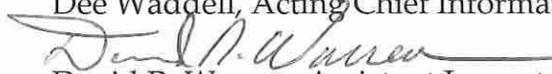




Memorandum

To: DJ Stadtler, Vice President, Operations
Eleanor Acheson, Vice President, General Counsel
Gordon Hutchinson, Acting Chief Financial Officer
Jeff Martin, Chief Logistics Officer
A. Barry Melnkovic, Chief Human Capital Officer
Emmett Fremaux, Vice President, Marketing
Dee Waddell, Acting Chief Information Officer

From:  David R. Warren, Assistant Inspector General, Audits
Adrienne Rish, Assistant Inspector General, Investigations 

Date: June 14, 2012

Subject: Data Analytics - Engagement Memo

This is to inform you that our office is initiating an audit and investigation project to assess the effectiveness of controls in Amtrak's various business processes such as Purchase to Payment, Materials Management, Payroll, Health Care, and Claims. This project will rely heavily on data analysis software tools. Analysis of organizational data using specialized software is increasingly becoming the preferred way of conducting audits and proactive investigations in the IG community.

The objectives of this project are to (1) assess the effectiveness of internal controls in company's business processes, (2) identify opportunities to control risks, and improve efficiency and effectiveness of business operations, and (3) prevent, detect, and deter instances of fraud, waste and abuse in the company.

We plan to accomplish this work on an incremental basis by focusing on a small subset of critical business processes at a time. As part of this effort, we plan to use the ACL (Audit Command Language) data analytics software by mapping it to critical business data systems such as SAP, Ariba, Maximo and Spear. We have been using the ACL

software in the Amtrak environment for well over 10 years now. However, conversion to SAM requires us to remap the data elements.

We have recently engaged ACL contractors to assist us in this project and help us enhance our data analytics capability for the future. We plan to use cross-functional teams to perform our audit and proactive investigative work, and our initial efforts will focus on Purchase to Payment and Claims processes. We are requesting the assistance of your staff to help us map relevant business data and develop various analytic tests without disrupting normal business operations. During our work, we will request documentation and interview key staff members in your departments to understand business processes, key controls, and risk areas. We will require support from your staff in understanding data, developing specifications for analytics, and validating test results. We will try to minimize the impact by coordinating our work with relevant staff members in advance.

We will keep you advised of the status of our work and any material changes in our project objectives. To initiate this project, we will schedule an entrance conference through Amtrak's audit liaison.

Shortly after the conclusion of our audit analysis work for each focus area, our office will issue draft reports containing findings and recommendations. However, during the course of our work, we will communicate to management any issues that require immediate attention and our preliminary findings. To the extent possible, the investigations office will also advise you of any important results and related recommendations stemming from their proactive investigative work.

Data analytics provides a strong tool for both audits and investigations, and management analysis. As we complete our analysis of each business process, we anticipate that management may also want to consider adopting this analytical capability to monitor its controls.

Vijay Chheda and LaVan Griffith are the managers for this project from audits and investigations respectively. They will be primarily supported by Ben Davani, Asha Sriramulu, and Ashish Tendulkar from audits as well as Jerry Bullock and Ken Privette from investigations. If you have any questions, you can contact Dave Warren at (202)

906-4742 or by email at David.Warren@amtrakoig.gov, or Vipul Doshi at (202) 906-4619 or by email at Vipul.Doshi@amtrakoig.gov.

cc: Jessica Scritchfield, Senior Director, Internal Controls/Audit
William Herrmann, Managing Deputy General Counsel