



GOVERNANCE:

Opportunities Exist to Strengthen Controls to Ensure that Utility Accounts Are Deactivated After Real Estate Transactions

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

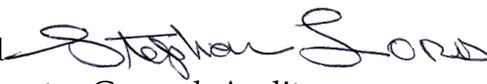
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Memorandum

To: Bill Feidt
Executive Vice President/Chief Financial Officer

Stephen Gardner
Executive Vice President/Planning, Technology, and Public Affairs

From: Stephen Lord 
Assistant Inspector General, Audits

Date: June 15, 2017

Subject: *Governance: Opportunities Exist to Strengthen Controls to Ensure that Utility Accounts Are Deactivated After Real Estate Transactions (OIG-A-2017-010)*

Amtrak (the company) owns about \$12 billion in real property assets across the nation, including 96 stations and 623 miles of right-of-way track. The company maintains more than 3,100 utility accounts and spent more than \$39 million in fiscal year (FY) 2016 for utilities, such as electricity and water, to service these assets. From July 2005 through January 2017, the company sold at least 42 properties for about \$39 million, including land holdings and structures near its track, primarily along the Northeast Corridor.

In August 1997, the company sold a property in North Haven, Connecticut, but did not deactivate an electricity account associated with it. Thus, the company continued to make payments on the account for nearly 17 years after the property had been sold. Our office investigated and determined that the company made nearly \$57,000 in improper payments on this account from November 2000 to April 2014. In December 2015, the buyer pled guilty to one count of larceny and one count of failure to appear, and he was ordered to pay \$28,000 in restitution. The buyer also received a five-year suspended sentence and five years of probation.

In light of the improper payments made for the facility on the North Haven property, the Amtrak Office of Inspector General (OIG) initiated an audit. Our audit objective was to assess the effectiveness of the company's management controls for ensuring that utility accounts are deactivated when properties are sold. We compared the company's real estate and utilities processes to the requirements established in its utilities policy, as well as to leading practices for management controls. For additional information on our scope and methodology, see Appendix A. For a list of the leading practices we cite in this report, see Appendix B.

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SUMMARY OF RESULTS

The company can improve its management controls to ensure that utility accounts are identified and deactivated in a timely manner after real estate transactions.¹ Of the 42 sales and 2 lease transactions we reviewed,² we identified at least 3 properties with 5 utility accounts that the company did not deactivate in a timely manner, resulting in at least \$13,500 in improper payments. Although the magnitude of the improper payments we identified was not significant, incorporating leading practices for management controls will help the company avoid incurring future losses on utility accounts that are no longer needed and improve the monitoring of utility accounts by company officials. The management control enhancements we identified include the following:

- Developing a policy to help the company's Real Estate Development office ensure that employees who play a role in deactivating utilities are notified of real estate transactions and that utilities requiring deactivation are identified for properties about to be sold or transferred.
- Updating the utilities policy of the Utilities Management office to help ensure that other company officials who play a role in monitoring and verifying the need for utility accounts, such as facility managers, are clearly identified and advised of their responsibilities; and that they use the utilities management system to fulfill their responsibilities.

Therefore, we recommend that the company take steps to improve its controls for communicating real estate transactions and ensuring timely deactivation of utility accounts when transactions occur. In commenting on a draft of this report, the company's Executive Vice President/Chief Financial Officer stated that the company agreed with our recommendations and will take steps to ensure that utility accounts are identified and deactivated in a timely manner when a real estate transaction occurs.

¹ In this report, utility accounts include electricity used to power the company's facilities, natural gas, water, and sewer accounts.

² For additional information on the scope of our review, see Appendix A.

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BACKGROUND

Multiple stakeholders have responsibilities pertaining to utility accounts for real estate assets, including the following:

- **The Real Estate Development office** coordinates and oversees real estate transactions for the company. The office is responsible for planning real estate development; managing contracts, leases, and easements; and other functions. This office is part of the Planning, Technology, and Public Affairs department.
- **The Utilities Management office** manages the company's utilities processing, including the activation and deactivation of utility accounts. Housed in the Finance department, it provides oversight of utility costs, usage, and the traction power budget. Under the utilities processing policy established in April 2011, the office is responsible for managing the company's relationship with a third-party utilities management contractor, Ecova Inc. (Ecova).
- **Ecova** coordinates the payment of utility expenses with the company's utility providers, pays the company's individual utility bills, and provides a web-based system to facilitate management of more than 3,100 utility accounts. Ecova's contract also includes utility annual budget services and other services to identify low-cost utility suppliers. In 2010, the company signed a 10-year contract with Ecova with a total value of about [REDACTED].
- **The Accounts Payable office** in the Finance Department pays Ecova daily for all of the utility invoices that Ecova processes. The office is responsible for processing and paying the company's bills, among other responsibilities.
- **Responsible Amtrak Officials (RAOs)** are defined in the company's utilities policy³ as the budget or facility managers responsible for the budget or maintenance operation or both at a specified location. RAOs are responsible for requesting utility activation or deactivation when needed, and for regularly monitoring and verifying that each utility account has an operational need. Typically, they are employees from various departments, such as Engineering or Operations.

Generally, the company's real estate sales process is initiated when an interested buyer inquires about a property. If the company does not identify a business use for the property and the sale is determined to be profitable, the Real Estate Development office

³ The term RAO is defined in *Amtrak Policy 8.28.3, Utilities Processing*, June 16, 2016.

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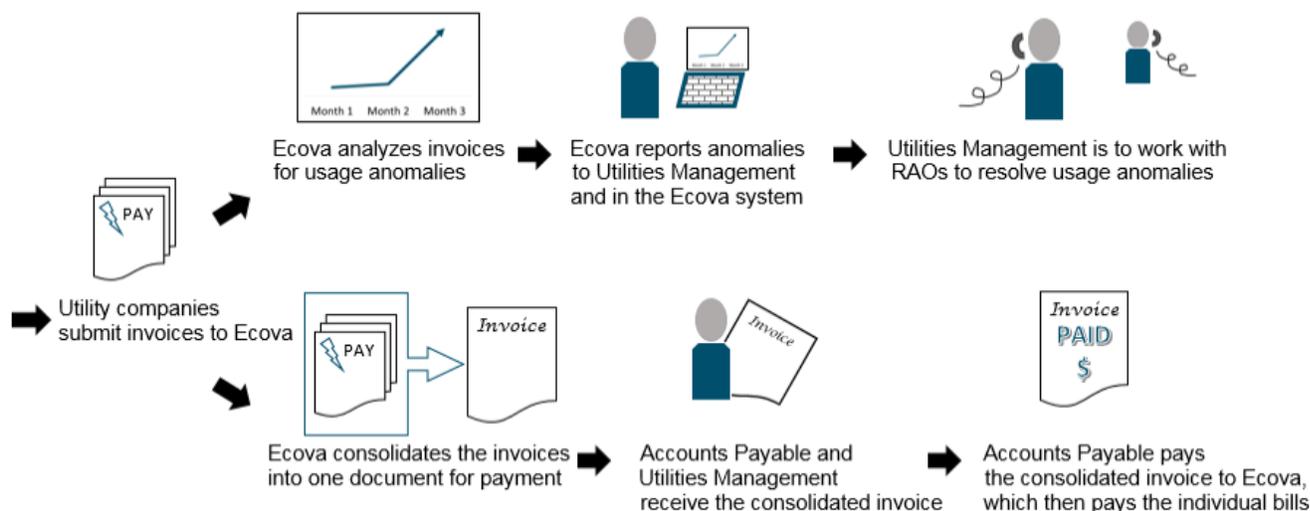
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will coordinate with other departments to complete the sale, such as the Law and Engineering departments. The Real Estate Development office and Law department maintain a hard-copy file of the sale information.

For everyday processing and managing of utilities, Ecova receives invoices for the company's utility expenses, analyzes the invoices for usage anomalies, consolidates the invoices, and provides them to the Utilities Management office and the Accounts Payable office for payment. Ecova also reports usage anomalies to the Utilities Management office—typically, when a utility bill increases or decreases by a certain percent from the prior month. The Utilities Management office is to work with the RAOs to investigate and resolve usage anomalies, as shown in Figure 1.

Figure 1: Summary of the Utilities Process in the Finance Department



Source: OIG summary of process information provided by Amtrak officials as of January 2017

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CONTROLS COULD BE IMPROVED TO ENSURE THAT UTILITIES ARE DEACTIVATED AFTER REAL ESTATE TRANSACTIONS

The company can improve its management controls to ensure that utility accounts are identified and deactivated in a timely manner after real estate transactions. This will help the company avoid making improper payments on utility accounts and improve the company's monitoring of these accounts.

Real Estate Transactions Are Not Communicated to Company Employees with Utility Responsibilities

Real estate transactions are not communicated to responsible company employees who have a role in deactivating utilities, such as RAOs, which is contrary to leading

Leading practice: *Establish policies to communicate information to enable personnel to understand and carry out their internal control responsibilities.*

practices. This occurs because the company does not have policies guiding its real estate sales process, including procedures to identify who may be affected by and should be notified of such transactions. In the absence of specific guidance, the company uses a concurrence form to document the approval of various departmental

officials to proceed with a sale and relies on those officials to communicate as needed to deactivate utilities, according to a Real Estate Development official. However, RAOs who are responsible for accounts on properties to be sold are not required to sign the form, and the 20 forms for the 42 sales we reviewed included the signatures only of senior-level departmental officials.

Therefore, it appears that information about a transaction is not always communicated to all responsible parties. For example, in our interviews of 15 employees identified as RAOs with utility responsibilities, 3 told us they were not aware that a real estate transaction that affected them had occurred until after the company completed it. In one of the two lease transactions we reviewed, the RAO did not learn of a December 2014 lease of company-owned property until about seven months later when the employee went to the property to perform maintenance. As a result, the company was not timely in deactivating the utility accounts at this property and improperly paid \$4,100 for the electricity account before it was deactivated in August 2015—and at least \$800 for the water account before it was deactivated in December 2016.

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Utilities Are Not Identified and Documented During a Transaction

The Real Estate Development office has not identified and documented whether its properties pending sale have utility accounts that will require deactivation, which is

Leading practice: *Require documentation of key activities to help ensure that internal controls are implemented and effective.*

inconsistent with leading practices. None of the 42 sales we reviewed included clear documentation as to whether utility accounts were present and, if so, whether they were deactivated. Six agreements of sale noted that utilities were present on the property; however, a company official told us that this was

standard language that could not be relied on to determine whether a property had utility accounts.

Further, the Real Estate Development office's files contained no checklists or related documentation to ensure that key activities, such as deactivating utility accounts, were

Leading practice: *Document policies and procedures to promote employee accountability, help ensure that control activities are followed, and limit potential costs to the company—especially in instances of employee turnover.*

completed and documented.⁴ No written policies and procedures require the Real Estate Development office to identify and document whether properties pending sale have utility accounts that will require deactivation.

Contrary to leading practices, company officials said that a written policy is not needed because of the infrequency of company real estate sales—42 over the past 11 years. Without these

controls, the company may not identify and deactivate active accounts in a timely manner. For example, the company occupied a station owned by the state of Connecticut and did not deactivate the utilities when it vacated the property. The state deactivated two electricity accounts two months later, but in the meantime the company spent about \$200 on them.

⁴ Similarly, we also noted that 20 of the 42 real estate sale files did not include an appraisal even though company officials told us the company's practice is to obtain one for each sale.

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The company is taking steps to address this issue by developing an information system for real property inventory management.⁵ According to an official from the Real Estate Development office, the system has been implemented; however, it does not include information linking a property to its utility accounts and is used only for the current real estate portfolio, not for historical information. For information on historical real estate transactions, the company relies on a system administered by the Finance department to track the transactions' financial information. However, the system does not include descriptive information about a property; therefore, the Real Estate Development office must access hard-copy files for additional details, such as the address of a sold or transferred property. The official told us that the new system is being enhanced and may eventually include a way to identify utilities associated with any given property, and may also provide transactional information for any properties sold or transferred. However, the official was unable to provide timeframes for when these enhancements would be made.

Employees Responsible for Monitoring Utilities Are Not Clearly Identified and Advised of Their Responsibilities

The company's utilities policy requires RAOs to monitor the use of and operational need for utilities at company-owned properties and states that the Utilities Management

Leading practice: *Communicate policies across the company and advise responsible employees of their role in implementing assigned internal controls.*

office is to interact with RAOs to address utility issues. However, the office maintains a list of the RAOs for only the company's 20 largest accounts,⁶ and the policy does not specify which department or office is responsible for identifying and advising RAOs of their responsibilities.

⁵ We previously reported that the company did not have such a system and recommended that it develop one. See *Real Property Management: Applying Best Practices Can Improve Real Property Inventory Management Information* (OIG-A-2013-015), June 12, 2013.

⁶ These accounts represent about 70 percent of utilities on company properties, according to Utilities Management office officials. Under the utilities policy, the RAOs for these accounts also have to complete an annual energy audit as part of their utilities responsibilities.

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A Utilities Management office official told us that each department designates its RAOs and informs them of their duties under the utilities policy.⁷ Nonetheless, RAOs are not consistently notified and informed of their duties, which increases the risk that employees are unaware of their assigned responsibilities and do not implement them. For example, we interviewed 15 employees identified by the Utilities Management office as RAOs or contacts for utility matters. They told us about their specific roles, which included some of the duties outlined in the utilities policy – such as assessing utility usage. However, as shown in Table 1 on the next page, they were generally unaware of the utilities policy or any prescribed utility-related responsibilities, which include managing their specified location's utility accounts, verifying the operational need for each account, ensuring that the monthly cost is appropriate, and deactivating utilities as needed.

⁷ *Amtrak Policy 3.22.0, Facilities Standards*, March 16, 2009, requires the Operations department to assign each facility a facilities manager; however, the policy does not link to the utilities policy, and it does not reference a facilities manager's role as an RAO.

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Table 1. Summary of OIG Interviews with 15 Employees Identified as RAOs

Questions	Number of the 15 RAOs Who Answered Yes
Are you aware of the utilities policy?	1 
Are you aware you have been identified as an RAO or contact for utility matters?	2 
Are you aware of an RAO's utility monitoring responsibilities?	2 
Are you familiar with the Ecova utilities management system?	2 
Were you trained on how to use the Ecova utilities management system for utility account monitoring?	1 

Source: OIG analysis of 15 interviews with Amtrak employees identified as RAOs or contacts for utility-related matters

This lack of awareness increases the risk that RAOs are not monitoring and regularly verifying the operational use of each assigned utility account. For the North Haven facility that prompted this audit, for example, the electricity account our office investigated may have been deactivated earlier—instead of nearly 17 years after the real estate sale occurred—if an RAO had verified that the account was serving an operational need for the company.

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Employees Are Not Using Tools Available to Facilitate Utility Monitoring

Officials from the Utilities Management office told us that RAOs are expected to use the Ecova system to monitor their accounts, but the company's utilities policy does not

Leading practice: *Leverage automated controls, which tend to be more reliable and efficient, and less susceptible to human error.*

require them to do so. Accordingly, as shown in Table 1, only 2 of the 15 people we interviewed were familiar with the Ecova system, and only 1 had been trained on how to use it. As a result, RAOs are not realizing the benefits of using the Ecova system, such as receiving automated alerts if there is a usage anomaly from the prior month.

Therefore, they may not be aware of usage anomalies unless they are contacted by the Utilities Management office.

For example, as discussed above, the company did not deactivate a water account on the property leased to the state of Connecticut in December 2014 until two years after the lease started. Although the Ecova system had flagged the account each quarterly billing cycle from October 2015 through September 2016, the account remained open until December 31, 2016—after the company learned that the facility had burned down on December 21, 2016. The account could have been deactivated earlier if the RAO had followed up on the automated control. Further, not leveraging this automated feature—and other functions of the Ecova system that provide details about utility accounts⁸—limits the utility of the 10-year, ██████████ Ecova contract.

As a result, there is a risk that the company will improperly pay on accounts that should be closed because of the limited information on whether an account is necessary.

Leading practice: *Use quality information to make informed decisions, and evaluate performance in addressing risks.*

For example, the lack of complete information in the Ecova system—and the limited documentation pertaining to utilities in the real estate files noted above—hindered our ability to validate whether active utility accounts were associated with the 42 sales we reviewed. We may have been able to identify additional accounts if they existed on the

properties, but inaccurate location information in the system and inconsistent address

⁸ In addition to generating automated alerts, the system provides access to utility invoices and can be used to document status and location information about utility accounts.

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conventions limited our ability to match a property's location with the location of a potential utility account. Accordingly, more accounts may require deactivation than we have identified in this report.

In addition, errors in the Ecova system included invoices attached to the wrong accounts and a utility account with a documented location about five miles away from the actual meter servicing a property.⁹ These errors could be reduced if RAOs regularly updated Ecova system information based on their account-monitoring activities to ensure its accuracy in the system, as leading practices suggest. On one sale, for example, we could identify the property's utility account because we found a matching utility account in the Ecova system based on the sold property's address in the real estate file. However, our site visit to the sold property revealed that the meter's actual location was about 350 feet away from the location of the address listed in the Ecova system, as shown in Figure 2 on the next page.

⁹ Throughout our review, we provided the Utilities Management office with updates to identify inaccurate information in the Ecova system, and corrections have been made.

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Figure 2. Comparison of a Meter Location Listed in the Ecova Utilities Management System to the Actual Meter Location, North Philadelphia



Sources: OIG analysis of Ecova system information, site visits, and Google maps as of January 2017

Regular updates of the system could help ensure that employees have the information necessary to close utility accounts in a timely manner after a real estate transaction, as leading practices suggest. In the case noted above in which the location of the meter was incorrectly identified in the Ecova system, company officials did not know what the meter serviced. After the May 2016 sale, they identified that it serviced both the sold property (which included a parking lot) and the property the company still owned.

Company officials told us that keeping the account active for the sold parking lot was a public safety benefit because it was used to keep the lights on in the parking lot after dark. Nonetheless, if this information had been documented in the Ecova system and communicated during the real estate transaction, the company may have been able to negotiate the costs of the utility account as part of the sales process. As of March 2017, the company had paid about \$8,400 in estimated utility costs for the parking lot lighting and was still seeking reimbursement for these payments from the buyer.

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CONCLUSIONS

By implementing the leading practices for management controls we identified, the company could reduce unnecessary costs, such as the \$13,500 we identified from this audit, and better ensure the timely closure of utility accounts to avoid potentially larger losses in the future. These steps include establishing a policy to help ensure that real estate transactions are communicated to employees who play a role in deactivating utilities, and documenting whether properties about to be sold or transferred have utilities that need to be deactivated. Furthermore, updating the utilities policy could help ensure that RAOs are aware of their responsibilities and are using the Ecova system to monitor and verify the need for utility accounts. Moreover, improving the information in the Ecova system would also facilitate the company's efforts to identify and deactivate accounts during and after a real estate transaction.

RECOMMENDATIONS

To ensure that utility accounts are identified and deactivated in a timely manner when a real estate transaction occurs, we recommend that the Executive Vice President/Planning, Technology, and Public Affairs take the following actions:

1. Establish a policy to guide real estate transactions, identify who may be affected by and should be notified of such transactions, and require utilities to be identified and documented on any properties or facilities pending sale or transfer.

To ensure that utility accounts are actively monitored and deactivated when they no longer serve an operational use, we recommend that the Executive Vice President/Chief Financial Officer take the following action:

2. Update the utilities policy to describe how the company will ensure that RAOs are:
 - clearly identified, trained on their responsibilities, and implementing their assigned duties; and
 - leveraging the Ecova utilities management system and providing updates, when necessary, to ensure that its information is complete and accurate.

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MANAGEMENT COMMENTS AND OIG ANALYSIS

In commenting on a draft of the report, the company's Executive Vice President/Chief Financial Officer stated that the company agreed with our two recommendations and described planned actions responsive to them. The company estimates that these actions, summarized below, will be completed by September 30, 2017:

- **Recommendation 1:** Management agreed with our recommendation to establish policy to identify who may be affected by and should be notified of real estate transactions, and require utilities to be identified and documented on any properties or facilities pending sale or transfer. Management plans to amend the utilities policy to clarify the Real Estate Development office's responsibility for communicating transactions to other departments and the Utilities Management office for the purpose of deactivating utilities. The Real Estate Development office also plans to include a utility information section in an existing form to help identify utilities on properties or facilities pending sale or transfer.
- **Recommendation 2:** Management agreed with the recommendation to update the utilities policy to describe how the company will ensure that RAOs are clearly identified, are trained on their responsibilities, and are implementing their assigned duties; and that they are leveraging the Ecova utilities management system and providing updates, when necessary, to ensure that the information is complete and accurate. The Utilities Management office plans to modify the utilities policy to reflect these additional controls.

For management's complete response, see Appendix C. The company also provided us with technical comments on a draft of this report, which we incorporated as appropriate.

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APPENDIX A

Scope and Methodology

This report provides the results of our audit objective to evaluate the effectiveness of the company's management controls for ensuring that utility accounts are deactivated after real estate transactions. We conducted our work from March 2016 through April 2017 in Philadelphia, Pennsylvania, and Washington, D.C. Certain information in this report has been redacted due to its sensitive nature.

The scope of our work focused on the company's policies and procedures, monitoring processes, data for utility accounts related to real estate transactions, and the real estate sales process for assets sold from July 2005 through January 2017. Initially, our scope did not include utility accounts related to transfers and real estate leased by the company. However, we also included lease transactions on a limited basis after interviewees provided information to us on leased properties with active accounts after the real estate transaction had occurred.

To conduct our work, we examined company processes for real estate transactions and utility account management. We interviewed company personnel in the Real Estate Development, Utilities Management, and Accounts Payable offices involved in the real estate sales, utilities management, and utility payment processes. To gain an understanding about the utilities management system used by the company, we spoke with Ecova personnel. We also spoke with key personnel from our office who are knowledgeable about the 1997 sale that prompted this audit. Further, we reviewed relevant documents—such as investigative reports, real estate file documents, and utility account data.

To identify audit criteria, we reviewed relevant leading practices for management controls and the company's policies and procedures concerning real estate transactions and utility account management. We researched the following external sources:

- U.S. Government Accountability Office (GAO), *A Framework for Managing Fraud Risks in Federal Programs* (GAO-15-593SP), July 2015
- GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014
- Committee of Sponsoring Organizations, *Internal Control—Integrated Framework*, May 2013

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

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We compared leading practices identified from these sources to the company's processes and controls within our scope.

To test the company's key controls over utility accounts for sold real estate assets, we selected all real estate sale transactions from July 2005 to January 2017, and we reviewed hard-copy files from the Real Estate Development office to determine whether utilities were present. Because the files did not identify whether utilities were present, we applied a risk-based approach to select files for further detailed testing. We compiled a list of properties with a medium or high probability that utilities were present on the property and analyzed the Ecova system to identify possible accounts for each address. We validated possible hits with survey maps in the real estate file, publicly available maps, and other means to confirm that the utility account identified actually services or serviced the sold property. To determine account status, including date of deactivation, we reviewed in the Ecova system the utility account identified as a result of this process and the open accounts on leased properties communicated to us through interviews.

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

We reviewed the management controls that the Real Estate Development and Utilities Management offices have in place for identifying, monitoring, and deactivating company utility accounts of sold real estate assets. We limited our conclusions and recommendations to controls in those areas. We did not review the company's or any of the departments' overall system of controls.

Computer-Processed Data

We received utility account expenses from 2009 through 2017 from the Ecova system, the company's third-party utility management system. To assess the reliability of Ecova invoice data, we interviewed Ecova officials and reviewed independent auditors' control reports issued to the company about the Ecova system control environment. We

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determined that the invoice data in the system were sufficiently reliable for how we used the information in the report. As noted in our report, we identified inaccurate and incomplete information in the system; however, these limitations did not affect our ability to achieve our overall audit objective.

Prior Investigation and Audit Reports

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

- *Larceny* (Case OIG-I-2016-505), January 6, 2016
- *Real Property Management: Applying Best Practices Can Improve Real Property Inventory Management Information* (OIG-A-2013-015), June 12, 2013
- *Amtrak Invoice Review: Internal Control Weaknesses Lead to Overpayments (BNSF)* (OIG-A-2013-008), March 26, 2013

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APPENDIX B

List of Leading Practices for Management Controls

The leading practices we relied on in this report are listed below.

CATEGORY	LEADING PRACTICES
Communication	<ul style="list-style-type: none"> • Establish policies to communicate information to enable personnel to understand and carry out their internal control responsibilities. • Communicate policies across the company, and advise responsible employees of their role in implementing assigned internal controls.
Control Activities	<ul style="list-style-type: none"> • Require documentation of key activities to help ensure that internal controls are implemented and effective. • Document policies and procedures to promote employee accountability, help ensure that control activities are followed, and limit potential costs to the company—especially in instances of employee turnover.
Quality Information	<ul style="list-style-type: none"> • Leverage automated controls, which tend to be more reliable and efficient, and less susceptible to human error. • Use quality information to make informed decisions, and evaluate performance in addressing risks.

Source: OIG research of available literature to identify leading practices for management controls

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APPENDIX C

Management Comments

NATIONAL RAILROAD PASSENGER CORPORATION

Memo



Date	June 5, 2017	From	William N. Feidt Executive Vice President/Chief Financial Officer <i>William N. Feidt 6/17</i>
To	Stephen Lord, Assistant Inspector General	cc	Stephen J. Gardner Executive Vice President/Planning, Technology, and Public Affairs William B. Bush, Vice President Real Estate Stations & Facilities Charles S. Farmer, Vice President Financial Planning & Analytics Matthew L. Gagnon, Senior Director Amtrak Controls
Subject	Management Response to OIG Report, " <i>Governance: Opportunities Exist to Strengthen Controls to Ensure that Utility Accounts are Deactivated after Real Estate Transactions</i> " (Audit Report for Project No. 012-2016)		

This memorandum provides Amtrak's response to the OIG Audit Report: *Governance: Opportunities Exist to Strengthen Controls to Ensure that Utility Accounts are Deactivated after Real Estate Transactions*.

We appreciate this opportunity to respond to the OIG recommendations. As indicated in our responses, we agree with all of the recommendation and have initiated actions to address each in a timely manner.

Recommendation 1:

To ensure that utility accounts are identified and deactivated in a timely manner when a real estate transaction occurs, we recommend that the Executive Vice President/Planning, Technology, and Public Affairs take the following action:

Establish a policy to guide real estate transactions, identify who may be affected by and should be notified of such transactions, and require utilities to be identified and documented on any properties or facilities pending sale or transfer.

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NATIONAL RAILROAD PASSENGER CORPORATION

Management Response/Action Plan:

Management agrees with OIG Recommendation 1. We agree that utilities affected by real estate transactions should be identified pending sale or transfer of company property or facilities. The Real Estate Department will amend its existing Engineering and Operating Clearance (EOC) form to include a utility section for the purpose of utility deactivating notification. In addition, Utility Management group will amend the existing Utility Processing Policy 8.28.3 to include Real Estate's responsibility of notifying heads of benefiting departments and Utilities Management of an imminent asset disposition and requirement to disconnect utilities.

Responsible Amtrak Official(s): VP Real Estate Stations & Facilities

Target Completion Date: September 30, 2017

Recommendation 2:

To ensure that utility accounts are actively monitored and deactivated when they no longer serve an operational use, we recommend that the Executive Vice President/Chief Financial Officer take the following actions:

Update the utilities policy to describe how the company will ensure RAOs are:

- Clearly identified, trained on their responsibilities, and implementing their assigned duties; and
- Leveraging the Ecova utilities management system and providing updates, when necessary, to ensure its information is complete and accurate.

Management Response/Action Plan:

Management agrees with the recommendation and will modify the Utilities Processing Policy 8.28 to describe how Amtrak will ensure the RAOs are: (1) identified, trained on their responsibilities and implement their assigned duties; and (2) leveraging the Ecova Platform and providing updates, when necessary, to ensure its information is complete and accurate. Utilities Management will effectuate the modifications to the policy and endeavor to have it completed by September 30, 2017.

Responsible Amtrak Official(s): Director Utilities Management

Target Completion Date: September 30, 2017

Amtrak Office of Inspector General

**Governance: Opportunities Exist to Strengthen Controls to Ensure that Utility Accounts
Are Deactivated After Real Estate Transactions**

OIG-A-2017-010, June 15, 2017

APPENDIX D

Acronyms and Abbreviations

Ecova	Ecova, Inc.
FY	fiscal year
GAO	Government Accountability Office
OIG	Amtrak Office of Inspector General
RAO	Responsible Amtrak Official
the company	Amtrak

Amtrak Office of Inspector General

**Governance: Opportunities Exist to Strengthen Controls to Ensure that Utility Accounts
Are Deactivated After Real Estate Transactions**

OIG-A-2017-010, June 15, 2017

APPENDIX E

OIG Team Members

Anne Keenaghan	Senior Director, Audits
Cheryl Chambers	Senior Audit Manager
Mark Scheffler	Senior Auditor
Ka Ryung Sabourin	Auditor
Juan Morales	OIG Data Analytics Contractor



Mission

The Amtrak OIG's mission is to provide independent, objective oversight of Amtrak's programs and operations through audits and investigations focused on recommending improvements to Amtrak's economy, efficiency, and effectiveness; preventing and detecting fraud, waste, and abuse; and providing Congress, Amtrak management, and Amtrak's Board of Directors with timely information about problems and deficiencies relating to Amtrak's programs and operations.

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Contact Information

Stephen Lord

Assistant Inspector General, Audits

Mail: Amtrak OIG

10 G Street NE, 3W-300

Washington D.C., 20002

Phone: 202-906-4600

Email: Stephen.Lord@amtrakoig.gov