

TVA RESTRICTED INFORMATION



Office of the Inspector General

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

April 29, 2021

[REDACTED]

[REDACTED]

[REDACTED]

MANAGED TASK, ENGINEERING AND DESIGN / BOONE HYDRO PLANT
FALSE RECORDS – TEMPORARY LIVING ALLOWANCE (TLA)
OIG FILE NO. 20-0096

We have completed our investigation into [REDACTED]. The investigation was conducted to determine whether [REDACTED] received improper Temporary Living Allowance (TLA) payments concerning his permanent residence due to a non-arm's length real estate transaction involving his parents. [REDACTED] has improperly acquired \$131,100 in TLA payments over the duration of [REDACTED] contract (#10820) at TVA's Boone Hydro project. Through January 1, 2021 (the last paid invoice), [REDACTED] has invoiced and been paid a total of \$732,713.59 for TLA on Boone Contract 10820.

There are certain requirements that a contracted employee, and the dwelling claimed as his or her permanent residence, must meet in order for such dwelling to qualify as the employee's permanent residence for purposes of the TLA payment provision. These requirements, which must be met at the time of initial application for TLA payments and throughout the period during which such payments are made, are as follows:

- The employee certifies that the copy of the rental/lease agreement attached to the TLA certification is a true and correct copy of the rental/lease agreement; and that such rental/lease agreement is an arm's length transaction under the law.
- The employee will continue, during the term of his or her assignment to the TVA worksite, to incur substantially all of the cost for upkeep and maintenance of the claimed permanent dwelling.
- The employee understands that they must recertify eligibility if there are any changes which affect the validity of accuracy of the information provided.
- The employee agrees to promptly reimburse TVA or the contractor for any temporary living allowance payments made because of any false statement. The employee will also promptly reimburse TVA or the contractor for payments made in which the employee is not eligible because of failure to notify [REDACTED] of a change in the information provided which effects eligibility for temporary allowance payments.

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██████████ was approved to receive TLA payments in June 2016 while working for ██████████ at TVA's Boone Hydroelectric Plant. He received \$2,300 per month in TLA from July 1, 2016 through March 31, 2021. ██████████ signed and submitted his TLA certification under TVA contract number 10820. ██████████ was approved to receive TLA based on the certification that he had a permanent residence in ██████████, where he would continue to incur the cost of the residential lease for his family (wife and two children). ██████████ listed his permanent residence as ██████████.

██████████ provided his lease agreement for ██████████ as supporting documentation for the expense of his permanent residence. On the lease, ██████████ is listed as the landlord/owner and ██████████ is listed as the tenant/resident. ██████████ agreed to pay rent consisting of \$250 a month for one year from December 2015 to December 2016. Thereafter, the lease became a month-to-month tenancy. Both parties signed the lease on December 1, 2015.

Evidence uncovered during the investigation revealed that ██████████ own ██████████. They purchased the residence on February 20, 2007. ██████████ confirmed that ██████████ are his biological parents. He has rented the ██████████ residence from his parents since 2015 for \$250 a month or \$3000 a year. However, ██████████ does not always pay his father a monthly rent, and he claimed he settles with his father at the end of every year. In addition, between January 2020 and September 2020, ██████████ had not paid any rent to his father for the ██████████ residence because he claimed he was unable to travel due to Covid-19. Further, despite his lease being month-to-month since December 2016, ██████████ did not cancel his lease in spring 2020 when his wife and children moved to Tennessee where his eldest son is enrolled in Tennessee schools.

██████████ claimed to be unfamiliar with the term "arm's length transaction" and was not aware that TLA requirements restricted him from renting his permanent residence from his father. When he applied for TLA through ██████████ it was not explained to him. ██████████ claimed he completed the TLA form without instruction. However, he also claimed that ██████████ provided unspecified guidance for ██████████ first TLA certification but that he has not received any further guidance. ██████████ acknowledged that it was his responsibility to know TLA restrictions.

██████████ is required to enforce the TLA payments to its contractors. TVA sets the criteria for TLA and ██████████ enforces the agreed upon criteria. TVA's contract documents require the contractor to certify that all representations concerning TLA are true and accurate. It is the responsibility of ██████████ to ensure TLA criteria is followed and correct supporting documentation is collected and vetted.

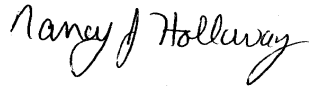
The evidence indicates that: ██████████ did not enter into an arm's length transaction concerning the lease on his TLA listed permanent residence per TLA guidelines; ██████████ TLA payments were an "unallowable offense" as a result of not disclosing his relationship with his father (property owner); ██████████ did not always pay his rent promptly, often settling at the end of the year, nor did he pay any rent between January and September 2020; and ██████████ acknowledged that it was his responsibility to know TLA restrictions.

We recommend TVA seek any and all TLA reimbursements of \$131,100 from ██████████ for ██████████ TLA payments.

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We would appreciate being informed within 30 days of your determination of what action is appropriate on the basis of our report. In addition, if you decide to take documented action in this matter, we would appreciate your sending a copy of the relevant information to this office for our file.



Nancy J. Holloway
Assistant Inspector General
(Investigations)

██████████
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OIG File No. 20-0096