided as of December 2021

Project Phase



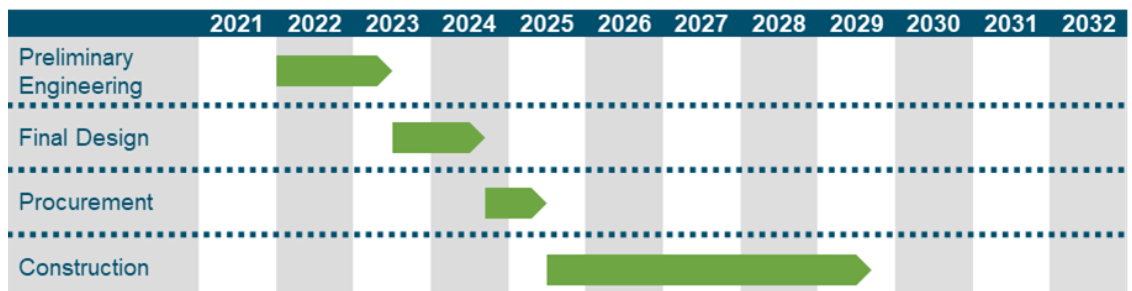
Project Information

Project Sponsor:	Amtrak
Project Partners:	NJ Transit, Port Authority, GDC
Designer of Record:	Portal Partners (Joint venture of Gannett Fleming, HNTB, and Jacobs Engineering)
Construction Contractor:	TBD
Construction Manager:	TBD
Amtrak Construction Management:	TBD
Estimated Project Cost:	\$1.6 billion

Project Status

In FY 2022, the company plans to finalize design agreements with NJ Transit, PATH, and Conrail, and to advance preliminary engineering. It plans to complete a field investigation in December 2021.

Project Timeline (estimated)



Certain information in this report has been redacted due to its sensitive nature.

HARRISON FOURTH TRACK PROJECT

Project Description



Source: Amtrak

This project includes construction of a new track, signals, and electric traction systems through Harrison, New Jersey, north of the existing track alignment, as well as the conversion of the existing track to a fourth main track on the NEC. The goal of the project is to expand capacity at Harrison from two tracks to four to support a higher volume of traffic in the area.

Company data provided as of December 2021

Project Phase



Project Information

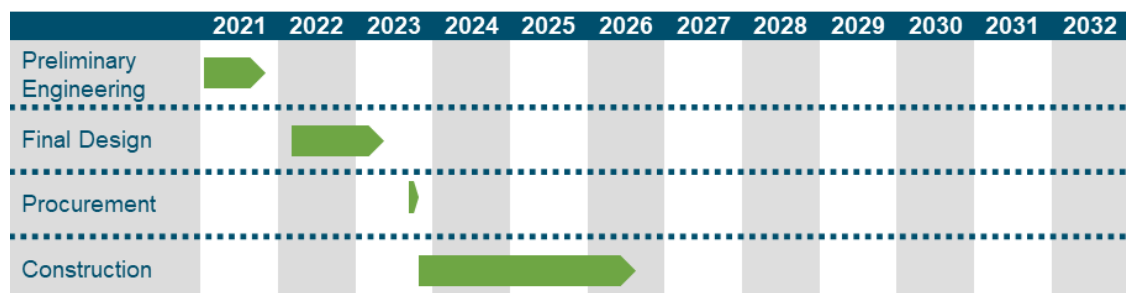
Project Sponsor:	Amtrak
Project Partners:	NJ Transit, Port Authority, GDC
Designer of Record:	AECOM
Construction Contractor:	TBD
Construction Manager:	TBD
Amtrak Construction Management:	TBD
Estimated Project Budget:	\$75 million

Project Status

PATH and NJ Transit have approved the 15 percent design track schematic. The company’s design consultant, AECOM, is working to complete the 30 percent design and engineering drawing submission, which it expects to complete in FY 2022.

Once the 30 percent design is complete and formally approved, the company plans to advance the design and engineering to 100 percent completion to get the project ready for construction and prepare a funding plan for the construction phase.

Project Timeline (estimated)



Certain information in this report has been redacted due to its sensitive nature.

DOCK BRIDGE REHABILITATION PROJECT

Project Description



Source: Amtrak

This project includes a series of improvements—such as structural steel painting and steel repairs—with the goals of bringing the bridge into a state of good repair, ensuring safe and efficient operations, and reducing travel time. It will also fix the bridge in a closed position, simplifying maintenance. Dock Bridge crosses the Passaic River between Harrison and Newark, New Jersey, and was built between 1929 and 1938. Owned by the company, the six-track bridge also serves NJ Transit and PATH commuter rail passengers.

Company data provided as of December 2021

Project Phase



Project Information

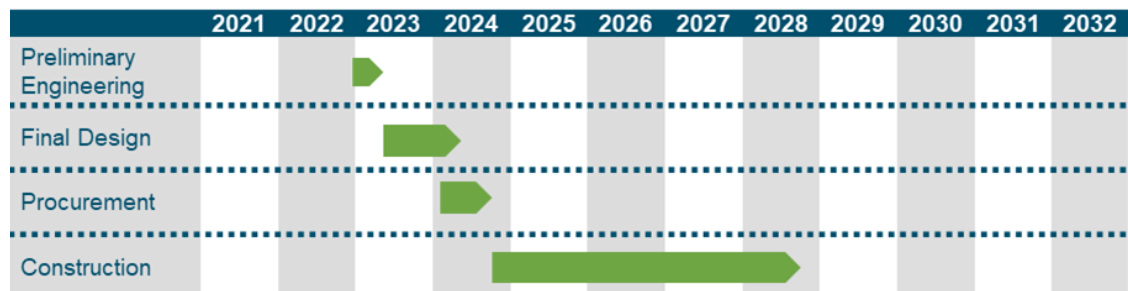
Project Sponsor:	Amtrak
Project Partners:	NJ Transit, PATH, GDC
Designer of Record:	TBD
Construction Contractor:	TBD
Construction Manager:	TBD
Amtrak Construction Management:	TBD
Estimated Project Cost:	\$63.3 million ^a

Note: ^a We included the cost estimate the company reported. In December 2021, the company was reviewing an updated cost estimate of [REDACTED] million that its consultant provided for the Dock Bridge Rehabilitation project.

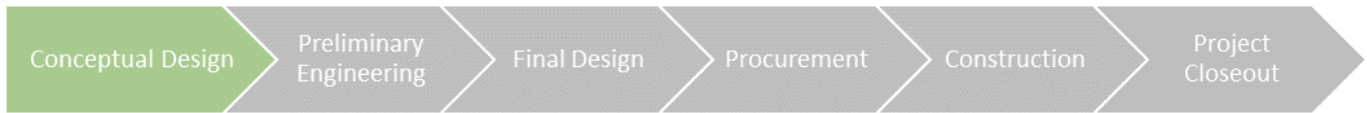
Project Status

The company has requested approval from the U.S. Coast Guard to fix the bridge in the closed position. The company would then progress the design and installation of rails to support a permanently fixed bridge. The company also plans to advance preliminary engineering of the entire rehabilitation project in FY 2022, which includes painting the bridge and steel repair, replacing the bridge fenders, and repairing the concrete piers.

Project Timeline (estimated)



Certain information in this report has been redacted due to its sensitive nature.



PORTAL SOUTH BRIDGE



Source: Amtrak

Construction of a new two-track bridge south of Portal North Bridge to provide four-track capacity over the Hackensack River in New Jersey.

- Project Partners:** NJ Transit, Port Authority, Amtrak, GDC
- Estimated Duration:** TBD
- Estimated Cost:** TBD

SECAUCUS JUNCTION PROJECT

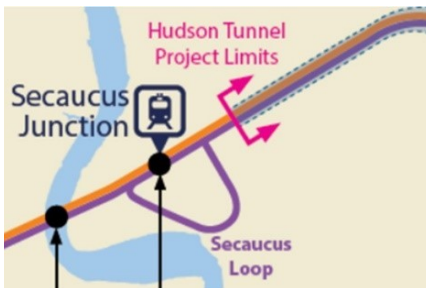


Source: Amtrak

Expansion of the platform system and approach tracks at the station in Secaucus, New Jersey, to support doubling of train movements and accommodate the additional capacity the Portal South Bridge will provide.

- Project Partners:** NJ Transit, Amtrak, State of New York, GDC
- Estimated Duration:** TBD
- Estimated Cost:** TBD

BERGEN LOOP PROJECT



Source: Amtrak

Construction of “loop tracks” at Secaucus Junction to provide a track connection from new infrastructure planned as part of Gateway for the upper level of Secaucus Station to existing NJ Transit rail lines on the lower level.

- Project Partners:** NJ Transit, Amtrak, State of New York, GDC
- Estimated Duration:** TBD
- Estimated Cost:** TBD

NEW JERSEY TRANSIT RAIL YARD



Source: Amtrak



Property acquisition, design, and construction of a rail yard and other facilities to support the increased rail capacity that will result from Gateway.

- Project Partners:** NJ Transit, Amtrak, Port Authority, GDC
- Estimated Duration:** TBD
- Estimated Cost:** TBD

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APPENDIX D

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION			
<h1 style="font-size: 2em; margin: 0;">Memo</h1>			
Date	January 21, 2022	From	Laura Mason, EVP Capital Delivery 
To	Jim Morrison, Assistant Inspector General, Audits	Department	Capital Delivery
		cc	Stephen Gardner, President & CEO Eleanor Acheson, EVP General Counsel Marie Corrado, AVP Gateway Carol Hanna, VP Controller Roger Harris, EVP Marketing & Revenue Petra Messick, Dir Portfolio Management Kerry Donovan, Deputy Chief Engineer Scot Naparstek, EVP Service Delivery & Operations Dennis Newman, EVP Strategy, Planning & Accessibility Steven Predmore, EVP CSO Mark Richards, Sr. Director Amtrak Risk & Controls Qiana Spain, EVP CHRO Tracie Winbigler, EVP CFO Christian Zacariassen, EVP Digital Technology & Innovation
Subject:	Management Response to GOVERNANCE: Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program (<i>Draft Interim Audit Report for Project No. 007-2021</i>)		
<p>This memorandum provides Amtrak's response to the draft audit report titled, "<i>Company Needs a Comprehensive Framework to Successfully Manage its Commitments to the Gateway Program</i>". Management appreciates the opportunity to respond to the OIG's recommendations.</p> <p>The timeframe that the draft audit covers was one of the most productive and successful periods for the Gateway Program:</p> <ul style="list-style-type: none"> • Amtrak continued to firm up its partnership with both the States of New York and New Jersey that has resulted in their participation in and funding commitment to the Program. During an early period of lack of interest in the Program by the then-Administration, Amtrak was able to support our New Jersey partners and obtain a full funding grant agreement from the Federal Transit Administration (FTA) for NJ TRANSIT and a supporting Federal Railroad Administration (FRA) grant to Amtrak for the Portal North Bridge project. The construction contract for that project which will replace the "Achilles Heel of the Northeast Corridor" was awarded in 2021 by NJ TRANSIT and notice to proceed will be issued in January 2022. Our partnership was tested when the low bid was higher than planned because of supply chain disruption and inflation resulting from the world-wide pandemic, yet both Amtrak and New Jersey reacted swiftly and with determination to move the project to construction, proceeding as we had agreed in our Project Development Agreement. 			
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- After nearly a four year pause by the federal government, Amtrak and our partners finalized the environmental process for the Hudson Tunnel Project, obtaining a joint FRA/FTA Record of Decision in May of 2021 and updating our financial plan with strengthened State and Amtrak funding commitments. Utilizing existing company policies and procedures, in August 2021 Amtrak moved decisively to acquire the critical piece of Manhattan real property that is necessary for the New York vent shaft, emergency egress and fan plant for the new Hudson River Tunnel. NJ TRANSIT and Amtrak obtained the final federal permit from the Army Corps of Engineers in November 2021 which will allow the project to be constructed under the Hudson River and in the wetlands of New Jersey.
- The Sawtooth Bridges project obtained its federal environmental approval and moved into the preliminary engineering phase.
- The Harrison Fourth Track project garnered approvals from all affected railroads for its new rail alignment and moved toward 30% design.
- New York State and New Jersey began planning with Amtrak for design and environmental work on the expansion of Penn Station New York. Amtrak in collaboration with NJ TRANSIT led the procurement for the architectural and engineering consultant which will design the railroad infrastructure and support the federal environmental process for the expansion project and that contract will be in place by March 2022.
- The Gateway Program staff was augmented by experts in finance, scheduling, planning, program management and engineering and Management reorganized at the executive level to deliver capital programs.

As further context for the draft Report, during the audit period Management was moving Amtrak from an unprecedented low point in operations and revenue caused by the world-wide pandemic to its current position of equally unprecedented support by Congress and the Administration with the opportunity and responsibility to deliver the Gateway Program, and billions of dollars more besides, in railroad improvements.

Management is continuing to prepare Amtrak to best deliver the Gateway Program and appreciates the guidance in the draft Report. Our responses to each recommendation follow.

To build a thorough program management framework for Gateway, the OIG recommends that the Executive Vice President for Capital Delivery take the following actions:

Recommendation #1:

Build out the Program Management Plan to provide a comprehensive roadmap for how the team will develop and execute the program.

Management Response/Action Plan:

Management accepts this recommendation. The Gateway Program has successfully utilized Amtrak company-wide procedures for financial accounting, forecasting, project reporting, procurement and other activities. The draft Report recommends that those procedures and others that may be developed be reflected in the Program Management Plan, dated August 2021.

To address the OIG's recommendation, Management commits to the following:

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NATIONAL RAILROAD PASSENGER CORPORATION

- a. Provide a revised Program Management Plan with updates to reflect the January 2022 Management restructuring of Amtrak's Capital Delivery organization, as well as procedures for document control, quality management and other protocols.
- b. Include reference to existing processes, including the process for maintaining the Gateway Program's Integrated Master Schedule.
- c. Include the communications plan described in the third recommendation of the draft Report.
- d. Include the risk management process described in the last recommendation of the draft Report.

Responsible Amtrak Official(s): Petra Messick, Dir Portfolio Management
 Portia Henry, Program Mgr. Gateway

Target Completion Date: June 30, 2022

Recommendation #2:

Conduct a program-level resource assessment to ensure that the company will have the skillsets and staff to conduct its planned work when it needs them.

Management Response/Action Plan:

Management accepts this recommendation. In June 2021, Management brought on an Executive Vice President, Laura Mason, to re-organize the company to better meet the many program delivery challenges that Amtrak faces, including delivery of the Gateway Program. The passage of the Infrastructure Investment and Jobs Act has made an unprecedented level of new funding available to Amtrak and other stakeholders and has raised expectations and enthusiasm for the Gateway Program to new heights. Management is determined to excel in capital delivery and is continuing its resource assessment and re-organization in order to do so, in connection with the Gateway Program and otherwise.

Management commits to the following:

- a. Develop an organization chart for the Gateway Program in collaboration with others in the Capital Delivery organization to ensure that staff with necessary expertise to support the Gateway Program are included either in the Gateway Program or as part of the overall Amtrak Capital Delivery organization.
- b. Develop a hiring plan to fill vacant and newly proposed positions.

Responsible Amtrak Official(s): Laura Mason, EVP Capital Delivery
 Marie Corrado, AVP Gateway

Target Completion Date: May 31, 2022

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NATIONAL RAILROAD PASSENGER CORPORATION

Recommendation #3:

Define and implement communication protocols to identify the information needs of internal company stakeholders and manage how the company will generate, collect, and distribute comprehensive program information to them, including the use of standardized reports.

Management Response/Action Plan:

Management accepts this recommendation. The draft Report makes note of some of the tools the Gateway Program uses to disseminate information, report on progress, and request executive assistance. They include quarterly meetings of the Gateway Executive Oversight Committee, written status reports on the Program to the Amtrak Board of Directors at every meeting of the Board, status reports on each active project on Amtrak Enterprise Program Management Office (EPMO) dashboard, daily calls of the matrixed Gateway team to plan with each other and report on past and upcoming activities, monthly working calls with the Gateway team and others inside Amtrak with interest in and responsibilities in connection with project and Program development.

In order to ensure more comprehensive dissemination of pertinent information to internal Amtrak colleagues, Management commits to the following:

- a. Develop a written Communication Management Plan based on the EPMO template for the Gateway Program which will include the use of standardized reports.
- b. Include the Communication Management Plan in the Program Management Plan to be updated as recommended in the first recommendation of the draft Report.

Responsible Amtrak Official(s): Petra Messick, Dir Portfolio Management
 Craig Schulz, Infrastructure Planning Sr Mgr.

Target Completion Date: June 30, 2022

Recommendation #4:

Develop and implement a risk management process for the program, including a program-level risk assessment.

Management Response/Action Plan:

Management accepts this recommendation. As of December 2021, the Gateway Program team has developed a Program-wide risk register, using the Amtrak EPMO template, and meets monthly to identify and track Program-wide risks and develop mitigation strategies. Management believes the Program will benefit from having a dedicated risk management specialist to support the Program-wide risk management process. Management will use its Gateway Program management consultant to quickly provide a risk specialist to support this activity.

To address this recommendation, Management commits to the following:

- a. Bring on a risk management specialist under the Gateway Program management consultant to supplement the team's ongoing efforts.

Amtrak Office of Inspector General
**Governance: Company Needs a Comprehensive Framework to Successfully Manage its
Commitments to the Gateway Program**
OIG-A-2022-006, February 4, 2022

NATIONAL RAILROAD PASSENGER CORPORATION

- b. Using the EPMO template, develop a written risk management process which will include the detailed Gateway Program risk register.
- c. Include the risk management process in the updated Program Management Plan to be completed under the first recommendation in the draft Report.

Responsible Amtrak Official(s): Kerry Donovan, Deputy Chief Engr Major Cap Projects
Portia Henry, Program Mgr. Gateway

Target Completion Date: May 31, 2022

Amtrak Office of Inspector General
**Governance: Company Needs a Comprehensive Framework to Successfully Manage its
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OIG-A-2022-006, February 4, 2022

APPENDIX E

OIG Team Members

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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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