



Memorandum from the Office of the Inspector General

October 22, 2020

Wilson Taylor III
Diane T. Wear

**REQUEST FOR FINAL ACTION – AUDIT 2020-15726 – TRAVEL EXPENSES
REIMBURSED WITHIN 50 MILES OF OFFICIAL STATION**

Attached is the subject final report for your review and final action. Your written comments, which addressed your management decision and actions planned or taken, have been included in the report. Please notify us when final action is complete. In accordance with the Inspector General Act of 1978, as amended, the Office of the Inspector General is required to report to Congress semiannually regarding audits that remain unresolved after 6 months from the date of report issuance.

If you have any questions or wish to discuss our findings, please contact Ala Young, Auditor, at (423) 785-4833 or Rick C. Underwood, Director, Financial and Operational Audits, at (423) 785-4824. We appreciate the courtesy and cooperation received from your staff during the audit.

David P. Wheeler
Assistant Inspector General
(Audits and Evaluations)

AHY:FAJ
Attachment

cc (Attachment):

TVA Board of Directors
Susan E. Collins
Megan T. Flynn
David B. Fountain
Amanda D. Johns
Janet D. Jones
Jeffrey J. Lyash
Justin C. Maierhofer
Jill M. Matthews
Sherry A. Quirk
John M. Thomas III
OIG File No. 2020-15726



Office of the Inspector General

Audit Report

To the Vice President,
People First Solution
Center; and the Vice
President and Controller,
Corporate Accounting

TRAVEL EXPENSES REIMBURSED WITHIN 50 MILES OF OFFICIAL STATION

Audit Team
Ala H. Young
Rick L. Taylor

Audit 2020-15726
October 22, 2020

ABBREVIATIONS

CFR	Code of Federal Regulations
ERS	Expense Reimbursement System
FTR	Federal Travel Regulation
GSA	General Services Administration
HR	Human Resources
IBEW	International Brotherhood of Electrical Workers
MOU	Memorandum of Understanding
OIG	Office of the Inspector General
SPP	Standard Programs and Processes
TVA	Tennessee Valley Authority

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AND DIANE WEAR TO DAVID P. WHEELER



Audit 2020-15726 – Travel Expenses Reimbursed Within 50 Miles of Official Station

EXECUTIVE SUMMARY

Why the OIG Did This Audit

We included an audit of Tennessee Valley Authority's (TVA) travel expenses reimbursed within 50 milesⁱ of an official station in our annual audit plan because of issues of noncompliance with TVA policies and procedures identified during our audit of TVA executive travel.ⁱⁱ Our audit objective was to determine if travel expenses reimbursed within 50 miles of an official station comply with Federal Travel Regulation and TVA policies and procedures. Our audit scope included approximately \$500,000 of travel expenses within 50 miles of a TVA employee's official duty station occurring from October 1, 2018, through March 26, 2020.

What the OIG Found

Our audit found:

- TVA's approval process did not ensure expenses for travel within 50 miles of an official station complied with TVA Standard Programs and Processes (SPP) 13.022, *Travel*. Specifically, we found employees reimbursed through TVA's Expense Reimbursement System (ERS) without preauthorization and/or documentation required by the applicable SPP. In addition, some of these reimbursements were not coded consistently with SPP requirements in ERS.
- TVA entered into a memorandum of understandingⁱⁱⁱ with the International Brotherhood of Electrical Workers that states TVA will pay a reduced per diem for lodging, meals and incidentals to employees who are assigned to a board town,^{iv} which is 40 miles or more from their home of record or abode and who utilize temporary accommodations. TVA does not have documented procedures to ensure flat-rate-travel reimbursements are being verified appropriately or reimbursed properly. As a result,

ⁱ We used a straight-line distance of 30 miles traveled between official station and destination to identify our population for testing as well as to identify exceptions because the software tool we used calculated distance based on a straight line. We did so to be conservative and to account for any differences in distances due to bends in roadways.

ⁱⁱ Audit Report 2018-15573, *Executive Travel*, September 11, 2019. The audit scope included executive travel occurring from October 1, 2016, through July 31, 2018.

ⁱⁱⁱ "Memorandum of Understanding between the Tennessee Valley Authority and the International Brotherhood of Electrical Workers Regarding Revisions to the MOU Regarding Time Spent in Travel and Travel Expenses between TVA's Transmission Engineering and Construction Organization."

^{iv} According to TVA Labor Relations, board town refers to the closest town that provides lodging and meals for those in travel status in relation to the area where work is being performed.



Audit 2020-15726 – Travel Expenses Reimbursed Within 50 Miles of Official Station

EXECUTIVE SUMMARY

6 employees improperly received flat-rate, per diem^v reimbursements totaling over \$50,000 for travel within 40 miles of their official station.

- TVA's human resources system had incorrect official stations shown for 25 of 74 employees included in our samples. We noted TVA-SPP-13.022 provides limited guidance addressing the assignment and review of official stations.

What the OIG Recommends

We recommend the Vice President and Controller, Corporate Accounting:

1. Update TVA-SPP-13.022 to provide guidance for determining the reasonableness of expenses within 50 miles of an official station and how these expenses should be documented and coded in ERS.
2. Update TVA-SPP-13.022 to communicate how flat-rate-travel reimbursements should be verified and documented to ensure the 40-mile requirement is being met.
3. Reinforce to approving officials and approval delegates the policy for travel reimbursements within 50 miles of an official station.

We recommend the Vice President, People First Solution Center:

4. Correct assignment of official stations in the human resources system and develop specific guidance on assigning and periodically reviewing official stations, specifically for positions requiring frequent travel to multiple locations, to ensure the ERS control is operating effectively.

TVA Management's Comments

TVA management agreed with the recommendations and provided actions they plan to take to address each of our recommendations. See Appendix B for TVA management's complete response.

^v The Travel Policy defines flat-rate travel as a negotiated rate paid to some employees based on memorandum of understanding with the applicable bargaining unit to cover lodging, meals and incidental expenses.

BACKGROUND

A fiscal year 2019 Office of the Inspector General (OIG) audit of Tennessee Valley Authority's (TVA) executive travel expenses identified instances of noncompliance with TVA's policies and procedures on travel expenses reimbursed within 50 miles of an official station.¹ As a result, we included an audit of TVA's travel expenses reimbursed within 50² miles of an official station in our annual audit plan. Between October 1, 2018, and March 26, 2020, TVA reimbursed employees for approximately \$500,000 of travel expenses within 50 miles of the employee's official station. Table 1 provides a breakout by category of these reimbursements.

Category	Amount
Flat-Rate Travel	\$332,116
Lodging, Meals and Incidentals	94,804
Mileage and Rental Cars	<u>74,213</u>
Total	\$501,133

Table 1

Applicable Law and Regulations

The Federal Travel Regulation (FTR) contained in 41 Code of Federal Regulations (CFR), Chapters 300 through 304 (41 CFR §§ 300-304), implements statutory requirements and executive branch policies for travel by federal civilian employees and others authorized to travel at government expense. The FTR defines official station as:

An area defined by the agency that includes the location where the employee regularly performs his or her duties or an invitational traveler's home or regular place of business (see §301-1.2). The area may be a mileage radius around a particular point, a geographic boundary, or any other definite domain, provided no part of the area is more than 50 miles from where the employee regularly performs his or her duties or from an invitational traveler's home or regular place of business. If the employee's work involves recurring travel or varies on a recurring basis, the location where the work activities of the employee's position of record are based is considered the regular place of work.

During the OIG audit of TVA executive travel, certain expenses coded as travel expenses in TVA's Expense Reimbursement System (ERS) were identified that occurred within 50 miles of an employee's official duty station. The OIG

¹ Audit Report 2018-15573, *Executive Travel*, September 11, 2019. The audit scope included executive travel occurring from October 1, 2016, through July 31, 2018.

² We used a distance of 30 miles traveled between official station and destination to identify our population for testing as well as to identify exceptions because the software tool used calculated distance based on a straight line. We did so to be conservative and to account for any differences in distances due to bends in roadways.

requested an opinion from TVA's General Counsel in regard to the rationale and legal authority for TVA employees to be reimbursed for lodging and meals within 50 miles of their official station. TVA's General Counsel responded:

TVA's authority under the TVA Act is broad enough to cover such reasonable expenses when needed to ensure performance of TVA's mission. Because employees are not in travel status, those expenses are not reimbursed as travel, and are not governed by the FTR, and instead should be handled as business meeting or mission-operational expenses.

Applicable TVA Policies and Procedures

TVA Standard Programs and Processes (SPP) 13.022, *Travel* (Travel Policy) addresses employee travel expenses within 50 miles of an official station. It provides TVA guidance and instructions related to travel expense management and reimbursement. It covers roles and responsibilities, defines the process for reporting travel expenses and obtaining expense reimbursement, and provides general travel information. The Travel Policy incorporates a similar definition of official station³ as stated in the FTR standards identified previously and states the employee's official station of record is reflected in the human resources (HR) system.

Two versions of TVA's Travel Policy were in effect during our audit period. Both stated allowable travel expenses included transportation, lodging, meals and incidentals, and miscellaneous expenses while employees are performing TVA business away from their official station. Each version of TVA's Travel Policy made different allowances for travel expenses within 50 miles of an official station. TVA's Travel Policy effective August 7, 2017, through November 11, 2019, provided:

- Meals or lodging incurred for inclement weather or safety reasons. These situations were to be preauthorized by the organization's Officer and Senior Manager of Disbursement Services.
- Certain transportation expenses for authorized travel within a 50-mile radius of the official station. Items considered to be allowable local travel expenses, and reimbursable if paid out-of-pocket, included, (1) fees for parking at a location different than official work station, (2) renting a car to travel within the local geographical area, and (3) personal mileage incurred within the local travel area that is over and above the employee's normal commuting cost.

In response to the OIG's audit of executive travel, TVA revised its Travel Policy to provide clarification and improve compliance. The revised Travel Policy, TVA-SPP-13.022, effective November 12, 2019, provides:

³ TVA-SPP-13.022 defines official station as the location where the employee regularly performs his or her duties and a 50-mile radius from that point is considered the official station. If the employee's work involves recurring travel or varies on a recurring basis, the location where the work activities of the employee's position of record are based is considered the official station.

- Meals or lodging when participating in a TVA business meeting if unusual circumstances exist. These unusual circumstances must be fully documented in the voucher.
- Meals or lodging costs incurred due to inclement weather or safety reasons; these expenses should be entered in expense reimbursement system as an “Other Miscellaneous Expenses” voucher. The comment box of the voucher should clearly explain the reason for incurring the expense. Such situations should be authorized by the employee’s manager. Approval can be verbal, with subsequent written approval via email that includes sufficient justification and/or documentation.

The Travel Policy requires TVA employees to ensure the accuracy of expenses by (1) describing the business reason for travel, (2) reconciling (matching) all expenses charged to the TVA corporate card with each travel day, (3) allocating all expenses to correct account codes, and (4) uploading all travel-related documentation.

Under the Travel Policy, the supervisor/manager reviewing and authorizing expenses on behalf of TVA assumes joint responsibility with the initiating employee for the integrity and validity of the expense. TVA supervisors and managers are responsible for:

- Informing employees of the responsibility to understand and comply with all aspects of the Travel Policy.
- Reviewing and approving expense vouchers, verifying (1) expenses are reasonable and in agreement with the Travel Policy, travel authorizations, supervisor’s instructions, and other associated records such as leave and time reports; (2) required travel-related documentation, including receipts and preauthorization(s), are provided with the expense vouchers; and (3) expenses are allocated to correct account codes.
- Counseling employee(s) and taking necessary corrective action relative to any unreasonable or questionable expenses.
- Denying approval for any expenses that are not reimbursable in accordance with the policy.

Flat-Rate Travel

According to TVA, management transmission system work requires employees to be in a continuous travel status throughout the TVA power service region moving regularly between temporary work locations. As a result, TVA entered into a memorandum of understanding (MOU)⁴ with the International Brotherhood of Electrical Workers (IBEW), that states TVA will pay a reduced per diem for

⁴ “Memorandum of Understanding between the Tennessee Valley Authority and the International Brotherhood of Electrical Workers Regarding Revisions to the MOU Regarding Time Spent in Travel and Travel Expenses between TVA’s Transmission Engineering and Construction Organization.”

lodging, meals and incidentals to employees who are assigned to a board town,⁵ which is 40 miles or more from their home of record or abode and who utilize temporary accommodations. The MOU also stated submission of receipts will not be required to obtain reimbursement.

Internal Control

The main internal control associated with travel expenses within 50 miles of an official station is management review and approval of expenses. While the Travel Policy allows the assignment of an approval delegate, the accountability of the approval remains with the manager from whom the voucher approval was originally requested, regardless of who approved the voucher. The Travel Policy contains consequences for noncompliance that include canceling the employee's corporate card and seeking reimbursement.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine if travel expenses reimbursed within 50 miles of an official station comply with FTR and TVA policies and procedures. Our audit scope included approximately \$500,000 of travel expenses within 50 miles of a TVA employee's official duty station from October 1, 2018, through March 26, 2020. A complete discussion of our audit objective, scope, and methodology is included in Appendix A.

FINDINGS

Our audit found:

- The approval process did not ensure expenses for travel within 50 miles of an official station complied with TVA SPP-13.022, *Travel*. Specifically, we found employees reimbursed through TVA's ERS without preauthorization and/or documentation required by the applicable SPP. In addition, some of these reimbursements were not coded consistently with SPP requirements in ERS.
- TVA does not have documented procedures to ensure flat-rate-travel reimbursements are being verified appropriately or reimbursed properly. As a result, 6 employees improperly received flat-rate, per diem⁶ reimbursements for travel within 40 miles of their official station under a MOU between TVA and the IBEW totaling over \$50,000.
- TVA's HR system had incorrect official stations shown for 25 of 74 employees included in our samples. We noted TVA-SPP-13.022 provides limited guidance addressing the assignment and review of official stations.

The following provides a detailed discussion of our findings.

⁵ According to TVA Labor Relations, board town refers to the closest town that provides lodging and meals for those in travel status in relation to the area where work is being performed.

⁶ The Travel Policy defines flat-rate travel as a negotiated rate paid to some employees, based on an MOU with the applicable bargaining unit to cover lodging, meals and incidental expenses.

EXPENSE APPROVAL PROCESS DID NOT ENSURE TRAVEL EXPENSES WITHIN 50 MILES OF AN OFFICIAL STATION COMPLIED WITH THE TRAVEL POLICY

The main internal control relied upon by TVA to ensure travel expenses within 50 miles of an official station are appropriate and comply with the FTR and Travel Policy is the expense approval process. We found the approval process is not functioning as intended.

We selected the 30 employees with the highest dollar amount of lodging and/or meals and incidental reimbursements within 50 miles of their official station during our audit period for testing. These employees were reimbursed \$60,499 for lodging and/or meals and incidental expenses. We found 22 employees did not (1) receive preauthorization required by the Travel Policy effective prior to November 2019, or (2) enter the expense into ERS as an "Other Miscellaneous Expenses" voucher required by the Travel Policy subsequent to November 2019 for any of the \$44,978 they were reimbursed during the audit period.

We performed a follow-up with each employee's supervisor and were provided with several reasons the expenses were incurred. However, we found expenses either had no supporting documentation evidencing preauthorization or the expenses were not entered correctly into ERS as required by the applicable Travel Policy. We summarized the reasons provided in Table 2.

Expense Reason	Number of Employees	Amount
Transferring/Rotational Assignment	9	\$20,798
Safety	8*	13,876
Job-Related Travel	5	10,304
Totals	22	\$44,978

* This number includes employees who had expenses under the two versions of the Travel Policy discussed in the Background section. However, the expenses were approved without preauthorization and/or documentation required by the Travel Policy applicable during the time period the transaction occurred.

Table 2

Of the 8 employees who stated safety reasons for incurring a lodging expense, only 1 provided documentation upon our request that cited a safety concern. Additionally, 3 of these 8 employees were attending TVA business meetings and/or external events.

We performed additional analysis of the transactions for the 3 employees and identified 10 additional TVA employees outside our sample who attended these events within 50 miles of their official station. All 10 of the additional employees reviewed had expenditures approved without (1) preauthorization required by the Travel Policy prior to November 2019, and/or (2) documenting the unusual circumstances in the voucher required by the Travel Policy subsequent to November 2019. None of these 10 employees' transaction in ERS had any documentation indicating safety concerns. While these expenses appear to be

consistent with TVA management's interpretation of appropriate business expenses, they were not coded as business meeting or mission operational expenses and did not have the required documented approval as required by the Travel Policy.

We noted the revised Travel Policy does not provide specific guidance on the reasonableness of local travel expenses within 50 miles of the official station. Without appropriate guidance, approving officials may not be able to determine if expenses are reasonable and allocated correctly.

IMPROPER REIMBURSEMENTS OF FLAT-RATE TRAVEL

TVA does not have documented procedures to ensure flat-rate-travel reimbursements are being verified appropriately or reimbursed properly. As a result, we found 6 employees improperly receiving flat-rate, per diem reimbursements for travel within 40 miles of their official station under an MOU between TVA and the IBEW totaling over \$50,000.

TVA personnel informed us transmission construction employees do not have access to a computer to complete travel reimbursements. The construction foreman on a project will verbally verify with the employee that the employee meets the 40-mile requirement to receive flat-rate-travel reimbursement and/or mileage reimbursement to the work location. The foreman submits the list of employees eligible for reimbursement to an administrative assistant who will input the travel in ERS. However, this process is not documented in a TVA SPP or other written guidance.

We selected 25 employees who received the highest dollar reimbursements for flat-rate travel during the audit period. These 25 employees were reimbursed \$229,861 during our audit period. We calculated the distance between the employees' home address recorded in the HR system to the work location documented in ERS and found 6 employees received flat-rate-travel reimbursements totaling \$50,408 who worked within 40 miles of their home address.⁷ Accordingly, the employees were ineligible to receive the flat-rate-travel reimbursements. Without the appropriate supporting documentation, supervisors and managers may not be able to verify if reimbursements are reasonable.

ASSIGNMENT AND REVIEW OF OFFICIAL STATIONS LACK GUIDANCE

We reviewed the official station assigned in TVA's HR system for 74 employees and identified 25 employees who had an incorrect official station assigned as shown in Table 3.

⁷ The distance between the home address and location traveled is calculated based on a criteria of 30 miles or less to account for driving distances being longer.

TVA Business Unit	Number of Employees with Incorrect Official Station
Transmission	16
Browns Ferry Nuclear	6
Environmental	1
Supply Chain	1
Generation Services	<u>1</u>
Total	25

Table 3

The Travel Policy provides limited guidance for the designation of an official station for frequent travelers. The Travel Policy states, “If the employee’s work involves recurring travel or varies on a recurring basis, where the work activities of the employee’s position of record are based is considered the official station.” We were informed by TVA HR that official stations are assigned by the hiring manager and recorded in the HR system by the employee’s manager or by a request to TVA HR personnel.

According to the Travel Policy, HR provides an oversight role in reviewing and evaluating official station assignments with supervisors and management for employees in frequent or continuous travel status as appropriate. We were informed by TVA Labor Relations and TVA Transmission personnel that transmission employees should be assigned an official station that is the closest TVA facility or substation from their home address due to the frequency of their travel. However, we were unable to locate any TVA SPP or other documented guidance that addressed this.

We also noted ERS has an automated edit control that will not allow an employee to enter an expense for reimbursement where lodging is in the same city as the employee’s official station recorded in the HR system. However, this control relies on the official station being accurate in the HR system to operate effectively.

Developing specific guidance on assigning and periodically reviewing official stations, specifically for positions requiring frequent travel to multiple locations, could minimize the occurrence of employees being assigned an incorrect official station and help ensure the ERS automated edit control is operating effectively.

RECOMMENDATIONS

We recommend the Vice President and Controller, Corporate Accounting:

1. Update TVA-SPP-13.022 to provide guidance on the determination of reasonableness of expenses within 50 miles of an official station and how these expenses should be documented and coded in ERS.

TVA Management’s Comments – TVA management agreed with the recommendation and stated Disbursement Services will update the policy to include guidance concerning expenses incurred within 50 miles of an official

station and the appropriate documentation and classification of these expenses.

2. Update TVA-SPP-13.022 to communicate how flat-rate-travel reimbursements should be verified and documented to ensure the 40-mile requirement is being met and the expenses are valid.

TVA Management's Comments – TVA management agreed with the recommendation and stated Disbursement Services will update the policy to provide guidance regarding flat-rate-travel and how it should be documented and verified based on the corresponding MOU.

3. Reinforce the policy to approving officials and approval delegates for travel reimbursements within 50 miles of an official station.

TVA Management's Comments – TVA management agreed with the recommendation and stated Disbursement Services will send updated guidelines to approving managers and approval delegates concerning travel within 50 miles of an official station.

We recommend the Vice President, People First Solution Center:

4. Correct assignment of official stations in TVA's HR system and develop specific guidance on assigning and periodically reviewing official stations, specifically for positions requiring frequent travel to multiple locations, to ensure the ERS control is operating effectively.

TVA Management's Comments – TVA management agreed with the recommendation and stated Human Resources and Communications will update the official stations in the human resources system identified in the audit and develop specific guidance on assigning and periodically reviewing official stations.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine if travel expenses reimbursed within 50 miles of an official station comply with Federal Travel Regulation (FTR) and Tennessee Valley Authority (TVA) policies and procedures. Our audit scope included approximately \$500,000 of travel expenses within 50 miles of a TVA employee's official duty station from October 1, 2018, through March 26, 2020. To achieve our objective we:

- Reviewed the FTR and TVA Standard Programs and Processes 13.022, *Travel*, to identify key requirements.
- Obtained Expense Reimbursement System data for travel expenses within 50 miles of an employee's official station for the audit period and performed data analysis to assess reliability of data shown in Table 1. If the work location and/or travel location in a reimbursement transaction could not be matched with a General Services Administration (GSA) city code, it was not included in our population. Of \$45 million in travel reimbursements for the audit period, \$6 million (14 percent) in transactions did not match a GSA city code. We do not believe this had any significant effect on our results.

Category	Amount
Flat-Rate Travel	\$332,116
Lodging, Meals and Incidentals	94,804
Mileage and Rental Cars	<u>74,213</u>
Total	\$501,133

Table 1

- Obtained an understanding of internal controls associated with travel expenditures and corporate-card charges. We identified the main internal control as management review and approval of expenses and designed our testing to ensure we tested this control. Our primary method for testing the operating effectiveness of this control was reviewing approved expenditures to ensure the expenditures complied with applicable policies and procedures.
- Calculated the distance between work location and travel locations using GSA city codes to determine mileage between these locations.
- Judgmentally selected the 25 employees with the highest dollar reimbursements for mileage and/or rental cars within 50 miles of their official station during the audit period for testing. These employees' reimbursements totaled \$29,682.
- Judgmentally selected the 30 employees with the highest dollar amount of lodging and/or meals and incidental reimbursements within 50 miles of their official station during our audit period for testing. These employees' reimbursements totaled \$60,499.

- Reviewed documentation for 10 additional TVA employees who attended the same TVA business meetings attended by employees in the lodging and/or meals and incidental reimbursements sample.
- Judgmentally selected the 25 employees with the highest dollar amount of flat-rate-travel reimbursements within 50 miles of their official station during our audit period for testing. These employees' reimbursements totaled \$229,861.
- Reviewed the official station shown in TVA's human resources system for 74 employees included in our judgmental samples to determine if the official station shown was accurate.¹
- Performed data analysis to identify instances where travel reimbursements may not have complied with the FTR or Travel Policy.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ Our 3 judgmental samples contained 80 employee names (30, 25, and 25 employee names respectively). However, 6 employee names overlapped among the 3 samples. Therefore, our judgmental samples contained 74 unique employee names.

October 20, 2020

David P. Wheeler, WT 2C-K

RESPONSE TO REQUEST FOR COMMENTS - DRAFT AUDIT 2020-15726 - TRAVEL
EXPENSES REIMBURSED WITHIN 50 MILES OF OFFICIAL STATION

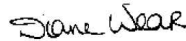
Our response to your September 21, 2020, request for comments regarding the subject draft report is attached.

TVA takes very seriously its commitment to be good stewards of resources. As such, TVA appreciates the Office of Inspector General helping us identify areas where we can improve our processes, and procedures. We are committed to a culture of continuous improvement at TVA and this is another opportunity for us to improve.

In response to this audit, TVA's planned actions will be coordinated with People First Solution Center. We have concluded from our review of the recommendations that there are opportunities for improvement in the following areas:

- Policy updates providing guidance for travel incurred within 50 miles of an employee's official station
- Reinforcement of policy for travel within 50 miles of an employee's official station to approving officials and approval delegates
- Guidance on the determination of an employee's official station and reviews of those official stations

We would like to thank Rick Underwood, Ala Young, and you for the professionalism and cooperation in conducting this audit. If you have any questions please contact Diane Wear at (865) 368-2297, or Wilson Taylor at (865) 776-7015.



Diane Wear
Vice President & Controller
Corporate Accounting



Wilson Taylor III
Vice President
People First Solution Center

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Megan T. Flynn
Amanda D. Johns
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Sherry Q. Quirk
John M. Thomas III
OIG File No. 2020-15726

ATTACHMENT
RESPONSE TO REQUEST FOR COMMENTS
DRAFT AUDIT 2020-15726 - TRAVEL EXPENSES REIMBURSED WITHIN
50 MILES OF OFFICIAL STATION
PAGE 1

OIG RECOMMENDATION	TVA PLANNED ACTIONS	TVA COMMENTS
VP & Controller (1) Update TVA -SPP-13.022 to provide guidance for determining the reasonableness of expenses within 50 miles of an official station and how these expenses should be documented and coded in ERS.	Disbursement Services will update the policy to include guidance concerning expenses incurred within 50 miles of an official station and the appropriate documentation and classification of these expenses.	TVA Management agrees with this recommendation.
VP & Controller (2) Updated TVA-SPP-13.022 to communicate how flat-rate-travel reimbursements should be verified and documented to ensure the 40-mile requirement is being met.	Disbursement Services will update the policy to provide guidance regarding flat-rate-travel and how it should be documented and verified based on the corresponding MOU.	TVA Management agrees with this recommendation.
VP & Controller (3) Reinforce to approving officials and approval delegates the policy for travel reimbursements within 50 miles of an official station.	Disbursement Services will send updated policy guidelines to approving managers and approval delegates concerning travel within 50 miles of an official station.	TVA Management agrees with this recommendation.
VP People First Solution Center (4) Correct assignment of official stations in the human resources system and develop specific guidance on assigning and periodically reviewing official stations, specifically for positions requiring frequent travel to multiple locations, to ensure the ERS control is operating effectively.	HR&C will update the official stations in the human resources system identified in the audit and develop specific guidance on assigning and periodically reviewing official stations.	TVA Management agrees with this recommendation.