



OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

FINANCIAL MANAGEMENT:

The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act

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

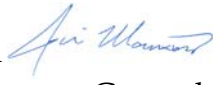
OIG-A-2023-011 | September 1, 2023

This page intentionally left blank.



Memorandum

To: Tracie Winbigler
Executive Vice President, Business Transformation and Chief Financial Officer

From: Jim Morrison 
Assistant Inspector General, Audits

Date: September 1, 2023

Subject: *Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act (OIG-A-2023-011)*

The Infrastructure Investment and Jobs Act (IIJA)¹ provides \$66 billion for passenger and freight rail improvements—the largest investment in rail in generations. Of this, IIJA provides \$22 billion exclusively to Amtrak (the company) to bring its capital assets into a state of good repair and acquire new trainsets, among other uses. The law also provides \$44 billion for competitive grants to the company, state and local governments, and other rail carriers to advance safe, clean, and efficient passenger and freight rail. Accordingly, IIJA could triple Amtrak’s annual infrastructure spending over the coming years and will significantly expand its traditional passenger rail mission to include a major capital delivery mission.

Beyond the billions in new funding, IIJA includes extensive additional requirements for the company on operations, policy, and funding matters. In passing IIJA, Congress directed our office to focus on funding—specifically, how the company will use, account for, and report on these funds. The objective for this review is to assess the company’s early efforts to comply with all IIJA’s requirements, with a focus on its ability to use, account for, and report on the \$22 billion in direct funding. Our future work will address how well the company uses these funds, as well as any funds the company receives from competitive grants once they are disbursed.

To conduct this work, we interviewed officials from the company’s Government Affairs and Finance departments, other company officials with responsibilities for IIJA compliance, and Federal Railroad Administration (FRA) officials. We also reviewed and analyzed documentation on the company’s plans and processes for complying with IIJA

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

Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act

OIG-A-2023-011, September 1, 2023

requirements, with a focus on the company's most recent spend plan, which it updated in February 2023. In addition, we reviewed the company's accounting and reporting processes and systems. For more details on our scope and methodology, see Appendix A.

SUMMARY OF RESULTS

The company is actively positioning itself to comply with IIJA's operations, policy, and funding requirements, including the company's use, accounting, and reporting of the \$22 billion in direct funding. These are positive early steps, but it is too soon to assess their effectiveness because the company is still implementing them. The company has taken the following steps:

Established a foundation for meeting all IIJA requirements. In fiscal year (FY) 2022, management proactively established company-wide plans and processes to comply with IIJA's extensive funding and non-funding (operational and policy) requirements. It established an IIJA implementation committee, developed a tracking tool to monitor the compliance status of the company's requirements, provided company-wide training on the requirements, and began periodically communicating management's expectations for the responsible use of IIJA resources. In addition, it recently established three company-wide oversight groups in part to help the company comply with IIJA.

Established plans and processes to meet IIJA funding requirements for the \$22 billion. The company initiated the following efforts to comply with IIJA's requirements for using, accounting for, and reporting these funds:

- ***Developed a spend plan for using IIJA funds.*** The company developed a plan summarizing the capital projects it proposes to complete with its IIJA funds and provided it to FRA. This plan, which was more expansive than the law required, shows the company's intention to allocate most of these funds to seven major areas. These areas include the Intercity Trainsets (ICT) program, bringing stations into compliance with the Americans with Disabilities Act (ADA), addressing its backlog of deferred maintenance on tracks and bridges, and upgrading information technology systems.
- ***Developed a plan for meeting accounting and reporting requirements.*** The company also developed a financial compliance plan that describes the company's process for addressing these requirements. The plan shows the company's intention to largely rely on existing accounting and reporting

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

processes and data systems to meet the requirements. It has also begun modifying some of these processes and systems to better meet other requirements, such as reporting project costs by phases.

As of July 2023, the company has received about \$731 million in IIJA funds. Because it is still implementing these plans and processes, it is too soon to assess their effectiveness. Accordingly, we are not making recommendations in this report. For management's response, see Appendix B. We will continue to monitor the company's progress and have initiated audits of individual IIJA-funded programs—such as the almost \$7 billion ICT program—to assess the company's management of these projects.

BACKGROUND

IIJA funds. IIJA provides \$66 billion for passenger and freight rail improvements, some of which are available solely to the company and some of which are available through competitive grants. Specifically:

- **Funding available solely to the company.** The company will receive about \$22 billion to upgrade capital assets such as maintenance and storage facilities; acquire new trainsets; and reduce its backlog of deferred capital projects, such as projects to bring stations into ADA compliance. The funds are supplemental to the annual grants the company receives to support its ongoing intercity passenger rail service operations and infrastructure. The FRA will provide these funds through two grants:
 - Northeast Corridor IIJA Supplemental grant,² which provides \$6 billion for projects throughout the corridor
 - National Network IIJA Supplemental grant,³ which provides \$16 billion for projects outside the corridor

Both grant agreements define the FRA's process for approving the company's spending of IIJA funds.

² Federal Railroad Administration, Cooperative Agreement, *Northeast Corridor IIJA Supplemental Cooperative Agreement to the National Railroad Passenger Corporation*, Agreement. No. 69A36522503710AMTDC (Sep. 23, 2022).

³ Federal Railroad Administration, Cooperative Agreement, *National Network IIJA Supplemental Cooperative Agreement to the National Railroad Passenger Corporation*, Agreement. No. 69A36522503700AMTDC (Sep. 23, 2022).

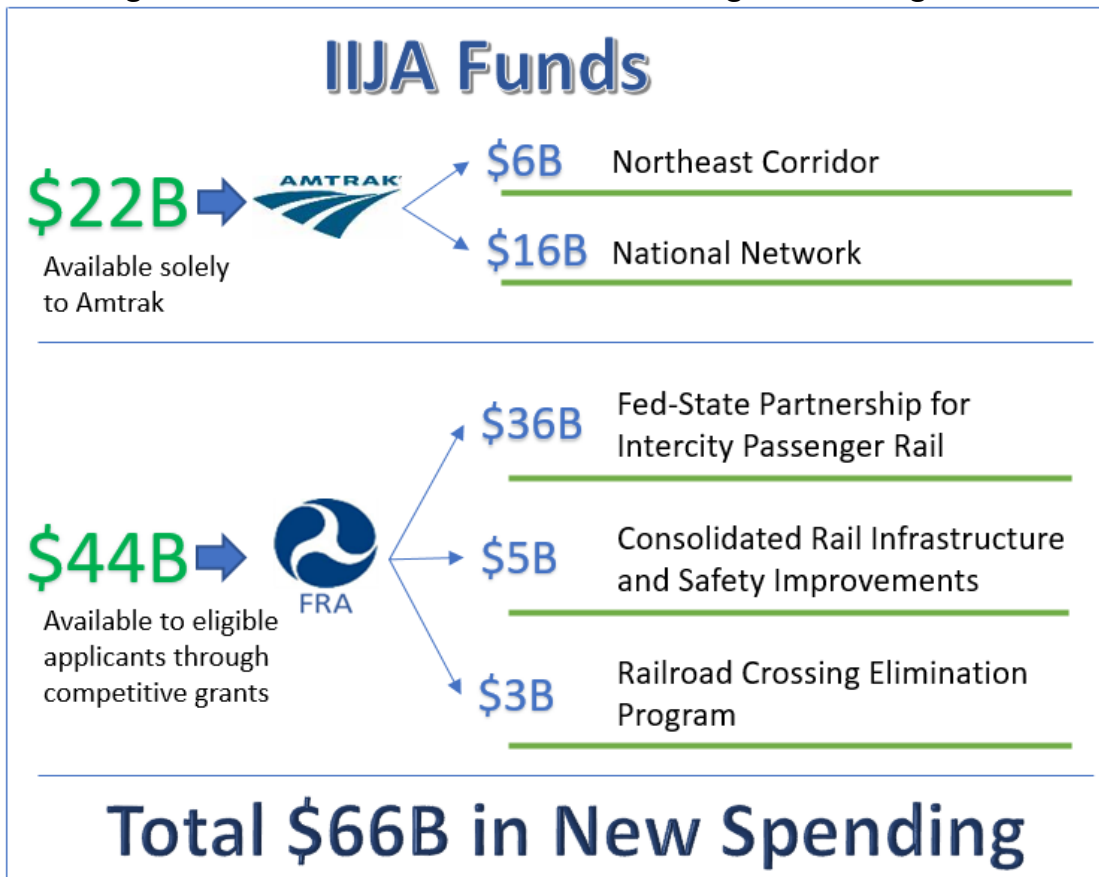
Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act

OIG-A-2023-011, September 1, 2023

- **Funding available through competitive grants.** The company has access to or may benefit from as much as \$44 billion in additional funds. The company has applied for the funds for which it is eligible through these programs, but as of July 2023, the FRA has not awarded any of these funds to the company. As shown in Figure 1, grant programs that make up the \$44 billion include:
 - *Federal-State Partnership for Intercity Passenger Rail grants* provide \$36 billion for capital projects to bring intercity passenger rail assets into a state of good repair, improve performance, expand or establish new service, and assist with related costs. Eligible applicants include states and local governments, public agencies or authorities, and the company—either alone or in partnership with other eligible applicants.
 - *Consolidated Rail Infrastructure and Safety Improvements grants* provide \$5 billion to improve the safety, efficiency, and reliability of freight and intercity passenger rail systems. Eligible applicants include states and local governments, rail carriers—including the company—and other entities, either alone or in partnership with other eligible applicants.
 - *Railroad Crossing Elimination grants* provide \$3 billion for railroad crossing projects that improve the safety or mobility of people or goods. The company is not eligible to apply for these grants directly, but eligible applicants can use such funding to benefit the Northeast Corridor or the National Network. Eligible applicants include state and local governments, port authorities, and metropolitan planning organizations.

Amtrak Office of Inspector General
Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act
 OIG-A-2023-011, September 1, 2023

Figure 1: IIJA Funds Available for Passenger and Freight Rail



Source: OIG analysis of IIJA

FRA spending approval process. The \$22 billion in funds that IIJA makes available solely to the company are available until it spends them. FRA disburses the funds based on the company’s forecasts for the next quarter's spending. Before the company can spend these funds, however, the grant agreements stipulate that FRA must approve a statement of work for each project. The statement of work documents the scope, schedule, budget, intended outcomes, and performance measures of a project or particular stage in its lifecycle. Project lifecycles include three stages: planning, development, and implementation. The company can generally use IIJA funds only for expenditures during the development and implementation stages. The two exceptions are the ICT acquisition and projects to bring stations into ADA compliance, for which the company can use IIJA funds for planning.

Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act

OIG-A-2023-011, September 1, 2023

IIJA requirements. IIJA includes extensive requirements for the company on the following operations, policy, and funding matters:

- **Operational requirements.** These address the company's day-to-day management and oversight of its train services. For example, IIJA requires the company to establish a working group to provide recommendations to improve the company's onboard food and beverage service, and for the company to develop a plan for implementing the recommendations or explain why it disagrees. The company is also required to perform a comprehensive review of safety-related processes and procedures, compliance with safety regulations and requirements, and its overall safety culture.
- **Policy requirements.** These include codifying certain company policies and practices, such as clarifying that the company's Chief Executive Officer is a non-voting member of its Board of Directors and prohibiting smoking onboard Amtrak trains.
- **Funding requirements.** The following requirements specify the use, accounting, and reporting of IIJA funds and are the primary focus of this report:
 - *Requirements for use of funds.* In general, IIJA provides funds for the company to address its state-of-good-repair backlog, including funding for infrastructure, fleet replacement, and ADA compliance. The company's IIJA grants require it to draft a detailed spend plan each year and submit it to the FRA. The plan is to include an overview of anticipated, eligible projects that it proposes to finance using IIJA funds. FRA reviews the plan to ensure that proposed projects meet eligibility requirements and submits it to Congress as part of the President's annual budget. The spend plan is a projection and includes projects that the FRA has approved and projects that the company has not fully developed.
 - *Accounting and reporting requirements.* The IIJA includes requirements for the company to account for and report on its use of its IIJA funds. IIJA also gives FRA more discretion on the types of information it can require the company to report for each grant. For example, FRA used its discretion to add new requirements for the company to report on the costs of projects it is financing through IIJA funds by phase and expense

Amtrak Office of Inspector General
Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act
OIG-A-2023-011, September 1, 2023

category—for example, how much it is spending on administrative costs and how much it has in reserve for contingency funds.

MANAGEMENT ESTABLISHED COMPANY-WIDE PLANS AND PROCESSES FOR COMPLYING WITH IIJA REQUIREMENTS

In FY 2022, management proactively established the following company-wide plans and processes to serve as the foundation for complying with IIJA’s operations, policy, and funding requirements:

- **Created an IIJA implementation committee.** The committee is primarily made up of senior leadership and facilitates regular communication between internal parties on IIJA requirements and the status of compliance. The committee’s monthly meetings help the company monitor the status of IIJA compliance.
- **Developed and maintains an IIJA tracker.** The tracker lists key requirements and identifies responsible parties, key milestones, and the status of compliance. This helps the implementation committee and company executives verify that responsible parties are meeting obligations on their assigned IIJA requirements and providing related deliverables on time.
- **Provided training on IIJA grant compliance and reporting requirements.** The company provided training to all groups and departments that changed their processes in response to IIJA. For example, it provided training to project managers who have a new mandated process for obtaining project approval from FRA.
- **Periodically communicates management’s expectations.** Management sends company-wide communications emphasizing the importance of ethical behavior and has begun using these to periodically communicate expectations for the responsible use of IIJA funds.

Further, in FY 2022, the company began to establish an Integrated Risk and Compliance Program (IRCP) to advance its Enterprise Risk Management program.⁴ The IRCP will also stand up three company-wide groups to identify, manage, and respond to organizational risks, which IIJA expanded, and improve oversight more broadly. Although IIJA did not require the company to establish these groups, the company did

⁴ The company’s Enterprise Risk Management strategy is to establish and maintain a structured approach to managing key risks while achieving its business objectives.

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

so to help it comply with all laws, grant agreements, and internal policies, including those related to IIJA. These groups include the following:

- **Internal audit.** This group plans to review the company's business processes and test them to ensure that they are operating effectively. Part of its role will be to independently assess compliance with IIJA funding requirements. This includes quarterly testing to verify the accuracy and timeliness of the information the company submits to FRA and compliance with the terms and conditions of the IIJA grant agreements. The group is structurally independent and reports directly to the company's Board of Directors.
- **Enterprise compliance.** This group plans to manage matters related to legal and regulatory compliance, including helping the company understand these obligations, developing the necessary governance and policies to meet them, assessing compliance risks, and monitoring and testing the company's compliance. Part of its role will be to monitor compliance with IIJA's funding requirements.
- **Fraud risk management.** This group plans to undertake efforts to prevent, detect, and respond to fraud, including identifying fraud risks, developing plans to minimize these risks, communicating with company executives about these risks, and working collaboratively with OIG investigators in our office. Part of its role will be to focus on IIJA fraud risks.

MANAGEMENT PROACTIVELY ESTABLISHED PLANS AND PROCESSES FOR COMPLYING WITH IIJA FUNDING REQUIREMENTS

The company developed a spend plan and financial compliance plan in response to IIJA funding requirements that specify how it should use, account for, and report on the \$22 billion in direct funding.

The Company Developed a Plan for Spending IIJA Funds

The company submitted its first annual spend plan to FRA in December 2022, as IIJA required. To its credit, the company's plan went beyond the required fiscal year and accounted for how the company intends to spend the full \$22 billion.⁵ The company

⁵ The dollar amounts for all planned IIJA projects sum to \$21.57 billion. The remainder of the \$22 billion (\$430 million) is being distributed to FRA, the Northeast Corridor Commission, and the State-Amtrak Intercity Passenger Rail Committee for oversight and management.

Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act

OIG-A-2023-011, September 1, 2023

periodically updates the plan with more current information and last did so in February 2023. Of the \$22 billion in IIJA funding, the company has received about \$731 million and spent about \$638 million as of July 2023. We identified seven areas where it intends to spend its IIJA funds, as follows. For the status of all planned projects, see Appendix C.

ICT Program. The company plans to spend \$6.62 billion (31 percent of IIJA funding) to purchase up to 83 new intercity trainsets and construct or modify the maintenance facilities that service them. The new trainsets will replace the company's aging fleet of 458 individual Amfleet I passenger cars and 17 Metroliner passenger cars, which operate primarily on the Northeast Corridor, along with its fleet of Talgo trainsets operating on the Cascades service in the Pacific Northwest. It also anticipates using them as part of its effort to expand passenger rail service to as many as 160 new communities in 16 new states. As of July 2023, the company has spent about \$296.8 million in IIJA funds on the acquisition of the trainsets. The company is in the process of obtaining FRA approval to spend IIJA funds on projects to construct and modify maintenance facilities for the new trainsets.

Non-ICT fleet acquisitions. The company plans to spend \$4.94 billion (23 percent) to completely replace its long-distance fleet of more than 800 passenger cars used on 14 overnight routes from coast to coast—including Superliner I & II, Viewliner I & II, and Amfleet II cars. It also plans to replace the diesel locomotives that pull them. As of July 2023, the company has spent about \$155.6 million in IIJA funds on the diesel locomotive acquisition. In January 2023, the company issued a request for information to begin the procurement but has yet to begin the approval process with FRA to spend funds.

Capital renewal and backlog. The company plans to spend \$2.78 billion (13 percent) to address its backlog of deferred capital projects and reduce its inventory of obsolete assets. Proposed projects include (1) repairing or replacing existing infrastructure such as electric traction or track and (2) upgrading information technology systems, including the company's reservation system. These projects are still in the planning phases, and the company has yet to begin the approval process with FRA to spend funds.

Non-ICT maintenance facilities. The company plans to spend \$2.30 billion (11 percent) to upgrade or modify maintenance facilities beyond those that will service the new ICT trainsets, including new roofing and heating, ventilation, and air conditioning systems.

Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act

OIG-A-2023-011, September 1, 2023

The company expects to undertake multiple projects in this area beginning in FY 2025, but it has not yet defined them.

ADA compliance. The company plans to spend \$1.74 billion (8 percent) to bring stations for which it has sole or shared responsibility into ADA compliance, including installing accessible boarding technologies and passenger information display systems that integrate audio and visual messaging. The company has been working on ADA station compliance projects since FY 2010 using funding from its annual grants. In January 2023, the company began using IIJA funds instead for these projects. As of July 2023, the company has spent approximately \$185.3 million in IIJA funds on ADA compliance.

Federal-state partnership-funded projects. The company plans to spend \$1.49 billion (7 percent) for its participation in FRA's program for federal-state partnerships.⁶ Projects eligible for such funding include the Baltimore and Potomac tunnel replacement, Connecticut River bridge replacement, and New York Penn Station expansion.

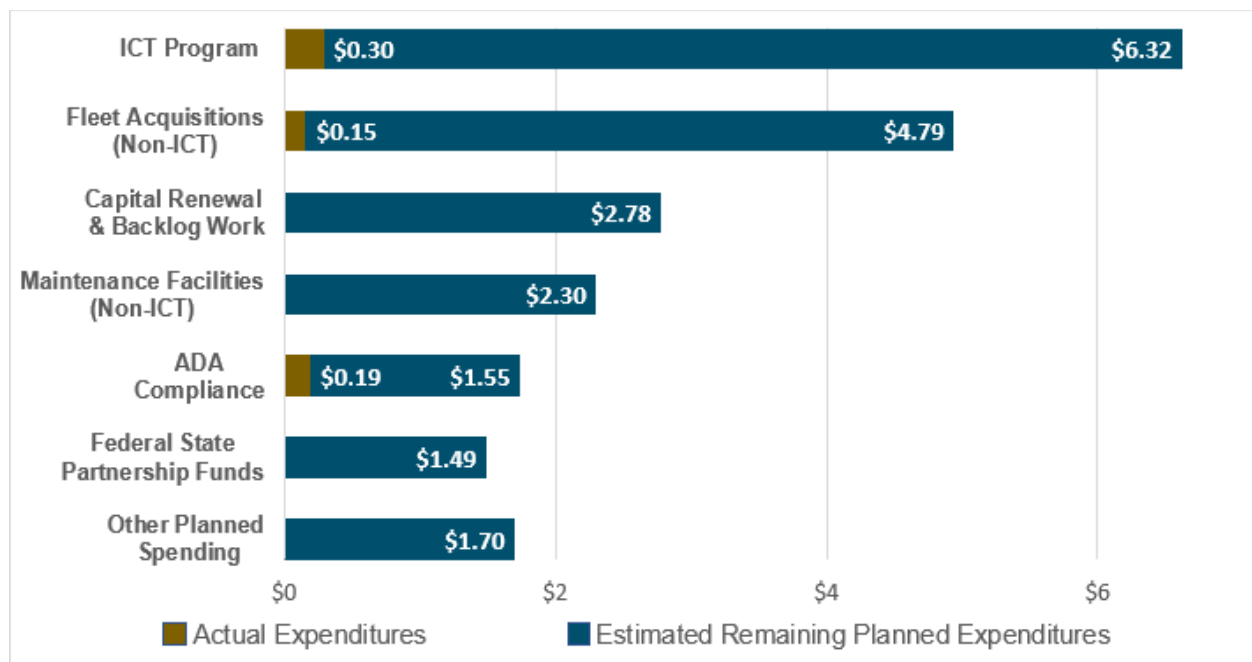
Other planned spending. The company plans to spend the majority of the remaining \$1.7 billion (8 percent) as contingency funds for its IIJA-funded projects. IIJA requires the company to build contingency into each project's budget, but it also requires the company to set aside additional contingency funds for unforeseen risks. To meet this requirement, the company set aside \$1.40 billion (6 percent). The company also plans to spend \$300 million (1 percent) for operating expenditures in support of IIJA capital projects and \$2 million (less than one percent) on a technical assessment to upgrade its system for managing funding sources to provide better transparency on how projects are funded.

Figure 2 shows the planned and actual expenditures in each of the seven areas as of July 2023.

⁶ Although FRA's program for federal-state partnerships is a competitive grant program, IIJA grant agreements allow the company to apply its direct IIJA funds as its non-federal share toward FRA-approved projects under this program.

Amtrak Office of Inspector General
Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act
 OIG-A-2023-011, September 1, 2023

Figure 2: IIJA Planned and Actual Expenditures (in billions) as of July 2023



Source: OIG analysis of Finance department data

The Company Has a Plan to Account for and Report on IIJA Funds, but It Is Too Early to Assess Effectiveness

In January 2023, the Finance department prepared a plan for complying with IIJA's accounting and reporting requirements. Because these requirements are like those of other grants the company receives, the company largely relies on existing accounting and reporting processes and systems, such as those it uses to report its monthly expenditures to the FRA. It also modified its use of some of these systems to accommodate the new requirements. For example, to accommodate the new requirement to report project costs by phase and expense category, the company modified its project initiation and budgeting system and process, as well as its general financial reporting.

Officials also told us the company has implemented two new systems that will include automated processes to meet the new IIJA requirements. Specifically, the company is in the process of implementing a new project management system that will include the capability to organize data from other systems. The company anticipates that the new system will serve as a single source of data on project costs, including cost estimates, schedules, and financial data. The company also implemented a new system that

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

company officials told us will allow it to assign capital expenditures to the grant providing the funds, including IIJA. We will continue to monitor and report as appropriate on the company's accounting and reporting of IIJA funds, including these new systems.

Additionally, we have initiated audits of individual IIJA-funded programs to assess the company's management of these programs. These audits include a 2022 review of the ICT program⁷—and an ongoing review of the company's progress toward achieving compliance with the ADA⁸. In addition, our FY 2023 Audit Plan⁹ includes assessments of two multi-billion-dollar infrastructure projects—replacement of the Baltimore and Potomac tunnel and the planned acquisition of the new long-distance fleet. We will continue to reassess our future work to focus on the greatest risks to the company's efficient and effective use of these funds.

CONCLUSIONS

The company is actively positioning itself to comply with IIJA's requirements. Because it is still executing its plans and implementing its processes for complying with IIJA requirements, it is too soon to assess their effectiveness. Accordingly, we are not making recommendations in this report, but we have initiated audits of individual IIJA-funded programs to assess the company's management and use of its IIJA funds.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of our report, the Executive Vice President, Business Transformation and Chief Financial Officer acknowledged that there were no recommendations to address and thanked us for our review. For management's complete response, see Appendix B.

⁷ *Train Operations: Company Has Improved Management of Intercity Trainset Acquisition but Can Improve Stakeholder Engagement on Major Capital Programs* (OIG-A-2023-014), December 22, 2022.

⁸ *Engagement Memo—Update on Amtrak's Compliance with the Americans with Disabilities Act (ADA)* (Project Code 011-2023), May 19, 2023.

⁹ *Annual Audit Plan for 2023* (OIG-AP-2023), February 14, 2023.

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

APPENDIX A

Objective, Scope, and Methodology

This report provides the results of our audit of how the company plans to adhere to IIJA requirements. Our objective was to assess the company's early efforts to comply with all IIJA's requirements, with a focus on its ability to use, account for, and report on the \$22 billion in direct funding. We performed our audit work from February 2023 through July 2023 in Washington, D.C. Certain information in this report has been redacted due to its sensitive nature.

To assess the company's plans and processes for compliance with the IIJA's operational, policy, and funding requirements, we reviewed documents the company prepared to identify these requirements and track its progress toward compliance with them. We reviewed meeting minutes from the company's new IIJA implementation committee. We also interviewed members of the committee and other company officials with responsibilities for IIJA compliance. We reviewed company emails, websites, and training materials that communicated the new IIJA requirements to employees and established management's expectations. We also reviewed and analyzed documentation related to the company's plans and processes for complying with IIJA requirements, as well as its most recent spend plan and its plans to account for and report on these funds.

To assess the company's plans for complying with the IIJA's funding requirements for using, accounting for, and reporting on these funds, we reviewed and analyzed the company's most recent spend plans—one it submitted to FRA in December 2022 and another it updated in February 2023. We interviewed company officials responsible for developing the detailed spend plans. We also interviewed FRA officials to determine their expectations for the spend plan. Using the data from the February 2023 detailed spend plan, we summarized the company's plan for using the funds.

To assess the company's plan for accounting for and reporting on IIJA funds, we reviewed the company's financial compliance plan, which identified the processes and systems it will use, modify, and implement to comply with these requirements. We also interviewed the officials responsible for accounting for and reporting on IIJA funds to understand how they plan to use the relevant processes and systems.

Financial Management: The Company Has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act

OIG-A-2023-011, September 1, 2023

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 objective.

Internal Controls

To assess the company's controls that are a part of its plans and processes for complying with IIJA's requirements, we reviewed its practices and compared them to the internal control standards. We assessed the internal control components and underlying principles, and we determined that the following four internal control components were significant to our audit objective:

- **Control environment.** Management should demonstrate through their directives, actions, and behavior the importance of integrity and ethical values. Management should delegate authority, define responsibilities, and use appropriate processes and technology to assign responsibility and segregate duties as necessary at the various levels of the organization.
- **Control activities.** Management should design control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- **Information and communication.** Management should continually identify and define information requirements at the relevant level and requisite specificity. Management should internally communicate information, including objectives and responsibilities for internal control, that is necessary to support the functioning of internal control.
- **Monitoring.** Management should establish and operate activities to monitor the internal control system and evaluate the results. Management should evaluate and communicate internal control deficiencies in a timely manner to those parties responsible for taking corrective action.

We developed our audit work to ensure that we assessed the internal controls that were significant to our audit objective. This included reviewing the company's plans and process for complying with IIJA requirements related to operations, policy, and funding

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

matters, and interviewing company officials with responsibilities for compliance. We also reviewed the company's financial compliance plan for using, accounting for, and reporting on IIJA funds and interviewed officials responsible for implementing this plan. We did not conduct any testing because the company is still in the early stages of implementing most of these controls. Because our review was limited to the internal control components and underlying principles relevant to our audit objective, we may not have identified all internal control deficiencies that existed at the time of this audit.

Computer-processed Data

To rely on the company's IIJA spend plan data as of February 8, 2023, we interviewed company officials who developed and used the report, including the Director of Grants Management and Financial Planning and Administration representatives. Based on these interviews, we determined that the data were sufficiently reliable for the purpose of our audit.

To rely on the company's actual expenditure data, we assessed the data in the company's July 2023 IIJA monthly expenditure reports it submitted to FRA. We reviewed the company's process for developing, using, and approving the reports. We also reviewed the external auditor's testing of controls which did not identify any exceptions. Based on these assessments, we determined that the data were sufficiently reliable for the purpose of our audit.

Prior Reports


In conducting our analysis, we reviewed the following OIG reports:

- *Amtrak: Areas for Management Focus in Advance of Infrastructure Investment and Jobs Act Funding* (OIG-SP-2022-008), March 31, 2022
- *Governance: Amtrak Continues to Demonstrate Good Stewardship of Pandemic Relief Funds* (OIG-MAR-2021-009), May 12, 2021
- *Governance: Final Observations on Amtrak's Use of CARES Act Funds* (OIG-A-2021-005), December 15, 2020
- *Governance: Observations on Amtrak's Use of CARES Act Funds* (OIG-MAR-2020-013), August 5, 2020

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
 Infrastructure Investment and Jobs Act**
 OIG-A-2023-011, September 1, 2023

APPENDIX B

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION			
<h1 style="font-size: 2em; margin: 0;">Memo</h1>			
Date	August 22, 2022	From	Tracie Winbigler, EVP BT & CFO
To	Jim Morrison, Assistant Inspector General, Audits	Department	Finance
		cc	Stephen Gardner, CEO Roger Harris, President Eleanor Acheson, EVP General Counsel Robert Grasty, EVP CHRO Laura Mason, EVP Capital Delivery Dennis Newman, EVP Strategy & Planning Steven Predmore, EVP CSO Gerhard Williams, SVP Service & Delivery Ops Christian Zacariassen, EVP CIO
<p>Subject: Management Response to GOVERNANCE: <i>The Company has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act</i> (Draft Audit Report for Project No. 006-2023).</p> <p>This memorandum provides Amtrak's response to the draft interim audit report titled, "<i>The Company has Proactively Taken Steps to Comply with the Infrastructure Investment and Jobs Act</i>". Although there were no recommendations contained in the report for Amtrak to address, management appreciates the opportunity to provide a response to the audit report.</p> <p><u>Management Response:</u></p> <p>Management would like to thank the OIG for the thorough report on this important topic. We appreciate the review and insights the OIG provided, that Amtrak is setting up the processes and systems to ensure we are compliant in spending the taxpayers' money.</p> <p>Thank you</p> <p>Stephen Gardner, CEO Roger Harris, President Tracie Winbigler, EVP Business Transformation & CFO</p>			
Page 1 1			

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

APPENDIX C

IIJA Project Status and Estimated Budget

The company's IIJA spend plan includes 51 separate projects across seven major areas. These projects are in the following states of submission and approval with FRA:

Project Name	Submission and Approval Status with FRA ^a	Estimated Budget
Intercity Trainsets (ICT) Program		
1. ICT Vendor Payments – Base Trainsets	Approved	██████████
2. ICT Facilities: Ivy City Yard, Washington, D.C.	Approved	██████████
3. ICT Facilities: Sunnyside Yard, New York City	Approved	██████████
4. ICT Facilities: Southampton Yard, Boston, MA	Approved	██████████
5. ICT Facilities: Seattle, WA	Approved	██████████
6. ICT Facilities: Penn Coach Yard, Philadelphia, PA	Approved	██████████
7. ICT Facilities: Portland, Oregon	Approved	██████████
8. ICT Digital Technology for Facilities: Eugene, OR	Approved	██████████
9. ICT Digital Technology for Facilities: Portland, OR	Approved	██████████
10. ICT Facilities: Eugene, OR	Approved	██████████
11. ICT Digital Technology for Facilities: Ivy City Yard, Washington, D.C.	Approved	██████████
12. ICT Digital Technology for Facilities: Penn Coach Yard, Philadelphia, PA	Approved	██████████
13. ICT Digital Technology for Facilities: Southampton Yard – Boston, MA	Approved	██████████

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

Project Name	Submission and Approval Status with FRA ^a	Estimated Budget
14. ICT Digital Technology for Facilities: Sunnyside Yard, New York City	Approved	██████████
15. ICT Digital Technology for Facilities: Seattle, WA	Approved	██████████
16. ICT Program Management and Support	Submitted	██████████
17. ICT Technology Integration	Submitted	██████████
18. ICT Facilities: Rensselaer, NY	Not submitted	██████████
19. ICT Facilities: Charlotte, NC	Not submitted	██████████
20. ICT Facilities: Albany, NY	Not submitted	██████████
21. ICT Facilities: Newport News, VA	Not submitted	██████████
22. ICT Facilities: Norfolk, VA	Not submitted	██████████
23. ICT Facilities: Springfield, MA	Not submitted	██████████
24. ICT Facilities: Harrisburg, PA	Not submitted	██████████
25. ICT Facilities: Niagara Falls, NY	Not submitted	██████████
26. ICT Facilities: Brunswick, ME	Not submitted	██████████
27. ICT Facilities: Program Management	Not submitted	██████████
28. ICT Facilities: Burlington, VT	Not submitted	██████████
29. ICT Facilities: Charlotte, NC	Not submitted	██████████
30. ICT Facilities: Savannah, GA	Not submitted	██████████
31. ICT Facilities: Pittsburgh, PA	Not submitted	██████████

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

Project Name	Submission and Approval Status with FRA ^a	Estimated Budget
32. ICT Facilities: Richmond, VA	Not submitted	██████████
33. ICT Facilities: Roanoke, VA	Not submitted	██████████
Americans with Disabilities Act (ADA) Compliance		
34. ADA Compliance - Stations	Approved	██████████
35. Passenger Information Display Systems Program	Approved	██████████
36. ADA Compliance - Platform Gap Solution	Approved	██████████
37. ADA Compliance - Third Party Stations	Not submitted	██████████
Fleet Acquisitions (Non-ICT)		
38. Diesel Locomotives	Approved	██████████
39. New Long-Distance Fleet	Not submitted	██████████
Capital Renewal and Backlog Work		
40. National assets backlog (IT systems, security, training centers)	Not submitted	██████████
41. Capital Renewal: National Network	Not submitted	██████████
42. Capital Renewal: Mid-Atlantic North Territory	Not submitted	██████████
43. Capital Renewal: New England Territory	Not submitted	██████████
44. Capital Renewal: New York City Metro Territory	Not submitted	██████████
45. Capital Renewal: Mid-Atlantic South Territory	Not submitted	██████████
46. Capital Renewal: Connecticut-Westchester Territory	Not submitted	██████████

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

Project Name	Submission and Approval Status with FRA ^a	Estimated Budget
Maintenance Facilities (Non-ICT)		
47. Maintenance Facilities (excluding ICT)	Not submitted	██████████
Federal-State Partnership Projects		
48. Funds authorized for Federal-State partnership projects	Not submitted	██████████
Other Planned Expenditures		
49. Funds Management - Long Term Solution	Approved	██████████
50. Programmatic Contingency	Not submitted	██████████
51. Operating expenses in support of IIJA-funded capital projects	Not submitted	██████████
Total		\$21,570,000,000^b

Source: OIG analysis of Finance department data

Notes:

^a **Approved:** projects the FRA approved to spend IIJA funds

Submitted: projects the company has submitted to FRA for approval to spend IIJA funds

Not submitted: projects the company has not yet submitted to FRA for approval to spend IIJA funds

^b The dollar amounts for all planned IIJA projects total \$21.57 billion. The remaining \$430 million is being distributed to FRA, the Northeast Corridor Commission, and the State-Amtrak Intercity Passenger Rail Committee for oversight and management.

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

APPENDIX D

Abbreviations

ADA	Americans with Disabilities Act
FRA	Federal Railroad Administration
FY	fiscal year
ICT	Intercity Trainsets
IIJA	Infrastructure Investment and Jobs Act
IRCP	Integrated Risk and Compliance Program
OIG	Amtrak Office of Inspector General
the company	Amtrak

Amtrak Office of Inspector General
**Financial Management: The Company Has Proactively Taken Steps to Comply with the
Infrastructure Investment and Jobs Act**
OIG-A-2023-011, September 1, 2023

APPENDIX E

OIG Team Members

J.J. Marzullo, Deputy Assistant Inspector General for Audits

Katherine Moore, Senior Director, Financial Audits

Todd Kowalski, Senior Audit Manager

David Yoder, Senior Audit Manager

Michelle Root, Auditor

Aida Woldegiorgis, Auditor

Alison O'Neill, Communications Analyst

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.

Obtaining Copies of Reports and Testimony

Available at our website www.amtrakoig.gov

Reporting Fraud, Waste, and Abuse

Report suspicious or illegal activities to the OIG Hotline

www.amtrakoig.gov/hotline

or

800-468-5469

Contact Information

Jim Morrison

Assistant Inspector General, Audits

Mail: Amtrak OIG

10 G Street NE, 3W-300

Washington, D.C. 20002

Phone: 202-906-4600