



NATIONAL RAILROAD  
PASSENGER CORPORATION

Office of Inspector General



# Memorandum

**To:** Gerald Sokol, Jr.  
Executive Vice President/Chief Financial Officer

*David R. Warren*

**From:** David R. Warren, Assistant Inspector General, Audits

**Date:** May 14, 2015

**Subject:** Engagement Memo—Assessing the Effectiveness and Efficiency of Management Processes for Overseeing the General Electric Diesel Locomotive Service Contract (Project code 014-2015)

We are initiating an audit of the company's management of its diesel locomotive service contract with General Electric Transportation. We understand the 5-year contract became effective on December 1, 2013 and has a total estimated value of \$165 million. Our objective is to review the adequacy of contract oversight and administration, focusing on cost, schedule, and performance in terms of the contract's effect on equipment availability and reliability.

During the audit, we plan to review the contract, interview company and General Electric officials, and analyze documents and data associated with the contract. Our requests for documents will be made as our work progresses. We will work to minimize the impact on the company by coordinating interviews and observations with staff in advance.

Our work will be performed in accordance with generally accepted government auditing standards. Our interactions with the company will be consistent with P/I 2.1.3, which sets forth the relationship between our office and the company. In particular, section 7.0 of the policy discusses coordination between company officials and our office of audits. To view this policy, see <http://wiki.corp.nrpc/display/APIM20/2.0+Inspector+General>

We request that your office arrange an entrance conference for us with the appropriate company officials at the earliest possible date. We will keep you advised of the status of our work and any material changes in our objective, should they occur.

Todd Kowalski will be the audit manager for this engagement and reports to Michael Kennedy, Senior Director. If you have any questions, please contact me at (202) 906-4742 (David.Warren@amtrakoig.gov) or Michael Kennedy at (202) 906-4308 (Michael.Kennedy@amtrakoig.gov).

cc: DJ Stadtler, Jr., Executive Vice President/Chief Operations Officer  
Mario Bergeron, Senior Vice President/Chief Mechanical Officer  
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