

The Office of Inspector General (OIG) maintains a system of quality control to ensure that work performed adheres to established OIG policies and procedures, meets established standards of performance, and is carried out economically, efficiently, and effectively. Also, in accordance with government auditing standards, the OIG's auditing function is subject to peer review. Peer reviews provide additional, external assurance of the OIG's adherence to prescribed standards, regulations, and legislation, through a formal objective assessment of OIG operations. The Council of the Inspectors General on Integrity and Efficiency (CIGIE) prescribes the methodology for performing peer reviews. Attached is the latest review of OIG's auditing functions.

02-14-2013

Final report of the results of the Tennessee Valley Authority Office of Inspector General's External Quality Control Review of the Amtrak Inspector General's audit organization, conducted in accordance with government auditing standards and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The report shows the Amtrak OIG received a rating of *pass*.



Office of the Inspector General

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

Richard W. Moore
Inspector General

February 14, 2013

The Honorable Theodore (Ted) Alves
Inspector General
National Passenger Railroad Corporation (Amtrak)
10 G Street, NE, Suite 3W-300
Washington, D.C. 20002-4285

Dear Mr. Alves:

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

Enclosed is the final System Review Report of the Amtrak Office of the Inspector General Audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency guidelines.

We thank you and your staff for the assistance and cooperation received during the conduct of the review.

Very truly yours,

Richard W. Moore

Enclosure



Office of the Inspector General

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

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Inspector General

February 14, 2013

The Honorable Theodore (Ted) Alves
Inspector General
National Passenger Railroad Corporation (Amtrak)
10 G Street, NE, Suite 3W-300
Washington, D.C. 20002-4285

Dear Mr. Alves:

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

We have reviewed the system of quality control for the audit organization of the Office of the Inspector General for the National Passenger Railroad Corporation (Amtrak OIG) in effect for the year ended September 30, 2012. 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 conformity with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. Amtrak OIG is responsible for designing a system of quality control and complying with it to provide Amtrak OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards 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 there with based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. During our review, we interviewed Amtrak OIG personnel and obtained an understanding of the nature of the Amtrak OIG audit organization and design of the Amtrak OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the Amtrak OIG's system of quality control

sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the Amtrak OIG's system of quality control. The engagements selected represented a reasonable cross-section of the Amtrak OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the 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 that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the Amtrak OIG's audit organization. In addition, we tested compliance with the Amtrak OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the Amtrak OIG's policies and procedures on selected engagements. 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 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, 2012, 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 a peer review rating of *pass*.

Very truly yours,

A handwritten signature in cursive script that reads "Richard W. Moore".

Richard W. Moore

Enclosure

SCOPE AND METHODOLOGY

SCOPE

We tested compliance with the Office of the Inspector General for the National Passenger Railroad Corporation's (Amtrak OIG) system of quality control to the extent we considered appropriate. These tests included a review of four of fourteen audit reports issued during the period October 1, 2011, through September 30, 2012, and the associated audit documentation. We also reviewed documentation related to the internal quality control reviews performed by Amtrak OIG for the year ended September 30, 2012, and the internal quality control reports issued for the two preceding years.

Amtrak OIG did not perform any nonaudit services, attestation engagements, financial statement audits, or monitoring of engagements performed by independent public accountants (IPAs), where the IPA served as the principal auditor, during the period October 1, 2011, through September 30, 2012.

METHODOLOGY

The Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General* (Guide), dated March 2009, as updated November 2012, was used to conduct the review.

The Tennessee Valley Authority Office of the Inspector General reviewed Amtrak OIG audit policies and procedures, continuing professional education and independence documents; interviewed management and staff; and completed the following checklists from the Guide.

- 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

We also visited Amtrak OIG headquarters in Washington, D.C., during January 7-11, 2013, and reviewed documentation associated with the four audits selected for testing.

REVIEWED AUDITS PERFORMED BY AMTRAK OIG

Report Number	Report Date	Report Title
OIG-A-2012-004	February 15, 2012	ON-TIME-PERFORMANCE INCENTIVES: Inaccurate Invoices were Paid Due to Weaknesses in Amtrak's Invoice Review Process
OIG-A-2012-007	March 30, 2012	AMTRAK CORPORATE GOVERNANCE: Implementing a Risk Management Framework is Essential to Achieving Amtrak's Strategic Goals
OIG-A-2012-017	September 26, 2012	ANNUAL FINANCIAL STATEMENT AUDITS: Observations for Improving Oversight of the Independent Public Accountant
OIG-A-2012-021	September 21, 2012	AMERICAN RECOVERY AND REINVESTMENT ACT: Some Questioned Invoice Charges and Minimal Benefit from Duplicative Invoice-Review Process