



Memorandum from the Office of the Inspector General

May 31, 2005

Paul R. LaPointe, ET 5B-K

INSPECTION REPORT 2005-514I – REVIEW OF VENDORS WITH SAME BANK ACCOUNT

We have completed an inspection of TVA vendors who share the same bank account number in Passport. The objective of our inspection was to determine if vendors which are sharing the same bank account is an indication of fraud against TVA.

BACKGROUND, SCOPE, AND METHODOLOGY

The TVA Passport system is used to manage the procurement and accounts payable functions. Vendor bank accounts are recorded in Passport to allow TVA to make vendor payments via electronic funds. The scope of this inspection included vendors who share the same bank account and received reimbursements from TVA between January 1, 2003, and January 1, 2005.

After identifying the 315 vendors sharing the same bank accounts, research was conducted into their histories. To determine the nature of these vendor relationships, background information was gathered by conducting searches on the Hoovers financial database and interviewing the appropriate vendors and TVA contract managers. The 307 vendors which were obviously related according to public records were eliminated from further review.

Accounts Payable listings were generated and reviewed for the eight remaining vendors sharing four bank accounts. These vendors had no apparent relationship except for a shared bank account number in the Passport records.

Our inspection was conducted in accordance with the Quality Standards for Inspections.

FINDINGS

We found no evidence of any of these vendors bidding on contracts under different names, double billing TVA, or appearing to be shell companies. However, some of the vendor's records on Passport appeared to be inactive and/or inaccurate and could pose a control risk if not removed.

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SUGGESTION

We would suggest that Procurement periodically review and purge inactive vendor records from Passport.

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This report is for informational purposes only and, therefore, no response is necessary. Detail information from our analysis will be provided upon request.

If you have any questions, please contact James A. Piercy, Auditor, at (423) 751-3091 or R. Darryl Bryant, Manager, Inspections, at (423) 751-4415. We appreciate the courtesy and cooperation received from your staff during this review.



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(Audits and Inspections)
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