



Memorandum from the Office of the Inspector General

December 13, 2012

Katherine J. Black, LP 3A-C

FINAL REPORT – EVALUATION 2012-14776 – REVIEW OF TVA’S LIVING ALLOWANCE

As a result of issues with living-allowance benefits for Tennessee Valley Authority (TVA) contractors, we initiated a review of TVA’s temporary living allowance to determine if employees who received temporary living-allowance benefits from fiscal year (FY) 2010 through FY 2012 met all TVA and federal eligibility requirements. We found the employees tested during this review met all eligibility requirements.

BACKGROUND

From FY 2010 through FY 2012, TVA paid over \$3 million in temporary living allowances. Temporary living allowance is included in TVA’s relocation program, and eligibility for this allowance is based on meeting policy requirements as well as management approval. If approved, a new or transferring employee may receive financial assistance for temporary living quarters for up to 120 days. TVA’s policy states that an employee will receive \$1,850 for the first 30 days and \$1,550 for each subsequent 30-day period, which combines for a maximum of \$6,500. TVA uses a third-party vendor that provides relocation services to handle the majority of the relocation process for the employee.

OBJECTIVE, SCOPE AND METHODOLOGY

We initiated a review of TVA’s temporary living allowance to determine if employees who received temporary living-allowance benefits from FY 2010 through FY 2012 met all TVA and federal eligibility requirements.

In order to conduct this review, we:

- Reviewed relevant federal regulations and TVA policies to determine eligibility criteria.
- Obtained the population of all TVA employees who received temporary living allowance payments from FY 2010 through FY 2012.
- Selected a judgmental and a random testing sample and tested to determine if employees met eligibility requirements.
- Interviewed TVA management.

This review was conducted in accordance with the *Quality Standards for Inspection and Evaluation*.

FINDINGS

We found the employees tested during this review met all eligibility requirements. We selected a sample of 58¹ of the 714 files² from Relocation Services and checked each file against the Federal Travel Regulations eligibility requirements and TVA's relocation policy.

The primary requirements include:

1. Be either a new hire or a current employee transferring to a new duty station.
2. Have an original residence that is greater than 50 miles from his/her new duty station.
3. Sign a 12-month service agreement with TVA.
4. Sign a duplicate reimbursement disclosure statement³ if he/she received the benefit after August 2011.
5. Payment for a single living-allowance benefit is not to exceed \$6,500.

Each of the employees reviewed met the primary eligibility requirements. Of the 58 files reviewed, eight employees received more than the maximum amount of \$6,500. We reviewed the supporting data and found that (1) four employees received a living allowance for two separate moves during the scope of this review; (2) one employee was an executive who was approved for costs above the maximum amount, which is in accordance with TVA policy; and (3) three employees received funds exceeding their approved amount. TVA was previously aware of these three exceedances and had begun collecting the funds prior to this review. Through discussions with TVA management, we determined (1) the causes for the overpayments were clerical errors made by a third-party relocation service no longer used by TVA; (2) TVA recently began using a different third-party relocation service; and (3) the Program Manager, Relocation Services, will be auditing the relocation invoices. We also confirmed all of the overpaid funds have been collected.

This report does not include any recommendations and is to be used for informational purposes only. Accordingly, no response is necessary.

Information contained in this report may be subject to public disclosure. Please advise us of any sensitive information in this report that you recommend be withheld.

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¹ Of the 58 files, 44 were randomly selected and 14 were judgmentally selected because they exceeded the maximum allowance amount.

² A file is defined as a payout for a single-living allowance approval. There may be multiple files per employee.

³ A duplicate reimbursement statement states that neither the employee nor his/her immediate family have accepted, and will not accept, duplicate reimbursement for relocation expenses.

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If you have any questions or wish to discuss our observations, please contact Jake Stanford, Auditor, Evaluations, at (423) 785-4812 or Greg Stinson, Director, Evaluations, at (865) 633-7367. We appreciate the courtesy and cooperation received from your staff during the evaluation.



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