



OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

ANNUAL AUDIT PLAN FOR 2022

OIG-AP-2022 | February 3, 2022

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INSPECTOR GENERAL'S MESSAGE

I am pleased to present our audit plan for calendar year 2022. In developing this year's plan, we attempted to align our work with the historic challenges and opportunities the company now faces, which appears to be at an inflection point in its 50-year history.

At present, the company continues to recover its ridership and revenue from the coronavirus pandemic and has made significant progress since its April 2020 low point, where it lost 97 percent of its ridership from its February 2020 levels. At the same time, it is preparing to spend the largest federal investment in its history under the recently passed Infrastructure Investment and Jobs Act (IIJA).¹ This includes \$22 billion in direct funding and potentially tens of billions more in other federal grants over the next five years to eliminate the company's maintenance backlog and modernize the Northeast Corridor. In addition to the IIJA, the company is beginning to enact its plan to expand passenger rail service to 160 communities in 16 states over the next 15 years.

Recognizing this historic moment, we plan to start a series of audits to assess how the company intends to manage and safeguard its new funding. For example, we will evaluate the company's ability to plan and set priorities for its many competing capital needs. These include projects under the Gateway program—an effort to double rail capacity between New York and New Jersey. We will also assess its controls over compliance with the IIJA funding grant and its ability to accurately track project costs. In addition, we have already begun assessing how effectively it is managing its purchase of 73 new trainsets to replace its aging, single-level passenger cars and locomotives, as well as how it is planning to bring them into service.

In addition to assessing the company's use of IIJA funds, throughout 2022 we will continue to focus on other high-risk and high-impact issues. These include assessing the company's ability to rapidly expand its workforce—including those covered under union agreements and its contractors—and its processes for ensuring safety at rail crossings, which remains a perennial and deadly safety issue and one that the Congress specifically addressed in the IIJA.

To select and prioritize our work for 2022, we assessed the results of our prior work and what they indicated about the company's challenges and opportunities to use its federal funding. We also assessed the key risks and challenges of particular interest to the Board of Directors, Federal Railroad Administration, company leadership,

¹ Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021)

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and members of Congress. We then used this information to identify audits that could help the company achieve its mission and advance our statutory responsibilities.

We have summarized the results of this work in two tables. Table 1 lists our ongoing audits, and Table 2 lists the audits we may initiate during calendar year 2022, in priority order. In addition, to provide effective oversight, we often stay abreast of major programs that extend over multiple years to identify any emerging risks that would merit a full audit. Table 3 lists these programs.

As the year unfolds, we will reassess our plan based on any newly emerging issues. We may adjust it accordingly to ensure that we continue to focus our resources on addressing the company's highest risks and achieving the greatest impacts. We welcome input on our planned work. Please direct any questions or comments to me or Jim Morrison, Assistant Inspector General for Audits, at 202-906-4600.

Sincerely,



Kevin H. Winters
Inspector General

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Table 1. Ongoing Audits (As of February 1, 2022)

Title ²	Issue Area ³
1. Gateway program. Assess the company's program management for its commitments to the Gateway program to double rail capacity between New York and New Jersey	Asset Management
2. Amtrak's preference rights to use freight railroads' tracks. Perform a preliminary review of the company's challenges and opportunities associated with enforcing this legally imposed preference	Train Operations
3. Intercity trainset purchase. Evaluate the company's management of its purchase of new intercity trainsets to replace single-level passenger cars and locomotives	Asset Management
4. Construction contracting. Perform a preliminary review of the company's processes for developing and managing construction contracts	Acquisition and Procurement
5. Unified operations center. Assess the company's planning and management of a program to improve operational efficiency by co-locating vital operations functions	Asset Management
6. Emissions reduction efforts. Assess the company's efforts to mitigate and reduce greenhouse gas emissions	Governance
7. Management workforce readiness. Evaluate the company's efforts to determine and acquire the optimal size management workforce in the Engineering department, which has a major role in implementing IIJA funding	Human Capital Management
8. Information technology needs of business departments. Assess the company's efforts to identify and implement technology projects for its business departments	Information Technology
9. Oversight of the fiscal year (FY) 2021 single audit*	Governance

*The monitoring of this audit is required by the Inspectors General Act of 1978, as amended.

² For additional information about these ongoing audits see <https://amtrakoig.gov/audit-documents/engagement-memos>

³ We have aligned our audits with the OIG's seven strategic focus areas. They are: Safety and Security, Governance, Acquisition and Procurement, Information Technology, Human Capital Management, Train Operations and Business Management, and Asset Management.

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Table 2. Planned Audits for 2022

Title	Issue Area
1. Grade crossing/track access safety. Assess the company's processes for identifying and mitigating pedestrian and vehicle trespasser risks on company and host railroad property.	Safety and Security
2. Capital project planning. Assess the company's systems, processes, and data for identifying, estimating, and prioritizing capital projects	Governance
3. IIJA grant compliance. Assess the company's controls over compliance with key terms of IIJA funding grant	Governance
4. Project cost management. Assess the company's systems and processes for accurately tracking and managing project costs	Governance
5. Agreement workforce readiness. Assess the company's capacity to build a qualified workforce to support IIJA and future growth plans.	Human Capital Management
6. Information technology asset inventory. Assess the company's practices for identifying and tracking its information technology assets to protect them from cybersecurity threats	Information Technology
7. Cost estimating and scheduling. Assess the company's efforts to estimate costs and schedules for major projects	Governance
8. Fraud prevention. Assess the company's processes for identifying and mitigating its highest fraud risks in the IIJA funding	Governance
9. Third-party cybersecurity risks. Assess the company's efforts to mitigate cybersecurity risks from partners or vendors that host company data and systems	Information Technology
10. Major project review. Assess the company's procurement or program management of an ongoing major program or project	Asset Management
11. Construction project management. Assess the company's capacity to conduct or contract for day-to-day oversight of its growing portfolio of construction projects	Governance
12. Oversight of the FY 2022 single audit*	Governance
13. Oversight of the FY 2022 consolidated financial statement audit*	Governance

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Table 3. Ongoing Oversight of Major, Long-Term Programs or Issues

Title	Issue Area
1. <i>Deployment of the safety management system (SMS)</i>	Safety and Security
2. <i>Implementation of positive train control (PTC)</i>	Safety and Security
3. <i>Implementation of IIJA compliance controls</i>	Governance
4. <i>Testing and delivery of the New Acela program</i>	Acquisition and Procurement
5. <i>Planning and management of the Gateway program</i>	Governance
6. <i>Planning and management of Americans with Disabilities Act compliance efforts at stations</i>	Governance

OIG MISSION AND CONTACT INFORMATION

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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Report suspicious or illegal activities to the OIG Hotline

www.amtrakoig.gov/hotline

or

800-468-5469

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