




Memorandum

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

Alex B. Melnkovic
Executive Vice President/Chief Human Capital Officer

From: Stephen Lord 
Assistant Inspector General, Audits

Date: November 2, 2016

Subject: Close-out Memorandum: Audit of Agreement-Covered Employee Eligibility for Health Care Benefits (Project Code: No. 013-2015)

On April 16, 2015, we initiated an audit of Amtrak's (the company) management of eligibility determinations for agreement employees' healthcare benefits. Our objective was to assess the company's process for ensuring it paid medical claims only for eligible agreement employees, their dependents, and retirees during calendar years 2013 through 2015.

During the audit, we observed some control weaknesses in the company's processes for preventing ineligible agreement employees from receiving healthcare benefits, and detecting ineligible employees who were receiving benefits. These weaknesses resulted in about \$1.9 million in overpayments to 121 ineligible employees and their dependents who received healthcare benefits beyond their eligibility period. This included one employee who received benefits for 38 months beyond the employee's eligibility period.

We discussed these observations with staff in the Human Capital department on September 19, 2016. These officials stated that they had already taken some actions to address these weaknesses and were planning additional actions to further reduce the potential for similar overpayments. Given the completed and planned improvement efforts, we are terminating this audit.

We appreciate the time and cooperation Amtrak personnel provided, particularly the Human Capital department's Benefits Management staff, during the course of our work.

If you or your staff have any questions, or need additional information, please contact me (Stephen.Lord@amtrakoig.gov, 202-906-4742), Jason Venner, Deputy Assistant Inspector General, Audits (Jason.Venner@amtrakoig.gov, 202-906-4405), or Vijay Chheda, Senior Director (Vijay.Chheda@amtrakoig.gov, 202-906-4661).

cc: Dave Roberts, Senior Vice President, Total Rewards Health and Wellness
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