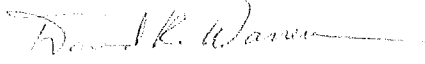




Memorandum

To: Gerald Sokol, Jr.
Chief Financial Officer



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

Date: October 9, 2014

Subject: Engagement Memo—Follow-Up of Efforts to Implement Positive Train Control (Project code 001-2015)

We are initiating an audit of the company's progress in implementing Positive Train Control (PTC), focusing on challenges identified in our prior report *Railroad Safety: Amtrak Has Made Progress in Implementing Positive Train Control, but Significant Challenges Remain* (Report No. OIG-E-2013-003, December 20, 2012). At the time, the company was facing challenges in:

- 1) Acquiring radio frequency spectrum on the Northeast Corridor (NEC)
- 2) Obtaining regulatory approval for updates to its primary PTC system on the NEC
- 3) Developing and budgeting reliable cost estimates
- 4) Developing a secondary PTC system to enable some tenant railroads to operate on the NEC

In addition, we will review implementation of PTC on the Amtrak owned and operated track in Michigan.

During the audit we plan to interview company officials from the Operations, Finance, and Law departments, and the office of Governmental Affairs and Corporate Communications. We plan to obtain documents from them identifying progress made in addressing the challenges we identified and implementing PTC overall. We will work to minimize any impact on these officials by coordinating interviews and observations with staff in advance.

Our work will be performed in accordance with generally accepted government auditing standards pursuant to our statutory responsibilities under the Inspector General Act of 1978, as amended. Our interactions with the company will be consistent with P/I2.1.3 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 on audits.

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.

Jason Venner will be the Senior Director and Larry Chisley will be the Audit Manager for the audit. If you have any questions, please contact me at (202) 906-4742 (David.Warren@Amtrakoig.gov) or Jason Venner at (202) 906-4405 (Jason.Venner@Amtrakoig.gov).

cc: Joseph H. McHugh, Vice President, Government Affairs and Corporate Communications

Donald A. Stadtler, Jr., Senior Vice President, Operations

Scot L. Naparstek, Acting Chief Engineer

Bud Reynolds, Chief Logistics Officer, Procurement and Materials Management

Matthew Gagnon, Senior Director, Business Processes and Management Controls

Melantha Page, Senior Audit Liaison

Roderick Gibbons, Chief Corporate Communications