



Office of the Inspector General

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

Jill M. Matthews
Acting Inspector General

April 15, 2019

Mr. Kevin H. Winters
Inspector General
National Railroad Passenger Corporation
10 G Street, NE, Suite 3W-300
Washington, DC 20002

Dear Mr. Winters:

EXTERNAL PEER REVIEW REPORT ON THE NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK) OFFICE OF INSPECTOR GENERAL AUDIT ORGANIZATION

Enclosed is the final Peer Review Report of Amtrak Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. The Letter of Comment provided in conjunction with the External Peer Review Report summarizes your response to the draft Letter of Comment, and your entire response is included as an enclosure to that document.

We appreciate the cooperation and courtesies extended to our staff during the review.

Sincerely,

Jill M. Matthews
Acting Inspector General

Enclosure



Office of the Inspector General

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

Jill M. Matthews
Acting Inspector General

System Review Report

April 15, 2019

Mr. Kevin H. Winters
Inspector General
Office of Inspector General
National Railroad Passenger Corporation
10 G Street, NE, Suite 3W-300
Washington, DC 20002

Dear Mr. Winters:

We have reviewed the system of quality control for the audit organization of the Office of Inspector General for the National Railroad Passenger Corporation (Amtrak OIG) in effect for the year ended September 30, 2018. A system of quality control encompasses Amtrak OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. Amtrak OIG is responsible for establishing and maintaining a system of quality control that is designed to provide Amtrak OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and Amtrak OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed Amtrak OIG personnel and obtained an understanding of the nature of the Amtrak OIG audit organization and the design of Amtrak OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with Amtrak OIG's system of quality control. The engagements selected represented a reasonable cross-section of Amtrak OIG's audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with Amtrak OIG management to discuss the results of our review. We believe the procedures we performed provide a reasonable basis for our opinion.

Mr. Kevin H. Winters
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In performing our review, we obtained an understanding of the system of quality control for the Amtrak OIG audit organization. In addition, we tested compliance with Amtrak OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of Amtrak OIG's policies and procedures on selected audits. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

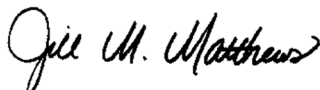
There are inherent limitations in the effectiveness of any system of quality control, and therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

The enclosure to this report identifies the Amtrak OIG office that we visited and the engagements we reviewed.

In our opinion, the system of quality control for the audit organization of Amtrak OIG in effect for the year ended September 30, 2018, has been suitably designed and complied with to provide Amtrak OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. Amtrak OIG has received an External Peer Review rating of *pass*. As is customary, we have issued a letter dated April 15, 2019, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

In addition to reviewing the system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to Amtrak OIG's monitoring of audits performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of audits performed by IPAs is not an audit and therefore is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether Amtrak OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion, on Amtrak OIG's monitoring of work performed by IPAs.

Sincerely,



Jill M. Matthews
Acting Inspector General

Enclosure

SCOPE AND METHODOLOGY

We tested compliance with the National Railroad Passenger Corporation (Amtrak OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 4 of the 10 audit reports issued during the year ended September 30, 2018, and semiannual periods ended March 31, 2018, and September 30, 2018. We also reviewed the annual internal quality control summary reports issued for audits reports issued during fiscal years 2016 through 2018, as well as the results of internal quality control reviews of the audits in our test sample.

Additionally, we reviewed Amtrak OIG's monitoring of audits performed by independent public accountants (IPA) where the IPA served as the principal auditor during the period October 1, 2017, through September 30, 2018. During the period, Amtrak OIG contracted for the audit of its agency's fiscal year 2018 financial statements. Our review was limited to the monitoring of the IPA's audit of Amtrak's financial statements. Amtrak OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We reviewed Amtrak OIG audit policies and procedures, continuing professional education and independence documentation; interviewed management and staff; and completed the following checklists from the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*:

- Appendix A – Policies and Procedures
- Appendix B – Checklist for Review of Adherence to General Standards
- Appendix E – Checklist for Review of Performance Audits Performed by the Office of Inspector General
- Appendix F – Checklist for Review of Monitoring of Audit Work Performed by an Independent Public Accounting Firm

We visited Amtrak OIG headquarters in Washington, D.C., March 4 through March 6, 2019, and reviewed documentation necessary to complete our testing. Engagements performed by Amtrak OIG and tested in the peer review are listed in the table on the following page.

Report Number	Report Date	Report Title
OIG-A-2018-001	October 23, 2017	INFORMATION TECHNOLOGY: Improving Security of Publicly Accessible Web sites Could Help Limit Cyber Risk
OIG-A-2018-003	February 22, 2018	ACQUISITION AND PROCUREMENT: Contracts Included Key Provisions to Reduce Risks, but the Company Lacks an Efficient and Effective Contract Management System
OIG-A-2018-004	March 12, 2018	GOVERNANCE: Quality Control Review of the Independent Audit of Amtrak's Consolidated Financial Statements for Fiscal Year Ended 2017
OIG-A-2018-006	April 16, 2018	TRAIN OPERATIONS: Opportunities to Reduce the Cost of Rebuilding and Manufacturing Components at Maintenance Facilities
OIG-A-2018-008	July 24, 2018	ASSET MANAGEMENT: Better Schedules, Cost Estimates, and Project Management Could Help Mitigate Risks to Washington Union Station Projects