GOVERNANCE:
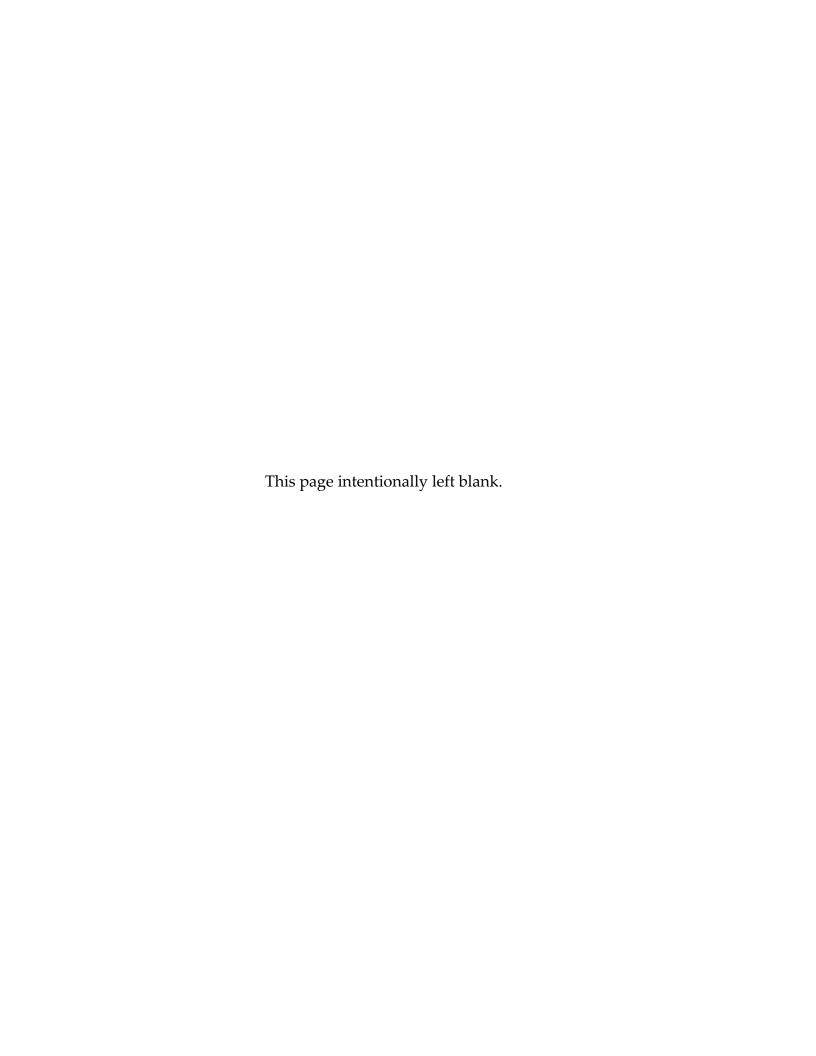
Improving Controls Over the Use of Procurement Cards Could Better Ensure Compliance and Limit Potential Misuse

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Memorandum

To: DJ Stadtler
            Executive Vice President / Chief Administration Officer

From: Jim Morrison
            Assistant Inspector General, Audits

Date: September 30, 2019

Subject: *Governance: Improving Controls Over the Use of Procurement Cards Could Better Ensure Compliance and Limit Potential Misuse* (OIG-A-2019-013)

From fiscal years (FY) 2016 through 2018, Amtrak (the company) spent about $39.3 million using procurement cards. Similar in function to corporate credit cards, the company issues procurement cards to selected employees (card holders) to expedite certain lower-cost business-related purchases. These efficiencies come with inherent risks, however, because the company is responsible for paying for card purchases regardless of whether they were consistent with company policy.[1]

Our audit objective was to assess the effectiveness of the company's internal controls[2] over the use of procurement cards. We analyzed about 87,000 procurement card transactions, including purchases and returns that the company's 876 card holders made from FY 2016 through FY 2018. For more information on our scope and methodology, see Appendix A.

SUMMARY OF RESULTS

The company's policies and practices for controlling its use of procurement cards appear to be generally effective. Nevertheless, we found performance gaps and opportunities for improvement in key areas. For example, we found that about 11,700 of the 87,000 transactions (13.4 percent) were potentially noncompliant with company policy. These include instances in which card holders may have split their purchases to circumvent their single purchase spending limits or purchased goods or services that may have been available at lower prices. In addition, some card holders may not have

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[1] Procurement Cards, P/I 11.37.4, June 14, 2017, and P/I 11.37.5, June 5, 2019.

[2] Internal controls, sometimes referred to as management controls, include the plans, policies, methods, and procedures that management adopts to meet its missions, goals, and objectives.

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competitively bid purchases when required, and some may have paid sales tax—as much as $81,000—even though the company was exempt from these taxes.

We did not assess the specific causes of each potential instance of noncompliance, but our work identified weaknesses in three of the company's key controls designed to ensure policy compliance and consistency with industry standards for use of procurement cards:

- **Program oversight.** To manage the procurement card program, the company relies on its procurement card administrators, but these administrators did not systematically monitor card transactions for patterns of potential misuse and other indicators of policy noncompliance, especially for categories such as high-risk purchases.

- **Card holder training.** The company relies on a self-certification process to ensure that card holders understand their responsibilities but does not require them to take training on these responsibilities before certifying.

- **Supervisor training.** The company relies on the card holders' supervisors to review the completed transactions and supporting documentation for compliance but does not require them to take training on their responsibilities.

To address these issues, we recommend that the Executive Vice President / Chief Administration Officer ensure that program administrators monitor transactions—particularly those in high-risk categories—for policy noncompliance and potential misuse and take steps to address any issues, require card holders and supervisors to take training on their responsibilities, and update the policy to reflect these new requirements.

In commenting on a draft of this report, the Executive Vice President / Chief Administration Officer agreed with our recommendations and highlighted efforts the company has initiated or plans to address. This includes decreasing the number of card holders, requiring program administrators to monitor transactions, and requiring card holders and supervisors to take training on their responsibilities. If fully implemented, these actions will address our recommendations. For management's complete response, see Appendix B.

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BACKGROUND

Employees throughout the company use procurement cards. Table 1 shows the five departments with the highest number of card holders and transactions during our review period.

Table 1. Procurement Card Use: Top Five Departments

Departments	Card holders	Transactions
Engineering	320	41,804
Transportation	154	8,666
Mechanical	125	13,551
Procurement	75	9,761
Amtrak Police	73	4,311

Source: OIG analysis of company procurement card data

The Vice President and Chief Procurement and Logistics Officer has overall responsibility for the procurement card program. The company's procurement card policy establishes a tiered process for controlling the use of these cards:

- **Card holders** are responsible for making minor purchases in accordance with the company policy.

- **Card holders' supervisors** are responsible for reviewing completed transactions and verifying receipts and other documentation to ensure that card holders are following company policy.

- **Procurement card administrators** are responsible for managing the procurement card program—including updating written procedures for card holders to record their purchases and for supervisors to review them using the company's electronic eTrax system—and administering the overall policy.

SOME TRANSACTIONS MAY NOT HAVE COMPLIED WITH COMPANY POLICY

The company's policies and practices for controlling the use of procurement cards appear to be generally effective, but we identified 11,700 of the 87,000 transactions that

could indicate noncompliance (13.4 percent).[3] Although we did not assess each individual transaction for compliance, we identified four patterns or trends in the data that indicate possible noncompliance:

- **Split purchases.** Transaction data indicate that 886 transactions totaling about $960,000 could be split purchases. For example, we identified that a card holder made two transactions within minutes—one for $3,091 and another for $2,000. This suggests that the card holder may have split a single purchase across two transactions to avoid the $5,000 single-purchase limit, contrary to company policy. Split transactions are a common problem with procurement cards in the public and private sectors, and we identified that the company had a similar issue in our previous report.[4]

- **Purchases that are not the most economical.** The data also indicate that about 5,800 transactions were for items that card holders purchased in stores that may have been available at lower prices in the same vendors' online catalogs in eTrax. For example, a card holder spent $969 purchasing nine printer cartridges from a local Staples store that were available at a significantly lower price in the Staples catalog. Company policy requires card holders to use the most economical method available for their purchases. Unless the card holder had a valid reason for purchasing the cartridges in the store, the company overpaid by $658 for these cartridges.

- **Purchases that may not have been competitively bid.** The data also indicate that 29 transactions exceeding $214,000 may not have complied with the company's requirements for competitive bidding. Company policy requires card holders to seek bids from multiple vendors for purchases over $3,500 and to include documentation of these bids in eTrax. The data included 519 transactions from June 14, 2017,[5] through September 30, 2018, that met this threshold, and 29 did

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[3] The four types of noncompliant transactions we found do not add up to the total number of transactions or to 100 percent because a single transaction may have multiple types of noncompliance. For more on our methodology, see Appendix A.

[4] *Governance: Most Procurement Card Controls are Effective, but Some Need to be Strengthened* (OIG-A-2013-019), September 26, 2013.

[5] The company set $3,500 as its threshold for requiring competitive bidding in June 14, 2017—midway through our review period. In June 5, 2019, the company increased this threshold to $10,000.

not include this documentation and may not have been competitively bid.[6]
For example, a card holder spent $22,500 on a computer software training class
but did not provide any documentation demonstrating that this purchase went
through competitive bidding or that it was available from only one vendor and
was therefore exempt from this requirement.

- **Purchases that included sales tax**. The data also indicate that about 5,400
  purchases may have included sales tax.[7] For example, we identified that one card
  holder paid about $300 in sales tax. The company is tax-exempt in most states,[8]
  and the procurement cards themselves say "U.S. Government Tax Exempt." As a
  result, the company may have unnecessarily paid as much as $81,000 in taxes.

THREE KEY CONTROL WEAKNESSES MAY HAVE CONTRIBUTED TO NONCOMPLIANCE

We did not assess the specific causes of each potential instance of noncompliance, but
our work identified weaknesses in three of the company's key controls designed to
ensure policy compliance and consistency with industry standards for use of
procurement cards.

Self-Certification Process is Not Effective

To ensure that card holders understand their responsibilities, the company relies on a
self-certification process, but as the incidents we describe above indicate, this process
does not fully ensure compliance. Specifically, company policy requires card holders to
sign an acknowledgement form stating that they have read and understand the rules
governing card use. We determined that 849 of the company's 876 card holders signed
these forms (97 percent), but 641 (73 percent) made one or more of the purchases we
identified that potentially did not comply with company policy.

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[6] The remaining 490 transactions in this category included documentation but determining whether that
documentation included records of competitive bids was outside the scope of our review.

[7] The data we received from the card service provider includes the sales tax amounts paid on each
transaction. When we compared the transaction data against a sample of receipts, however, we learned
that some merchants reported sales tax to the bank service provider but did not actually collect the tax.
The total amount of sales tax paid is therefore unknown.

[8] By statute, the company is tax-exempt, but procurement card purchases are subject to sales tax in six
states: Illinois, South Carolina, Missouri, Michigan, New Mexico, and Arizona.

The company does not require card holders to take training on their responsibilities for using their cards before they certify that they understand these responsibilities. This is inconsistent with the standards used in public- and private-sector industries for use of procurement cards, which state that establishing mandatory training is critical to the success of the program.[9] The company offers a training course for card holders that specifically addresses the issues we identified, including the following:

- guidance on not splitting transactions

- choosing the most economical option

- documenting competitive bidding

- ensuring that card holders understand when purchases are tax-exempt

This training is not mandatory, however, and the company does not track the participation of card holders. Procurement administrators told us the company does not require the training or track participants because the administrators did not think it was necessary because they had the form certifying that card holders understand the rules governing card use, and the policy does not require training. Nevertheless, according to our findings, self-certification without training is not effective.

Supervisors Provide Limited Oversight

Policy requires card holders' supervisors to review their employees' completed transactions and the supporting documentation employees must submit to ensure compliance. We found, however, that 641 of 876 card holders (73 percent) made at least one of the purchases that we identified as potentially not complying with company policy, and that 335 of the 418 supervisors for these card holders (80 percent) reviewed one or more of these transactions. These results indicate that supervisory review is not as effective as needed.

Supervisors, for example, did not review and verify the card holder receipts in eTrax, which is contrary to company policy. We found that 235 of the company's 418 supervisors (56 percent) allowed the company to process about 2,700 transactions totaling about $1.2 million without receipts. This included one supervisor who allowed

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[9] The National Association of Purchasing Card Professionals (NAPCP) establishes standards for both the public and private sectors. See *Purchasing Card Best Practices: The Key Elements of Building a World-Class Program*, May 2015.

252 of these transactions (9 percent) totaling about $96,000. According to a February 2017 report by the Government Accountability Office (GAO), the absence of documentation such as receipts increases the risk of procurement card misuse, and potential fraud could occur without detection.[10]

As with card holders, the company does not require supervisors to take training on their oversight responsibilities, which is contrary to public- and private-sector industry standards for the use of procurement cards.[11] The company offers a training course for supervisors that specifically addresses the issues we identified, including guidance on reviewing purchases and supporting documents (such as receipts) and documentation of competitive bidding. This training is not mandatory, however, and the company does not track supervisors' participation.

Program Administrators Do Not Hold Supervisors Accountable or Monitor Key Program Patterns to Ensure Compliance

To manage the program, the company relies on its procurement card administrators, but company policy does not require program administrators to fully monitor and analyze card usage in accordance with public- and private-sector industry standards.[12] The program administrators reviewed reports of monthly aggregate spending using procurement cards and the total amount spent on different types of merchant categories, but they did not perform other monitoring functions that could identify and help prevent potential misuse of procurement cards.

The program administrators, for example, did not identify patterns and trends to correct card holders who continually made purchases that did not comply with company policy or the supervisors who did not review these purchases. Specifically, of the 641 card holders who made purchases that may have been out of compliance with company policy, 68 card holders made potentially policy-violating purchases at least 50 percent of the time. Furthermore, 21 of the 335 supervisors who reviewed these questionable purchases allowed them at least 50 percent of the time. Under company policy, program administrators could take disciplinary action against noncompliant

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[10] *Government Purchase Cards: Little Evidence of Potential Fraud Found in Small Purchases, but Documentation Issues Exist* (GAO-17-276), February 2017.

[11] NAPCP *Purchasing Card Best Practices: The Key Elements of Building a World-Class Program*, May 2015.

[12] GAO, *Standards for Internal Control in the Federal Government,* (GAO-14-704G), September 2014; and Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control—Integrated Framework*, May 2013.

card holders and supervisors—including revoking card privileges and dismissing employees from the company—but they did not take any disciplinary actions against any card holders or supervisors during the period we reviewed.

In addition, the administrators did not analyze card holders with higher spending limits above the company's monthly default spending limit of $5,000—even though these higher limits pose more of a financial risk for the company. Our analysis shows that these card holders made more of the potentially noncompliant purchases we identified. We found that 275 card holders who had monthly purchase limits above the standard default limit (31 percent) accounted for 66 percent of the purchases we questioned.

Furthermore, program administrators conducted only limited monitoring of certain high-risk purchases. For example, we found that 476 card holders made about 6,000 purchases in high-risk categories—items and services with a high risk that card holders could be making purchases for personal use or whose purpose may be difficult to determine (see Table 2). Some of these purchases may have had a business purpose; for example, limousine service could include cars hired for personal use but could also include the buses and shuttles the company hires to transport stranded passengers. Other purchases, however, are unlikely to have a business purpose, such as the transactions to pay court fines and taxes.[13]

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[13] For a discussion of how we identified these categories, see Appendix A.

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Table 2. High-Risk Procurement Card Purchases

Purchase Categories	Amount spent
Food and beverage	$1,352,020
Purchases made outside the United States, such as international hotel stays and items from international vendors	206,334
Purchases for employee recognition activities	188,670
Fuel	138,940
Charity	75,457
Transportation, such as buses, taxis, and limousine services	73,193
Purchases at sporting goods stores	59,301
Court fines and taxes	33,170
Medical-related expenses	21,561
Flowers	25,304
Clothing	16,062
Total	**$2,190,012**

Source: OIG analysis of company procurement card data

High-risk purchases can also pose operational risks. For example, from April 16 to September 11, 2018, the transaction data show that a district station manager used a procurement card to purchase locomotive fuel 27 times totaling $96,000. The manager documented in eTrax—and the manager's supervisors confirmed to us—that the manager purchased this fuel during emergencies caused by service disruptions. The manager purchased this fuel, however, from a vendor that did not have an active fueling agreement with the company. The fuel was therefore not subject to the company's quality control tests; if the fuel did not meet quality control standards, it could have damaged its locomotives, as we previously reported.[14] Because program administrators do not monitor transactional data, they did not identify this recurring purchase pattern and consider referring it to the fuel program managers to review. The fuel manager and a procurement officer responsible for buying locomotive fuel for the company told us they were not aware of these purchases in order to take steps to mitigate this risk.

During the period of our audit, program administrators had limited access to more advanced analytical and reporting capabilities to perform effective monitoring of card use. They could have performed some of these monitoring activities, however, with the

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[14] *Acquisition and Procurement: Improved Management of Diesel Fuel Program Could Lead to Cost Savings,* OIG-A-2017-013, August 14, 2017.

existing card holder transaction data and reporting capabilities. For example, eTrax provides the capability to run reports to identify purchases in which card holders did not provide receipts, but the program administrators have not run these reports. Further, program administrators have new analytical and reporting capabilities that allow them to review purchasing patterns and high-risk purchases, but they told us they would use our recommendations before fully deploying these capabilities. Without using the existing and new reporting capabilities, program administrators risk additional noncompliance and potential card misuse.

CONCLUSIONS

The company's policies and practices for controlling its use of procurement cards appear to be generally effective, but the company could improve key internal controls designed to ensure policy compliance and consistency with industry standards. We found that program administrators do not systematically review transactional data for patterns of possible noncompliance, such as purchases by card holders with high spending limits or purchases in high-risk categories and take any necessary corrective actions. In addition, the company does not require card holders and supervisors to take training on their responsibilities to ensure policy compliance. Without strengthening these controls and codifying these requirements in company policy, the company is not likely to reduce the potential for card misuse or further mitigate the inherent risks associated with procurement cards.

RECOMMENDATIONS

To reduce the risk of procurement card misuse, we recommend that the company's Executive Vice President / Chief Administration Officer take the following actions:

1. Require program administrators to monitor transactions for patterns of possible policy noncompliance and potential misuse, including monitoring activities of card holders with high spending limits and purchases in high-risk categories, and take any necessary corrective actions.

2. Require card holders and supervisors to take training on their respective responsibilities.

3. Update the procurement card policy to reflect these requirements.

MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of this report, the company's Executive Vice President/Chief Administration Officer agreed with our recommendations and described the company's actions and plans to address them, which we summarize below:

- **Recommendation 1:** Management agreed with our recommendation to require program administrators to monitor transactions for possible fraud and misuse, and to take any necessary corrective actions. Management identified recent improvements they made to the program, such as reducing the number of card holders and overall spending. We did not verify this information. Further, management stated that it is working with a service provider to launch a new analytics tool that will increase the program administrator's ability to monitor card transactions by purchase category, department, and card holder. The target completion date to implement this recommendation is December 31, 2019.

- **Recommendation 2:** Management agreed with our recommendation and will require card holders and supervisors to take training on their responsibilities. Specifically, program administrators will develop training materials that are updated to include the new review process and require employees to complete the training and pass a test before their card application is approved. The target completion date is February 28, 2020.

- **Recommendation 3:** Management agreed with our recommendation and will update the procurement card policy to reflect these new requirements. Management stated that it has begun the process of reviewing the policy, manual, training, online guidance, and analytical tools and will update them to reflect the report's recommendations. The target completion date is December 31, 2019.

For management's complete response, see Appendix B.

APPENDIX A

Objective, Scope, and Methodology

This report provides the results of our audit of the company's procurement card program. Our objective was to assess the effectiveness of the company's internal controls over the use of its procurement cards. The scope of our work focused on evaluating the company's controls and analyzing data related to procurement card use from FY 2016 through FY 2018. We did not assess individual transactions for noncompliance, but we identified four categories of transactions that indicate possible noncompliance based on our data analytic scripts. We performed our work from November 2018 through August 2019 in Philadelphia, Pennsylvania, and Washington, D.C.

To address our objective, we examined the company's policy requirements and public- and private-sector management control standards for employees' use of procurement cards. We also reviewed the standards described in the Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control-Integrated Framework* and GAO's *Standards for Internal Control in the Federal Government*. To understand the company's procurement card controls, we interviewed officials in the Procurement and Finance departments, examined documentation, and reviewed the monitoring practices of program administrators.

For our audit, we obtained profile data for all 876 card holders who made purchases during our review period, including card holders' names, their single purchase and monthly spending limits, and the merchant categories in which the company authorized them to make purchases. We also obtained data on about 87,000 transactions these card holders made during this period. These data included merchant names and categories, transaction dates and amounts, and any sales tax the card holder paid on the transactions. Further, we obtained data on card holders' substantiation of procurement card purchases from eTrax—such as purchase receipts, documentation showing competitive bidding if necessary, and evidence of supervisory review. We also obtained images of the purchase receipts from Documentum, the company's document management system.

To test the effectiveness of the company's controls over procurement card use, we used data analytics software to develop 17 scripts. We combined and reviewed card holder profile data, purchase transaction data, and data in eTrax in which card holders

substantiated their purchases and supervisors reviewed them. The following scripts detected indicators of potentially noncompliant transactions and the high-risk purchases:

- **Purchases that appear to be split.** We identified transactions made by the same card holder at the same merchant on the same day in which the total amount exceeded the card holder's single-purchase limit.

- **Purchases that may not have been economical.** We identified vendors with established online eTrax catalogs and then identified all purchases made using procurement cards at the brick-and-mortar stores— not through the catalogs for these vendors.

- **Purchases that may not have been competitively bid.** We identified transactions for purchases over $3,500 from June 14, 2017,[15] to September 30, 2018, that did not include documentation of competitive bidding in eTrax.

- **Purchases that included sales tax.** We identified transactions in which merchants reported to the card service provider that the card holder paid sales tax.

- **Card holders' self-certification process.** We compared card holder profile data with the self-certification data stored in eTrax to identify card holders who had not signed a form acknowledging that they read and understood the policy requirements when they received the procurement cards.

- **Supervisors who reviewed purchases without receipts.** We identified supervisors who reviewed the transactions in which card holders had not attached any receipts in eTrax.

- **High-risk purchases.** We identified categories of items and services with a high risk that card holders could be making purchases for personal use or whose purpose may be difficult to determine. We confirmed with the procurement card administrators that purchases in these categories are high-risk and summarized the transaction data by category.

We evaluated some of the exceptions found in the above tests by reviewing associated receipts to ensure that our script results are valid. We also requested clarification on certain transactions from program administrators when necessary. In addition, we

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[15] We used June 2017 as the starting point because that is when the company set $3,500 as its threshold for purchases requiring competitive bidding.

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interviewed two supervisors who approved locomotive fuel purchases to understand why card holders use procurement cards for these purchases.

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 internal controls, we reviewed its practices and compared them to the company's policy and procedures, as well as the management control standards used in the public and private sectors. We reviewed the company's current and prior procurement card policies and how they were enforced. To better understand the controls in place, we interviewed company officials, including card holder supervisors and program administrators. We did not review the Procurement department's overall system of controls.

Computer-Processed Data

We used our data analytics tool to obtain the following computer-processed data, and we performed steps to ensure its reliability:

- **Card holder profile and transaction data from the card service provider.**
  To ensure the accuracy of these data, we selected a sample of card holder profile data and transaction data and traced them to the card service provider's website. To ensure the completeness of the data, we compared the aggregate spending on all transactions and compared it with the company's general ledger.

- **Card holders' substantiation of purchases, attachment of receipts, and supervisory review data in eTrax**. To ensure the completeness of these data, we joined the transaction data received from the card service provider with the data we collected from eTrax with less than 1 percent of dropped or mismatched records. We also ensured that the total transaction amounts for the records we received from card service providers matched the total transaction amounts in eTrax. To ensure the accuracy of these data, we reconciled the transaction

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amount of each record in the card service provider's file with the transaction amount in each record in eTrax and found only one record with any difference.

Based on these tests, we concluded that the data were sufficiently reliable to be used in meeting our objective.

Prior Reports

The following reports were relevant to our work:

Amtrak OIG:

- *Amtrak: Top Management and Performance Challenges-Fiscal Years 2019 and 2020* (OIG-SP-2018-011), September 28, 2018

- *Acquisition and Procurement: Improved Management of Diesel Fuel Program Could Lead to Cost Savings,* (OIG-A-2017-013), August 14, 2017

- *GOVERNANCE: Most Procurement Card Controls are Effective, but Some Need to be Strengthened* (OIG-A-2013-019), September 26, 2013

Council of the Inspectors General on Integrity and Efficiency:

- CIGIE, *Report on the Government Purchase Card Initiative*, July 2018

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APPENDIX B

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

Memo

AMTRAK

Date	September 12, 2019	From	D. Stadtler, EVP
To	Jim Morrison, Assistant Inspector General, Audits	Departments	Administration
		Cc	Eleanor Acheson, EVP General Counsel
			Stephen Gardner, Sr. EVP
			Carol Hanna, VP Controller
			Roger Harris, EVP
			Kenneth Hylander, EVP
			John McCrohan, Director Procurement Process Improvement
			Scot Naparstek, EVP
			Dennis Newman, EVP
			Mark Richards, Sr Director Amtrak Risk & Controls
			Mark Vierling, VP Procurement and Logistics
			Tracie Winbigler, EVP
			Christian Zacariassen, EVP

Subject   Management Response to *Governance: Improving Controls Over the Use of Procurement Cards Could Better Ensure Compliance and Limit Potential Misuse* (Draft Audit Report for Project No. 002-2019)

This memorandum provides Amtrak's response to the draft audit report entitled, *"Governance: Improving Controls Over the Use of Procurement Cards Could Better Ensure Compliance and Limit Potential Misuse"*. Management appreciates the opportunity to respond to the OIG recommendations. As indicated in our responses, we agree with each of the OIG recommendations and will initiate actions to address each in a timely manner.

Recommendations:

To reduce the risk of procurement card misuse, we recommend that the company's Executive Vice President/Chief Administration Officer take the following actions:

1.   Require program administrators to monitor transactions for patterns of possible policy noncompliance and potential misuse, including monitoring activities of card holders with high spending limits, and purchases in high-risk categories, and take any necessary corrective actions.

NATIONAL RAILROAD PASSENGER CORPORATION

Management Response/Action Plan:

Management agrees with this recommendation and will require program administrators to monitor transactions for potential fraud and misuse and take the necessary corrective actions. The Procurement Program Administrators have negotiated the new Smart Pay 3 PCard contract and analyzed Amtrak's PCard spend. In addition to the reduced issuance and use of PCards across the organization, the team stood up the new analytics tool named Insights on Demand (IOD). This tool provides the ability to run various types of analyses in house including spend at the transaction, category, department, and individual levels. Prior to that, program administrators were reliant on ACL scripts that were maintained by Amtrak Controls until resource constraints eventually ended the reporting effort altogether. Once the final configurations are in place, the IOD tool will be used for analytics, reporting, and compliance activities in support of the PCard program.

Over the past 16 months, the Procurement Department has reassigned ownership of the PCard program, and the results have been favorable. The Procurement team has been working cross functionally to validate the need of current PCard holders. This has resulted in a decrease of 25% of the outstanding card holders (876 referenced in this report to 659 as of 9/3/19). The individual PCard spend in FY18 was ~$12.5M, compared to ~$16.2M for FY17, a 23% decrease. FY19 is on pace to stay even with a total of ~$10.5M in spend reported as of the end of July 2019. In regard to the percentage of potentially non-compliant transactions, the audit references the previous transaction spend thresholds of Policy No 11.37, Procurement Cards. Following the completion of the data review for this audit, this policy was updated to reflect micro purchases (less than $10,000 from less than $3,500) and simplified purchases (previously range $3,500 to $100,00 increased to $10,000 - $250,000). These values and changes to procurement process and policies were updated on that date.

Responsible Amtrak Official(s): Mark Vierling and John McCrohan

Target Completion Date: 12/31/2019

2. Require card holders and supervisors to take training on their respective responsibilities.

   Management Response/Action Plan: Management agrees with this recommendation and will require card holders and supervisors to take training on their respective responsibilities. The program administrators will implement a process change that requires this training to be completed via the enterprise learning management system (ELMS) This will allow administrators to confirm completion of training prior to approving a PCard application request. The training materials are being updated in conjunction with the transition of the PCard reconciliations from eTrax to Concur. The updated training will include the new system process as well as require users to pass a test in order to be eligible to receive a PCard. Due to the need to coordinate with Concur and ELMS, the target completion date for this action plan is two months behind the other recommendations.

   Responsible Amtrak Official(s): Mark Vierling and John McCrohan

   Target Completion Date: 2/28/2020

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NATIONAL RAILROAD PASSENGER CORPORATION

3. Update the procurement card policy to reflect these requirements.

   Management Response/Action Plan:

   Management agrees with this recommendation and has begun the process of reviewing all PCard related materials including the current Policy, PCard Manual, training, online guidance, and analytics tools. The company will revise its Policy, Procedures, and training to reflect the recommendations contained in this report along with the other best practices the program administrators have implemented over the past 15 months.

   Responsible Amtrak Official(s): Mark Vierling and John McCrohan

   Target Completion Date: 12/31/2019

APPENDIX C

Abbreviations

FY	fiscal year
GAO	Government Accountability Office
NAPCP	The National Association of Purchasing Card Professionals
OIG	Amtrak Office of Inspector General
the company	Amtrak
CIGIE	Council of the Inspectors General on Integrity and Efficiency

APPENDIX D

OIG Team Members

Jason Venner, Deputy Assistant Inspector General, Audits

Vijay Chheda, Senior Director

Ashish Tendulkar, Audit Manager

Drew Woodall, Senior Auditor-Lead

Clare Shepherd, Auditor

Alison O'Neill, Communications Analyst

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.

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

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