



# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: INFORMATION: Quality Control Review on the  
Single Audit of the National Railroad Passenger  
Corporation and Subsidiaries (Amtrak)  
Report No. QC-2014-038

Date: April 22, 2014

From: George E. Banks, IV  
Program Director for Single Audit

Reply to  
Attn. of: JA-20

To: Associate Administrator, FRA,  
Office of Financial Management and Administration

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the National Railroad Passenger Corporation and Subsidiaries (Amtrak). This report presents the results of our Quality Control Review (QCR) on the DOT's major grant program included in the single audit of Amtrak performed by Ernst & Young LLP (E&Y) for Amtrak's fiscal year ended September 30, 2012. During this period, Amtrak expended approximately \$1.7 billion from DOT grant programs, as shown on the attached Schedule of Expenditures of Federal Awards. E&Y determined that DOT's major program was the National Railroad Passenger Corporation Grants.

The Office of Management and Budget's (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," requires the auditor to render an opinion on the entity's financial statements, identify inappropriate use of Federal funds, and report internal control and compliance deficiencies that affect Federal grant programs.

E&Y rendered an unqualified opinion on Amtrak's financial statements and a qualified opinion on compliance with DOT's major program requirements for the National Railroad Passenger Corporation Grants. However, E&Y did not question any cost affecting the National Railroad Passenger Corporation Grants, but did make recommendations to correct internal and compliance deficiencies that affect the Federal Railroad Administration.<sup>1</sup>

---

<sup>1</sup> We advised FRA of these deficiencies in a separate memorandum. The single audit report issued by Ernst & Young LLP is available upon request to [singleauditrequest@oig.dot.gov](mailto:singleauditrequest@oig.dot.gov).

## SCOPE

The purpose of our QCR was to determine: (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and OMB Circular A-133; and (2) the extent to which we could rely on the auditors' work on DOT's major program, the National Railroad Passenger Corporation Grants.

## RESULTS

We determined that E&Y's audit work was *Acceptable with Deficiencies*, and therefore, generally met the requirements of the Single Audit Act, OMB Circular A-133, and DOT's major program. We found nothing to indicate that E&Y's opinion on DOT's major program was inappropriate or unreliable.

While the deficiencies we identified in the audit documentation need to be corrected in future audits, we determined that these deficiencies did not alter the overall results of the audit report. The deficiencies are related to:

**American Recovery and Reinvestment Act (ARRA) Buy America** – E&Y did not perform compliance testing on the Buy America requirement for the ARRA funded construction projects.

**Suspension and Debarment** – E&Y did not perform sufficient compliance testing on the suspension and debarment requirement for covered transactions greater than \$25,000 but less than \$100,000.

If you have any questions concerning this report, please call me at (410) 962-1729, or John R. Sysak, DOT National Single Audit Coordinator, at (410) 962-2630.

#

cc: Audit Liaison, FRA, RAD-41  
Audit Liaison, OST, M-1  
Chief Financial Officer, Amtrak  
Partner, E&Y

National Railroad Passenger Corporation and Subsidiaries  
(AMTRAK)

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2012  
(In thousands of dollars)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant or Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Direct Awards:			
ARRA- National Railroad Passenger Corporation Grants	20.315		\$ 920
National Railroad Passenger Corporation Grants	20.315		1,685,655
ARRA – High-Speed Rail Corridors and Intercity	20.319		4,299
Railroad Safety	20.301		28
Railroad Safety Technology Grants	20.321		2
Subtotal			<u>1,690,904</u>
Pass-Through Illinois Commerce Commission:			
Passenger Rail Service – Capital Assistance Grants			
Railroad Research and Development	20.313	007PEERS1	2
Total U.S. Department of Transportation			<u>1,690,906</u>
U.S. Department of Homeland Security:			
Direct Awards:			
ARRA: Rail and Transit Security Grant Program	97.113		2,890
Rail and Transit Security Grant Program	97.075		21,940
National Explosives Detection Canine Team Program	97.072		700
Securing Critical Underground Infrastructure Pilot Program	97.129		877
Total U.S. Department of Homeland Security			<u>26,407</u>
U.S. Department of Justice:			
Direct Awards:			
Equitable Sharing Program	16.922		1,961
			<u>\$ 1,719,274</u>

See accompanying notes to schedule of expenditures of federal awards.