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Description of document: Tennessee Valley Authority (TVA) records provided to Senator Charles E. Grassley and Senator Tom Coburn concerning the independence of Inspectors General necessary to promote efficiency and prevent fraud, waste and abuse in agency programs, in response to the Senators' inquiry, 2011-2012

Requested: 14-April-2012

Released date: 08-May-2012

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Source of document: TVA FOIA Officer
Denise Smith
400 West Summit Hill Dr. WT 7D
Knoxville, TN 37902-1499
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Note: This is one of several files on the same subject for various agencies available on governmentattic.org. See: <http://www.governmentattic.org/6docs/GrassleyCoburn.htm>

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

May 8, 2012

This responds to your letter dated April 14, 2012, to the TVA Office of the Inspector General (OIG) requesting information under the Freedom of Information Act (FOIA) 5 U.S.C. § 552 (2006 & Supp. III 2009). You requested a copy of each biannual response, including the original response, to Senators Grassley and Coburn regarding their April 8, 2010, request to the TVA OIG to provide a summary of non-public management advisories and closed investigations.

Enclosed are the responses and reports responsive to your request.

For non-commercial requests, TVA's FOIA regulations (18 C.F.R. § 1301) provide that fees for the first two hours of search time and the first 100 pages of copying are waived. Since this response was made within those guidelines, there is no charge for processing your request.

If you have questions, you may contact me at (865) 632-6945 or by e-mail to foia@tva.gov.

Sincerely,

A handwritten signature in black ink that reads "Denise Smith". The signature is written in a cursive, flowing style.

Denise Smith
TVA FOIA Officer

Enclosures



Office of the Inspector General

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

Richard W. Moore
Inspector General

June 28, 2010

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Grassley:

This letter and its enclosures present our response to your April 8, 2010, joint inquiry with Tom Coburn, Ranking Member of the Senate Homeland Security and Government Affairs Permanent Subcommittee on Investigations. Your inquiry was related to the independence necessary for my office to carry out audits, evaluations, and investigations at the Tennessee Valley Authority (TVA), and included four specific requests for information. These requests, and our responses, are as follows:

- Agency Corporation: The TVA has neither resisted nor objected to the Office of the Inspector General's (OIG) oversight activities, nor has it restricted my office's access to information.
- Closed, Non-Public Investigations, Evaluation, and Audits: Enclosure 1 includes a listing of closed, non-public TVA OIG investigations from January 1, 2009, to June 1, 2010. The TVA OIG did not have any closed, non-public audits or evaluations during that period.
- OIG Communication with the Congress: No federal official has threatened or otherwise attempted to impede my office's ability to communicate with the Congress on any matter, including the OIG budget.
- Outstanding Recommendations: Enclosure 2 is a copy of the letter that we sent to the Ranking Member of the House Committee on Oversight and Government Reform on April 16, 2010, regarding open and unimplemented recommendations at the TVA.

onclosed?

Regarding your request for information enclosed, non-public investigations, evaluations, and audits, we understand from conversations between the Council of the Inspectors General on Integrity and Efficiency and your staff that you wanted the OIGs to provide relevant, summary information and avoid providing Privacy Act-protected information or specific personal identifiers. We do not consider providing you with the enclosed information to be a waiver of any applicable privileges or a public release under the Freedom of Information Act and reserve the right to assert any applicable privileges or exemptions should we receive follow-on requests.

We are sending a similar letter to Ranking Member Coburn as the joint requester for this information. Please feel free to contact me at (865) 633-7300 or richard.moore@tvaioig.gov if you need additional information. Charles Kandt, my Legal Counsel, is also available to assist you and can be reached at (865) 633-7347 or charles.kandt@tvaioig.gov.

Very truly yours,

A handwritten signature in black ink that reads "Richard W. Moore". The signature is written in a cursive, flowing style.

Richard W. Moore

Enclosures (2)

**Tennessee Valley Authority Office of the Inspector General Non-Public Reviews
(Investigations)
January 1, 2009 – June 2010**

Closed Date	Why Product Was Non-Public	Summary
09/17/09	Report to management	TVA Nuclear requested the OIG to conduct an investigation into the U.S. Department of Labor (DOL) complaint of a TVA employee at Browns Ferry Nuclear Plant (BFN). The employee alleged that TVA retaliated against him for bringing up the fact they violated the health and safety of the workers by not following the Fitness For Duty (FFD) guidelines placed by the Nuclear Regulatory Commission (NRC). This investigation did not develop evidence to substantiate the allegation. A report was issued to TVA management informing them that the allegations were unsubstantiated. (02E18518)
04/19/10	Report to management	This investigation was initiated based upon information received from an anonymous individual via the Empowerline (TVA OIG's hotline) that alleged material located in the shared network folder of a TVA employee at a nuclear plant "resembled" unspecified "terrorist information." An OIG investigation concluded the individual had placed documents containing references to bomb making methodology, anarchy, and killing techniques into his designated TVA WBN shared network drive folder. Based on the content of the material located, the OIG notified the Federal Bureau of Investigation (FBI) Joint Terrorism Task Force. In a joint interview with the FBI, the individual stated his interest was solely in survival gear/tactics/shelters, not in terrorist activity or bomb making. He explained that he did not own a personal printer, nor did he have an opportunity to read through the results of his query at home, so he placed the query results into his designated TVA shared network drive folder so he could read and print anything of interest with regard to survival gear/tactics/shelters when time permitted. The FBI determined through the assessment process that further investigation of the individual by the FBI was not warranted at the time and advised that their assessment of the individual had been closed. A report was provided to TVA management. (03B12714)
07/08/09	Report to management	This investigation was initiated based upon receipt of information from the NRC that a whistleblower complaint was recently filed, and because the TVA OIG was mentioned in the complaint, the NRC was forwarding to the complaint for information. The NRC anticipated TVA would likely respond on a jurisdictional basis, denying any involvement since TVA was not an employer in this instance and had no hiring/firing role in the contractor matters. No evidence was developed in the investigation to support that TVA directed the contractor to fire the whistleblower. This matter was closed with a report to TVA management. (08H12343)
02/02/10	Report to management	This investigation was initiated based upon a complaint that as a result of reporting hazards and experiencing an injury, management took actions the complainant interpreted as being harassment. Subsequently, the complainant admitted to falsifying U.S. DOL Workers' Compensation forms. The complainant was terminated due to his lack of candor. This matter was closed and a report was issued to TVA management. (08H12511)

Closed Date	Why Product Was Non-Public	Summary
01/11/10	Report to management	This investigation was initiated based upon an allegation from complainant that high-pressure-wash contractor employees were directed to work in an unsafe condition cleaning a tank at a fossil plant. There was solid material that could fall and seriously injure the employees. Complainant filed a second complaint that plant workers had entered an allegedly unsafe tank. TVA management requested an investigation to determine whether anyone had entered the tank. The OIG investigation determined it was unlikely anyone entered the tank. The matter was closed with a report issued to TVA management. (09C12942)
02/02/10	Report to management	A source provided information that an equipment operator contract employee has been terminated by TVA and a contractor company for allegedly failing a drug test when the employee, in fact, had reportedly tested inconclusive and did not fail the drug test. By being identified as having failed, the employee was restricted from employment. The investigation revealed the equipment operator's drug test results specimen was not consistent with normal human urine." A report was issued to management. It was recommended that the equipment operator's restriction code in the system be changed to reflect a permanent ban from TVA employment due to a drug screen result that was not consistent with normal human urine, a tampered test. (10B12719)
09/17/09	Report to management	TVA management at BFN requested the OIG's assistance in reviewing several instances where TVA employees were signing off on documents and check list items that work had been completed when it actually had not. Specifically, during the performance of Preventative Maintenance to inspect the water flood gates for door 229, it was identified by a NRC inspector that the removable rubber block seals for the door were missing from its storage location, rendering the flood gate inoperable. The NRC investigation was discontinued because the investigator did not believe the incident was serious enough to continue investigating, and BFN management believes the problem is a "lack of rigor" or diligence in the execution of procedures and not any falsification resulting from intentional wrongdoing or gross negligence. The OIG investigation found no evidence that the inspection was conducted improperly or that the inspection was knowingly falsified. (12E12345)
03/26/09	Report to management	This investigation was initiated based on allegations received from TVA management regarding a TVA employee's workers' compensation claim. It was alleged the TVA employee may have injured himself at home the weekend prior to alleging his injury at work. There was insufficient evidence to indicate the TVA employee knowingly submitted a false workers' compensation claim. Matter closed, allegation was unsubstantiated. A report was issue to management informing them of the outcome of our investigation. (14C12068)
03/04/10	Report to management	This investigation was initiated based on a TVA OIG employee finding an envelope containing documents related to workplace violence in her chair. The packet was delivered through TVA interoffice mail and the documents contained information which is highlighted and underlined. Our investigation revealed the documents were intended as a follow-up to an OIG Empowerline complaint in which a Sequoyah employee has concerns about the behavior of a coworker and were not intended as a threat. The OIG issued a report to management with In a response to a report, TVA management concurred and accepted recommendations that employees should be counseled as to conflicts in the workplace and have consulted HR representatives regarding employee behavior. HR is coordinating with Ombudsman to interview employees regarding behavior. (15D12879)

Closed Date	Why Product Was Non-Public	Summary
09/14/09	Report to management	This investigation was initiated based on information received from TVA's Information Services. Allegations included e-mail sent from a TVA e-mail address containing partially nude images of an unknown female which appeared to be taken at a TVA facility. Our investigation substantiated the allegations and a report was issued to management. The TVA employee responsible for the e-mail was denied unescorted access privileges and additional information has been added to the Human Resource Information System, the Contractor Hire In-Process System, and the Plant Access Data System regarding the employee's computer misuse. (20Z11857)
04/05/10	Report to management	This investigation was initiated based on an Empowerline complaint alleging that waste and abuse is occurring in the Fire Protection Group at the BFN, the primary cause of which was alleged to be a dysfunctional work package scheduling system. The complaint further alleged that as a result, a recent NRC inspection found two quality assurance violations involving compensatory fire hoses sized wrong and not demonstrating sensitivity to failed SRs, as well as non-functioning emergency lighting. The NRC report on these violations is not yet complete; however BFN has contract employees working around the clock to fix these problems, at great expense, which should have been corrected within the normal man-hours and in the normal course of business of the FP group. A report was issued and management agreed with the recommendations. (20Z12923)
09/29/09	Report to management	This investigation was initiated based on information received from a TVA employee reporting a possible sabotage and train derailment at the Shawnee Fossil Plant. On May 2, 2009, a 31 car coal train arrived at Shawnee by Union Pacific. The train remained on track number 4 until about 8:30 p.m. on Monday, May 4, 2009. Two Heavy Equipment operators tried to move 14 rail cars to the coal dumper when two cars derailed and 2 additional cars were damaged. Preliminary investigation revealed someone moved the rail switch under the train causing the cars to derail and damage the rails cars and the track. Shawnee management reported personnel issues and other incidents among some of the heavy equipment operators in yard operations at Shawnee. The cost for TVA to re-rail the train cars, and repair and inspect the track, totaled \$24,634.50. Yard Operations management believed the train derailment was the final result of a series of personnel events that had occurred in yard operations at Shawnee, including administrative action taken against one of the heavy equipment operators. Our investigation determined there were five heavy equipment operators who were either working at the time of the derailment or associated with the personnel events leading up to the derailment. Each of these heavy equipment operators was given a polygraph examination and one failed the polygraph; however, this employee continued to deny any involvement in the derailment. There was no other evidence to link the employee to the train derailment. (24A12592)

Closed Date	Why Product Was Non-Public	Summary
03/19/09	Report to management/USAO (U.S. Attorney's Office) declined prosecution	An anonymous complainant to the Empowerline asserted a contractor employee is the daughter of TVA Human Resources Vice President (VP). The complainant alleged the daughter was recommended for and subsequently hired as a contractor for TVA at Watts Bar Nuclear Plant. The complainant was concerned that a subcontractor could be fired on a Friday and report for orientation on a Monday to a different contractor for an HR position. The complainant felt that whether direct contact from the VP did or did not occur there may have been pressure to hire his daughter due to the father's position. Our investigation revealed (1) the VP advocated for the hiring of his daughter on an ongoing contract; (2) numerous senior level TVA managers became substantially involved due to the VP's position; (3) the VP's daughter was not eligible to be listed as a dependent as of January 1, 2009, and (4) the VP did not take appropriate action to remove her from his benefits even after being requested to verify her eligibility by a TVA Employee Service Center employee. We issued a report to TVA Management. The VP resigned from TVA employment and repaid the amount of benefits received. The case was declined for prosecution. (1H12985)
04/14/10	Report to management/USAO declined prosecution	TVA management contacted the OIG regarding allegations of falsified documents. The investigation determined a nuclear plant training specialist falsified security training records in violation of 10 CFR 50.7 and 10 CFR 50.9 of the SQN physical security plan. A Report of Administrative Inquiry (RAI) was sent to TVA management. The TVA employee was terminated. In addition, TVA changed internal policy to reflect the OIG's recommendations; the subject was terminated from his employment with TVA as a direct result of the OIG investigation. (12E12918)
02/23/09	Report to management/USAO declined prosecution	The OIG was advised that a subcontractor company working as a TVA custodial provider is allegedly owned and operated by the wife of the TVA Facilities Custodial Manager, which is a conflict of interest. As a result of the investigation a letter of warning was issued to the TVA manager for violation of TVA's ethical standards. Additionally, a report was issued to TVA management with other recommendations. The USAO declined prosecution. (13E11801)
02/03/09	Report to management/USAO declined prosecution	This investigation was initiated from a TVA Realty representative alleging TVA provided \$500,000 in connection with the creation of the ARTE Center for laboratory and office space. Apparently, the investor was obtaining financial commitments from federal and state agencies but used the money to make a personal investment in a hotel. A report was issued to TVA and recommendations were made. (14D11979)
03/26/10	Report to management/USAO declined prosecution	This investigation was initiated from the USAO, which referred to an article in the Knoxville News Sentinel, dated September 2, 2009, titled, "E-mails cause wave of dismay." The article concerned an allegation that a TVA employee, in responding to a local marina owner requesting payment for a boat slip, responded with a threatening note. Because the Assistant U.S. Attorney (AUSA) expressed interest in this matter, an investigation was initiated. As a result of our investigation, Human Resources added relevant documentation to the subject's file, and he was counseled to compensate the marina owner the questioned funds. (15C12835)

Closed Date	Why Product Was Non-Public	Summary
08/24/09	USAO and state declined prosecution	This investigation was initiated when the Manager, TVA Fleet Services, contacted the OIG and stated an individual who identified himself as the subject's neighbor called and said subject was misusing a TVA vehicle. Investigation revealed that subject is on-call 24 hours a day. He does drive his assigned TVA vehicle after normal work hours when TVA contacts him outside of normal work hours and sends him to do a job after hours. (04C12278)
06/25/09	USAO and state declined prosecution	This investigation was initiated based on information that a TVA employee compromised TVA IT security by gaining unauthorized access to Information Services Senior Project Manager's TVA-owned laptop computer on July 21 and 22, 2008. The TVA employee was terminated as a result of this investigation. The USAO and the District Attorney from Hamilton County, Tennessee declined criminal prosecution. (25A12045)
05/14/09	USAO declined prosecution	During an OIG investigation of a utilities officer, a TVA employee was interviewed and asked not to divulge the existence of the investigation to the subject. Subsequently, the utilities officer stated the TVA employee had done so. The TVA employee denied the allegations, and the allegations were otherwise unsubstantiated. (01D12391)
05/26/09	USAO declined prosecution	This investigation was initiated based on TVA management reporting to the OIG that a TVA employee had possible fraudulent entries associated with her TVA travel credit card. Charges on the employee's travel card did not correspond with travel expense voucher, to include hotel stays. Additionally, the card has been closed due to TVA changing creditors (late 2008), but there was a \$721.15 unpaid balance for which the employee was responsible and had not paid. Our investigation found that all charges were supported and the card balance was paid-in-full by the subject and her work-related travel supported her submitted vouchers. There was no evidence of criminal activity and the investigation was closed. (12C12384)
09/25/09	USAO declined prosecution	This investigation was initiated based on information provided to OIG Investigators alleging a TVA contract employee may not be eligible for temporary living expenses that he was claiming. A review of documentation and interviews revealed that all expenses claimed were in compliance with the contract and TVA policy. There was no evidence of criminal activity and the investigation was closed. (12C12676)
09/02/09	USAO declined prosecution	This investigation was initiated based on information developed during an OIG data mining project that indicated a TVA contract employee had purchased a home at his temporary work location, making him ineligible for temporary living expenses. TVA policy requires a permanent residence be maintained that is over 60 miles from the temporary work location for the contract employee to be eligible for temporary living expenses. Our investigation determined that the contract employee does maintain a permanent residence that is over 60 miles from his temporary work location. The investigation was closed. (12C12688)
09/15/09	USAO declined prosecution	This investigation was initiated based on information provided to the OIG questioning the temporary living allowance of a TVA contract employee because the individual submitted a new permanent address which differed from the original temporary living certification he had submitted. The investigation revealed the contract employee does indeed own a residence in a separate state than his temporary work location. The investigation was closed. (12C12708)

Closed Date	Why Product Was Non-Public	Summary
12/21/09	USAO declined prosecution	This investigation was initiated based on information provided to the OIG questioning the temporary living allowance of a TVA contract employee because the individual submitted a new permanent address differing from their original temporary living certifications. The investigation revealed the contract employee owns the residence in question and spends weekends at the residence. His wife resides at the residence. No evidence of criminal wrongdoing was identified and no breach of policy appears to have occurred. The investigation was closed. (12C12741)
02/10/10	USAO declined prosecution	This investigation was initiated based on information provided to the OIG questioning the temporary living allowance of a TVA contractor. The investigation determined the contract employee had a temporary residence near his work location and a permanent residence located more than 60 miles from his temporary work location. No evidence of criminal wrongdoing was identified and no breach of policy appears to have occurred. The investigation was closed. (12C12745)
11/18/09	USAO declined prosecution	This investigation was initiated based on information identified through a data mining review by Blue Cross Blue Shield of Tennessee, TVA's Health Care third party administrator. BCBST advised the OIG that a physician's pathology group were potentially double billing for lab services performed. After further review, our investigation determined that the dollar loss to TVA was minimal (\$2,000); however, potential losses for the alleged scheme were several hundred thousand dollars to all insurance providers. An analysis of information pertaining to billings to TVA did not identify any patterns that would indicate criminal activity. This matter was referred to the United States Attorney's Office Middle District of Tennessee but was declined for prosecution. The investigation was closed due to lack of prosecutive interest. (12D11945)
02/03/09	USAO declined prosecution	This investigation was initiated based on TVA management providing information that a TVA employee questioned why his Winning Performance payout amount was not 15 percent as stated in his offer letter. The employee was hired by TVA in April 2008. TVA Human Resources advised that Winning Performance amounts are not typically stated in offer letters. Prior to contacting the OIG, TVA management obtained a copy of the letter from TVA and determined the letter did NOT contain a Winning Performance amount. However, the letter obtained from the TVA employee did contain a statement regarding 15 percent Winning Performance. TVA management questioned the validity of the letter provided by the employee. This case was referred to the United States Attorney's Office, Eastern District of Tennessee, in Chattanooga, Tennessee. The AUSA advised that no clear criminal violation had occurred since there was no monetary loss to the government. The TVA employee resigned from TVA. The TVA employee was allowed by TVA HR to receive a 10 percent Winning Performance payout. He was not required to repay TVA the signing bonus he received, nor was he required to reimburse TVA for his moving expenses. The investigation was closed. (12E12141)

Closed Date	Why Product Was Non-Public	Summary
02/10/10	USAO declined prosecution	During an ongoing investigation of a TVA contract employee receiving temporary living allowance from TVA, Special Agents became aware a Senoir TVA Secretary had signed a lease for the contract employee indicating he was leasing a house from her. The OIG investigation revealed the lease was a sham to allow the contract employee to receive the temporary living allowance. The contract employee committed suicide during the investigation and the Senoir TVA Secretary retired from TVA. The US Attorney's office declined prosecution of the Senoir TVA Secretary. (12E12677)
09/21/09	USAO declined prosecution	This investigation was initiated based on a referral from TVA OIG Audit. The audit identified \$27,228 in nonmanual labor costs that were either unsupported or had already been billed to TVA. The contractor agreed with the Audit findings and agreed to repay those charges. The case was declined by the USAO due to lack of intent to defraud and low dollar threshold not meeting prosecutive guidelines. (12E12724)
02/23/09	USAO declined prosecution	During the conduct of another OIG investigation, the OIG was informed that a current TVA contract manager was offered a job by a company that contracted with TVA though the contract manager. Our investigation, including subpoenaed bank account records, failed to disclose any information that the contract manager received a payoff. The US Attorney's office declined prosecution for the violation of U.S.C. Title 18, Section 207. (13E00435)
02/23/09	USAO declined prosecution	A TVA contractor company billed TVA for a labor classification of Super General Foreman when this classification was not included in the contract. The TVA Project Manager and Technical Contract Manager approved the invoices that included this classification even though TCM's do not have the authority to make changes to a contract. In the initial audit, TVA Procurement backed OIG Audits findings that these charges were billed outside the terms of the contract and recouped the money from the contractor. In a later audit, TVA Procurement supported SWCI and have refused to recoup the money. This case was declined for prosecution by the US Attorney's Office. (13E12085)
09/14/09	USAO declined prosecution	This investigation was initiated based on an allegation a TVA employee is currently under contract to TVA at Watts Bar Unit 2 to provide ASME audit/review support. As part of his contract, the TVA employee is paid mileage (actual costs of transportation) from his home to the job site and submits invoices each month requesting reimbursement for the mileage he has incurred (the number of trips each month @ 105 miles round trip). Allegations also include that the TVA employee was recently seen by his manager carpooling to work but submitted the regular mileage for each day that he went through the security gate that month. Our investigation found no evidence the TVA employee was carpooling to work with other individuals on days he submitted mileage; rather the TVA employee would on occasion have other individuals ride to work with him and these individuals would drive the TVA employee's vehicle (a Ford F150 pickup truck). There was no indication the TVA employee charged mileage inappropriately. (13E12156)

Closed Date	Why Product Was Non-Public	Summary
07/22/09	USAO declined prosecution	This investigation was initiated based on a TVA OIG Audit of a contract between a TVA contractor company and TVA, retroactive to October 1, 2002, to eliminate the requirement for the contractor to reimburse TVA for overbilled Paid Time Off costs for those personnel assigned to the BFN Unit 1 project and to provide for the total 12.8 percent paid absences rate to be adjusted each year based on the contractor's actual audited costs. TVA OIG Audit calculated that TVA's actual net loss due to the contract change was \$343,548. TVA OIG Audit could not determine why TVA would have agreed to make the contract change to eliminate the billing adjustment for Paid Time Off costs unless TVA had relied on misleading information from the contractor regarding its costs. Since TVA OIG Audit addressed the subject matter of this investigation in their audit report, there is nothing to be gained by issuing a report addressing the same topic. It is therefore recommended this case be administratively closed. (13E12308)
09/23/09	USAO declined prosecution	This investigation was initiated based on an Empowerline complaint alleging a TVA contractor company provided engineering services to TVA, apparently beginning after the owner of the company retired from TVA. According to the source, these reports addressed critical structural problems at some of TVA's hydro and fossil plants, as well as TVA's pump storage facility at Raccoon Mountain. The earliest report the source could identify was dated June 13, 2004. It was the sources understanding that any engineering consultant practicing in the state of Tennessee is required by the Tennessee State Board of Architectural Engineering Examiners to have an active professional engineering license and have demonstrated competence in the area they are supplying engineering consulting. The source was informed by TVA management that the retired TVA employee was qualified to provide consulting engineering services on complex stress analyses and TVA Management wanted the retired TVA employee to make "the decisions." Our investigation revealed the retired TVA employee was qualified, both with educational accomplishments and work experience, to perform the task associated with his contracting tasks at TVA, and he complied with the guidelines required by the Tennessee State Board of Architectural Engineering Examiners as to the wording of his company's name. (13E12371)
04/29/10	USAO declined prosecution	This investigation was initiated based on an allegation that In a mediated settlement agreement with a TVA contractor company, TVA agreed to pay the contractor a greater amount than it was entitled to for performance fees related to work done at BFN Unit 1. There may be indications that this fee was paid as Performance Fees instead of certain Team Incentive Fees (TIF) to avoid paying a second TVA contractor company the TIF which was tied to that of the first contractor. As no criminal wrongdoing was identified, the matter was declined by AUSA. Mathematical discrepancies identified in final agreement attributed to efforts to keep agreement intact and avoid litigation. (13E12521)

Closed Date	Why Product Was Non-Public	Summary
04/15/10	USAO declined prosecution	This investigation was initiated from a complaint received from TVA management alleging that a TVA employee was receiving workers compensation payments from TVA for an injury that he reportedly received in 1982. The complainant alleged the TVA employee was injured at his home on February 21, 1982, and then went to work the next day and reported the injury as if it had happened while working for TVA. The complainant went on to state the TVA employee is not injured because he delivers firewood, works on a farm, and is a substitute driver on a paper route. Our investigation determined the TVA employee did not violate any regulations pertaining to the reporting of his work activities and income; the TVA employee did not have any earnings reported to the State of Alabama. (14C13045)
11/12/09	USAO declined prosecution	This investigation was initiated from an Empowerline complaint alleging a TVA Manager has been using the operational budget to buy supplies that are not being used for work at the plant. Allegations also included abuse of time and leave. An investigation was conducted and found allegations were unsubstantiated. (14D12090)
09/17/09	USAO declined prosecution	This investigation was initiated from allegations that a TVA Manager violated 18 U.S.C. § 207, Restrictions on Former officers, employees, and elected officials of the executive and legislative branches of the United States. Our investigation did not substantiate the allegations. (15D12535)
09/02/09	USAO declined prosecution	This investigation was initiated based on information from an individual who provided information indicating that a company may be discharging unpermitted substance into the Tennessee river at Loudon, Tennessee. Preliminary interviews and attempted surveillance indicated there is a substance being discharged. Samples of the substance have been provided by a source but the contents have not been determined. Additional surveillance is being considered but location of discharge presents access difficulty. Consequently, this matter was referred to EPA civil enforcement for further action. (23A11814)



Office of the Inspector General

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

Richard W. Moore
Inspector General

April 16, 2010

The Honorable Darrell Issa, Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Mr. Issa:

This responds to your March 24, 2010, letter requesting information regarding open and unimplemented recommendations my office has made to improve operations and result in savings to the Tennessee Valley Authority ("TVA") and ratepayers. I appreciate the opportunity to provide this information to assist you and your committee with the oversight and support for the work my office conducts.

Below is the information you requested related to open and closed recommendations my office has made to TVA as of March 31, 2010.

1. Currently, my office is tracking 119 open and unimplemented recommendations previously made to TVA.
2. Described in the table below are open recommendations in which \$12,667,088 in estimated cost savings could be realized by TVA and the ratepayers if the recommendations are implemented.

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
Audit 2008-11506 Our audit of TVA's contract for turbine generator outage services at TVA nuclear plants has two open recommendations for TVA to recover a total of:		
1. \$171,150 of ineligible and unsupported labor and per diem costs that had been billed to TVA by the contractor.	06/10/2009	\$171,150
2. \$103,144 for resident engineer services that had not been provided by the contractor.	06/10/2009	\$103,144

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
Audit 2007-001C-01 Our audit of TVA subcontracts for welding services (with two companies) has four open recommendations for TVA to recover a total of \$1,075,020.		
1. \$174,912 of overbillings for labor and per diem costs, including: (a) billings of \$38,832 for employees who had not worked on TVA's project; (b) duplicate billings of \$31,736; (c) unsupported costs totaling \$72,070; and (d) overbilled labor rates totaling \$32,274.	09/01/2009	\$174,912
2. \$621,428 of overbillings for equipment, including: (a) duplicate billings of \$21,470; (b) unsupported costs totaling \$137,558; and (c) inflated billings totaling \$462,400.	09/01/2009	\$621,428
3. \$199,180 of billings for materials for which the subcontractors could not provide supporting documentation.	09/01/2009	\$199,180
4. \$79,500 that had been overbilled because the subcontractors billed certain tasks at lump sum prices instead of using the time and material billing rates provided for by the contract.	09/01/2009	\$79,500
Audit 2008-11510 Our audit of TVA's contract for nuclear plant modification, maintenance, and construction services has three open recommendations for TVA to recover a total of \$1,902,746.		
1. \$1,579,575 in performance fees that had been overpaid due to an inflated fee base and excessive fee rates.	09/25/2009	\$1,579,575
2. \$268,538 in overbilled labor costs due to unbillable payments made to certain employees, excessive pay rates billed for certain employees, unsupported labor hours, incorrect labor markup rates, and overtime costs billed at incorrect rates.	09/25/2009	\$268,538
3. \$54,633 in ineligible temporary living allowance payments and relocation costs.	09/25/2009	\$54,633
Audit 2009-12306 Our audit of TVA's contract for the administration of its dental plan has one open recommendation for TVA to recover \$25,591 in overbillings due to duplicate claim payments, claims that exceeded plan limits, and ineligible orthodontic payments.	11/17/2009	\$25,591

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
Audit 2009-12908 Our audit of a company's proposal to provide engineering services has two open recommendations for TVA to save a total of \$6.5 million, including:		
1. \$5.4 million in future billings by negotiating reductions in the company's proposed indirect cost recovery rates to reflect the company's actual rates.	12/17/2009	\$5,400,000
2. \$1.1 million by negotiating reductions in the company's proposed other direct cost billing rate to better reflect the company's actual costs.	12/17/2009	\$1,100,000
Audit 2008-12050 Our audit of TVA's contract for security services has two open recommendations for TVA to recover a total of \$80,350.		
1. \$72,645 in overbillings due to (a) unsupported and ineligible expenses totaling \$57,524; and (b) billing and payment errors totaling \$15,121.	01/20/2010	\$72,645
2. \$7,705 of understated provisional billing adjustments.	01/20/2010	\$7,705
Audit 2009-12907 Our audit of a company's proposal to provide engineering services has one open recommendation for TVA to save \$2.2 million by negotiating reductions in the company's proposed indirect cost recovery rates to reflect the company's actual rates.	01/26/2010	\$2,200,000
Audit 2008-11973 Our audit of TVA's contract for engineering services has two open recommendations for TVA to recover a total of \$184,487.		
1. \$175,094 of billings for home office senior management and administrative personnel that should have been recovered through the company's overhead rate.	02/04/2010	\$175,094
2. \$9,393 of unsupported or ineligible billings for payroll additive costs, relocation expenses, and travel costs.	02/04/2010	\$9,393
Audit 2009-12905 Our audit of a company's proposal to provide engineering services has one open recommendation for TVA to save \$148,600 by negotiating reductions in the company's proposed indirect cost recovery rates that are based on the company's most recent historical costs.	02/18/2010	\$148,600

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
Audit 2007-028C Our audit of TVA's contract for dry cask storage systems has one open recommendation for TVA to recover \$276,000 for a piece of equipment that was overbilled.	03/17/2010	\$276,000
Total Estimated Cost Savings		\$12,667,088

3. Below are the three open and unimplemented recommendations my office considers to be most important to TVA, including the status of each open recommendation and whether management agreed or disagreed with the recommendation; the cost savings associated with the recommendation, if applicable; and whether there are plans to implement the recommendation in the near future.

RECOMMENDATION	MANAGEMENT DECISION AND STATUS OF CORRECTIVE ACTION	COST SAVINGS	TARGET DATE FOR COMPLETED FINAL ACTION
TVA's Role as a Regulator (2005-522I) We found TVA needed to (1) evaluate its role as regulator of rates as the issues of deregulation and customer choice evolve, (2) formalize procedures to ensure consistent review of distributor financial information and business plans which propose the use of electric system revenues for non-electric system purposes, and (3) ensure that contract modifications are executed for any distributors approved to use electric system revenues for non-electric system purposes.	Management agreed with our recommendations and on March 26, 2010, Compliance Advisory Services indicated that the new target date for final action would be September 30, 2010.	Not Applicable	09/30/2010

RECOMMENDATION	MANAGEMENT DECISION AND STATUS OF CORRECTIVE ACTION	COST SAVINGS	TARGET DATE FOR COMPLETED FINAL ACTION
<p>Kinston Fossil Plant Ash Spill Root Cause Analysis and Observations about Ash Management (2008-12283-02)</p> <ol style="list-style-type: none"> 1. We found the culture at TVA's fossil fuel plants impacted ash management and recommended that TVA commission a dedicated cadre of professionals skilled in change management and focused solely on driving compliance throughout TVA and measuring positive changes in the culture that affects ash management and other TVA programs. 2. We found TVA's Enterprise Risk Management Program did not adequately address known risks associated with ash ponds. We recommended TVA continue efforts to drive the Enterprise Risk Management Program further down into the organization to increase the future likelihood that known risks will be identified and properly addressed. 	<p>Management agreed with our recommendations and has begun to take action to address culture concerns and created a new organization responsible for design, operations and maintenance of coal combustion product facilities. TVA also implemented a culture-focused initiative across the agency which incorporates lessons learned from the Kingston spill. The Organizational Effectiveness Initiative identified five focus areas: (1) organizational structure; governance and accountability; (3) operating policies and procedures; (4) skill sets; and (5) rewards and recognition.</p> <p>TVA has formally incorporated ash management into its enterprise risk management process. TVA has identified 19 enterprise level risks which require senior management and/or board focus. One of these is coal ash management and is defined as the risk associated with remedial measures at Kingston, as well as the risk that a similar incident could occur at another fossil plant.</p>	<p>Not Applicable</p>	<p>The overall Organizational Effectiveness Initiative is expected to last 18 to 24 months.</p>

RECOMMENDATION	MANAGEMENT DECISION AND STATUS OF CORRECTIVE ACTION	COST SAVINGS	TARGET DATE FOR COMPLETED FINAL ACTION
	TVA restructured its risk identification process for FY 2010 to significantly increase the identification of risks at the business unit level. Meetings, workshops, and brainstorming sessions resulted in the identification of approximately 368 business unit/plant risks that TVA assessed for (1) likelihood of occurrence and (2) severity of the event if it occurred.		

4. Between January 5, 2009, and March 31, 2010, TVA implemented 349 recommendations my office had previously made to management to improve operations and result in savings to TVA and the ratepayers.

I appreciate your request for suggestions to improve the Inspector General Act of 1978 ("IG Act"). I have two suggestions for changes that would facilitate my office in better accomplishing our mission. My recommendations address problems arising from the fact that TVA is a peculiar government corporation which no longer receives appropriations. These facts impact my ability to contract and to maintain an independent budget.

The authority for our office to contract is not set out in the IG Act. The contract authority is limited to those offices receiving appropriations. Specifically, the Act provides contract authority "to the extent and in such amounts as may be provided in advance by appropriations Acts." [See: IG Act, Section 6(a)(9)]. Our office is funded through TVA and not through appropriations by Congress. This could be remedied by changing the existing language of the IG Act to limit spending to the confines of the approved budget of the Inspector General, to read: "to the extent and in such amounts as provided in the current approved budget for the Inspector General." In the alternative, a special provision could be added to section 8 concerning the Tennessee Valley Authority. The proposed subsection could read:

"§ 8M. Special provisions concerning the Tennessee Valley Authority.

- (a) Notwithstanding the language of section 6(a)(9), the Inspector General of the Tennessee Valley Authority, to the extent and in such amounts as may be provided in the currently approved budget for the Office of the Inspector General, is authorized to enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and with private persons, and to make such payments as may be necessary to carry out the provisions of the Act."

The second recommendation deals with my budget. Since the TVA Board first established the Office of the Inspector General, its budget has been reviewed and approved by the TVA Board. When the office was changed by Congress to be a Presidentally appointed office, nothing was done to change the procedure for approval of its budget. It has always been my concern that the independence of the Inspector General be clear to all concerned. Since my appointment in May of 2003, the TVA Board has consistently adequately supported my office. The various Board members who have served on the TVA Board during my tenure have demonstrated an appreciation and support of the role of the Office of Inspector General at TVA. However, because it is widely known by TVA employees that the IG's budget is still provided by the TVA Board unlike any other IG appointed by the President, there remains the appearance that the IG can be compromised through the budget process. The reality is that anyone who objectively reviews our work knows that we have issued reports that would not have been written if we were not truly independent and objective. Nevertheless, to remove any appearance of a lack of independence, I request that my budget be made part of the White House budget and be reviewed by the Office of Management and Budget and approved by Congress. I would therefore request another special provision be added to the proposed section 8M, to read:

- (b) Notwithstanding that the budget of the Inspector General of the Tennessee Valley Authority is paid with non-appropriated funds, the budget of the Inspector General of the Tennessee Valley Authority shall be submitted with the President's budget request, reviewed by the Office of Management and Budget, and approved by Congress."

Please contact me if you have any questions or need further information.

Very truly yours,



Richard W. Moore

cc: The Honorable Edolphus Towns, Chairman
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143



Office of the Inspector General

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

Richard W. Moore
Inspector General

June 28, 2010

The Honorable Tom A. Coburn
Ranking Member
Permanent Subcommittee on Investigations
Homeland Security and Governmental Affairs Committee
United States Senate
172 Russell Senate Office Building
Washington, DC 20510

Dear Senator Coburn:

This letter and its enclosures present our response to your April 8, 2010, joint inquiry with Charles E. Grassley, Ranking Member of the Committee on Finance. Your inquiry was related to the independence necessary for my office to carry out audits, evaluations, and investigations at the Tennessee Valley Authority (TVA), and included four specific requests for information. These requests, and our responses, are as follows:

- Agency Corporation: The TVA has neither resisted nor objected to the Office of the Inspector General's (OIG) oversight activities, nor has it restricted my office's access to information.
- Closed, Non-Public Investigations, Evaluation, and Audits: Enclosure 1 includes a listing of closed, non-public TVA OIG investigations from January 1, 2009, to June 1, 2010. The TVA OIG did not have any closed, non-public audits or evaluations during that period.
- OIG Communication with the Congress: No federal official has threatened or otherwise attempted to impede my office's ability to communicate with the Congress on any matter, including the OIG budget.
- Outstanding Recommendations: Enclosure 2 is a copy of the letter that we sent to the Ranking Member of the House Committee on Oversight and Government Reform on April 16, 2010, regarding open and unimplemented recommendations at the TVA.

Regarding your request for information enclosed, non-public investigations, evaluations, and audits, we understand from conversations between the Council of the Inspectors General on Integrity and Efficiency and your staff that you wanted the OIGs to provide relevant, summary information and avoid providing Privacy Act-protected information or specific personal identifiers. We do not consider providing you with the enclosed information to be a waiver of any applicable privileges or a public release under the Freedom of Information Act and reserve the right to assert any applicable privileges or exemptions should we receive follow-on requests.

We are sending a similar letter to Ranking Member Grassley as the joint requester for this information. Please feel free to contact me at (865) 633-7300 or richard.moore@tvaoig.gov if you need additional information. Charles Kandt, my Legal Counsel, is also available to assist you and can be reached at (865) 633-7347 or charles.kandt@tvaoig.gov.

Very truly yours,

A handwritten signature in black ink that reads "Richard W. Moore". The signature is written in a cursive, flowing style.

Richard W. Moore

Enclosures (2)

**Tennessee Valley Authority Office of the Inspector General Non-Public Reviews
(Investigations)
January 1, 2009 – June 2010**

Closed Date	Why Product Was Non-Public	Summary
09/17/09	Report to management	TVA Nuclear requested the OIG to conduct an investigation into the U.S. Department of Labor (DOL) complaint of a TVA employee at Browns Ferry Nuclear Plant (BFN). The employee alleged that TVA retaliated against him for bringing up the fact they violated the health and safety of the workers by not following the Fitness For Duty (FFD) guidelines placed by the Nuclear Regulatory Commission (NRC). This investigation did not develop evidence to substantiate the allegation. A report was issued to TVA management informing them that the allegations were unsubstantiated. (02E18518)
04/19/10	Report to management	This investigation was initiated based upon information received from an anonymous individual via the Empowerline (TVA OIG's hotline) that alleged material located in the shared network folder of a TVA employee at a nuclear plant "resembled" unspecified "terrorist information." An OIG investigation concluded the individual had placed documents containing references to bomb making methodology, anarchy, and killing techniques into his designated TVA WBN shared network drive folder. Based on the content of the material located, the OIG notified the Federal Bureau of Investigation (FBI) Joint Terrorism Task Force. In a joint interview with the FBI, the individual stated his interest was solely in survival gear/tactics/shelters, not in terrorist activity or bomb making. He explained that he did not own a personal printer, nor did he have an opportunity to read through the results of his query at home, so he placed the query results into his designated TVA shared network drive folder so he could read and print anything of interest with regard to survival gear/tactics/shelters when time permitted. The FBI determined through the assessment process that further investigation of the individual by the FBI was not warranted at the time and advised that their assessment of the individual had been closed. A report was provided to TVA management. (03B12714)
07/08/09	Report to management	This investigation was initiated based upon receipt of information from the NRC that a whistleblower complaint was recently filed, and because the TVA OIG was mentioned in the complaint, the NRC was forwarding to the complaint for information. The NRC anticipated TVA would likely respond on a jurisdictional basis, denying any involvement since TVA was not an employer in this instance and had no hiring/firing role in the contractor matters. No evidence was developed in the investigation to support that TVA directed the contractor to fire the whistleblower. This matter was closed with a report to TVA management. (08H12343)
02/02/10	Report to management	This investigation was initiated based upon a complaint that as a result of reporting hazards and experiencing an injury, management took actions the complainant interpreted as being harassment. Subsequently, the complainant admitted to falsifying U.S. DOL Workers' Compensation forms. The complainant was terminated due to his lack of candor. This matter was closed and a report was issued to TVA management. (08H12511)

Closed Date	Why Product Was Non-Public	Summary
01/11/10	Report to management	This investigation was initiated based upon an allegation from complainant that high-pressure-wash contractor employees were directed to work in an unsafe condition cleaning a tank at a fossil plant. There was solid material that could fall and seriously injure the employees. Complainant filed a second complaint that plant workers had entered an allegedly unsafe tank. TVA management requested an investigation to determine whether anyone had entered the tank. The OIG investigation determined it was unlikely anyone entered the tank. The matter was closed with a report issued to TVA management. (09C12942)
02/02/10	Report to management	A source provided information that an equipment operator contract employee has been terminated by TVA and a contractor company for allegedly failing a drug test when the employee, in fact, had reportedly tested inconclusive and did not fail the drug test. By being identified as having failed, the employee was restricted from employment. The investigation revealed the equipment operator's drug test results specimen was not consistent with normal human urine." A report was issued to management. It was recommended that the equipment operator's restriction code in the system be changed to reflect a permanent ban from TVA employment due to a drug screen result that was not consistent with normal human urine, a tampered test. (10B12719)
09/17/09	Report to management	TVA management at BFN requested the OIG's assistance in reviewing several instances where TVA employees were signing off on documents and check list items that work had been completed when it actually had not. Specifically, during the performance of Preventative Maintenance to inspect the water flood gates for door 229, it was identified by a NRC inspector that the removable rubber block seals for the door were missing from its storage location, rendering the flood gate inoperable. The NRC investigation was discontinued because the investigator did not believe the incident was serious enough to continue investigating, and BFN management believes the problem is a "lack of rigor" or diligence in the execution of procedures and not any falsification resulting from intentional wrongdoing or gross negligence. The OIG investigation found no evidence that the inspection was conducted improperly or that the inspection was knowingly falsified. (12E12345)
03/26/09	Report to management	This investigation was initiated based on allegations received from TVA management regarding a TVA employee's workers' compensation claim. It was alleged the TVA employee may have injured himself at home the weekend prior to alleging his injury at work. There was insufficient evidence to indicate the TVA employee knowingly submitted a false workers' compensation claim. Matter closed, allegation was unsubstantiated. A report was issue to management informing them of the outcome of our investigation. (14C12068)
03/04/10	Report to management	This investigation was initiated based on a TVA OIG employee finding an envelope containing documents related to workplace violence in her chair. The packet was delivered through TVA interoffice mail and the documents contained information which is highlighted and underlined. Our investigation revealed the documents were intended as a follow-up to an OIG Empowerline complaint in which a Sequoyah employee has concerns about the behavior of a coworker and were not intended as a threat. The OIG issued a report to management with In a response to a report, TVA management concurred and accepted recommendations that employees should be counseled as to conflicts in the workplace and have consulted HR representatives regarding employee behavior. HR is coordinating with Ombudsman to interview employees regarding behavior. (15D12879)

Closed Date	Why Product Was Non-Public	Summary
09/14/09	Report to management	This investigation was initiated based on information received from TVA's Information Services. Allegations included e-mail sent from a TVA e-mail address containing partially nude images of an unknown female which appeared to be taken at a TVA facility. Our investigation substantiated the allegations and a report was issued to management. The TVA employee responsible for the e-mail was denied unescorted access privileges and additional information has been added to the Human Resource Information System, the Contractor Hire In-Process System, and the Plant Access Data System regarding the employee's computer misuse. (20Z11857)
04/05/10	Report to management	This investigation was initiated based on an Empowerline complaint alleging that waste and abuse is occurring in the Fire Protection Group at the BFN, the primary cause of which was alleged to be a dysfunctional work package scheduling system. The complaint further alleged that as a result, a recent NRC inspection found two quality assurance violations involving compensatory fire hoses sized wrong and not demonstrating sensitivity to failed SRs, as well as non-functioning emergency lighting. The NRC report on these violations is not yet complete; however BFN has contract employees working around the clock to fix these problems, at great expense, which should have been corrected within the normal man-hours and in the normal course of business of the FP group. A report was issued and management agreed with the recommendations. (20Z12923)
09/29/09	Report to management	This investigation was initiated based on information received from a TVA employee reporting a possible sabotage and train derailment at the Shawnee Fossil Plant. On May 2, 2009, a 31 car coal train arrived at Shawnee by Union Pacific. The train remained on track number 4 until about 8:30 p.m. on Monday, May 4, 2009. Two Heavy Equipment operators tried to move 14 rail cars to the coal dumper when two cars derailed and 2 additional cars were damaged. Preliminary investigation revealed someone moved the rail switch under the train causing the cars to derail and damage the rails cars and the track. Shawnee management reported personnel issues and other incidents among some of the heavy equipment operators in yard operations at Shawnee. The cost for TVA to re-rail the train cars, and repair and inspect the track, totaled \$24,634.50. Yard Operations management believed the train derailment was the final result of a series of personnel events that had occurred in yard operations at Shawnee, including administrative action taken against one of the heavy equipment operators. Our investigation determined there were five heavy equipment operators who were either working at the time of the derailment or associated with the personnel events leading up to the derailment. Each of these heavy equipment operators was given a polygraph examination and one failed the polygraph; however, this employee continued to deny any involvement in the derailment. There was no other evidence to link the employee to the train derailment. (24A12592)

Closed Date	Why Product Was Non-Public	Summary
03/19/09	Report to management/USAO (U.S. Attorney's Office) declined prosecution	An anonymous complainant to the Empowerline asserted a contractor employee is the daughter of TVA Human Resources Vice President (VP). The complainant alleged the daughter was recommended for and subsequently hired as a contractor for TVA at Watts Bar Nuclear Plant. The complainant was concerned that a subcontractor could be fired on a Friday and report for orientation on a Monday to a different contractor for an HR position. The complainant felt that whether direct contact from the VP did or did not occur there may have been pressure to hire his daughter due to the father's position. Our investigation revealed (1) the VP advocated for the hiring of his daughter on an ongoing contract; (2) numerous senior level TVA managers became substantially involved due to the VP's position; (3) the VP's daughter was not eligible to be listed as a dependent as of January 1, 2009, and (4) the VP did not take appropriate action to remove her from his benefits even after being requested to verify her eligibility by a TVA Employee Service Center employee. We issued a report to TVA Management. The VP resigned from TVA employment and repaid the amount of benefits received. The case was declined for prosecution. (1H12985)
04/14/10	Report to management/USAO declined prosecution	TVA management contacted the OIG regarding allegations of falsified documents. The investigation determined a nuclear plant training specialist falsified security training records in violation of 10 CFR 50.7 and 10 CFR 50.9 of the SQN physical security plan. A Report of Administrative Inquiry (RAI) was sent to TVA management. The TVA employee was terminated. In addition, TVA changed internal policy to reflect the OIG's recommendations; the subject was terminated from his employment with TVA as a direct result of the OIG investigation. (12E12918)
02/23/09	Report to management/USAO declined prosecution	The OIG was advised that a subcontractor company working as a TVA custodial provider is allegedly owned and operated by the wife of the TVA Facilities Custodial Manager, which is a conflict of interest. As a result of the investigation a letter of warning was issued to the TVA manager for violation of TVA's ethical standards. Additionally, a report was issued to TVA management with other recommendations. The USAO declined prosecution. (13E11801)
02/03/09	Report to management/USAO declined prosecution	This investigation was initiated from a TVA Realty representative alleging TVA provided \$500,000 in connection with the creation of the ARTE Center for laboratory and office space. Apparently, the investor was obtaining financial commitments from federal and state agencies but used the money to make a personal investment in a hotel. A report was issued to TVA and recommendations were made. (14D11979)
03/26/10	Report to management/USAO declined prosecution	This investigation was initiated from the USAO, which referred to an article in the Knoxville News Sentinel, dated September 2, 2009, titled, "E-mails cause wave of dismay." The article concerned an allegation that a TVA employee, in responding to a local marina owner requesting payment for a boat slip, responded with a threatening note. Because the Assistant U.S. Attorney (AUSA) expressed interest in this matter, an investigation was initiated. As a result of our investigation, Human Resources added relevant documentation to the subject's file, and he was counseled to compensate the marina owner the questioned funds. (15C12835)

Closed Date	Why Product Was Non-Public	Summary
08/24/09	USAO and state declined prosecution	This investigation was initiated when the Manager, TVA Fleet Services, contacted the OIG and stated an individual who identified himself as the subject's neighbor called and said subject was misusing a TVA vehicle. Investigation revealed that subject is on-call 24 hours a day. He does drive his assigned TVA vehicle after normal work hours when TVA contacts him outside of normal work hours and sends him to do a job after hours. (04C12278)
06/25/09	USAO and state declined prosecution	This investigation was initiated based on information that a TVA employee compromised TVA IT security by gaining unauthorized access to Information Services Senior Project Manager's TVA-owned laptop computer on July 21 and 22, 2008. The TVA employee was terminated as a result of this investigation. The USAO and the District Attorney from Hamilton County, Tennessee declined criminal prosecution. (25A12045)
05/14/09	USAO declined prosecution	During an OIG investigation of a utilities officer, a TVA employee was interviewed and asked not to divulge the existence of the investigation to the subject. Subsequently, the utilities officer stated the TVA employee had done so. The TVA employee denied the allegations, and the allegations were otherwise unsubstantiated. (01D12391)
05/26/09	USAO declined prosecution	This investigation was initiated based on TVA management reporting to the OIG that a TVA employee had possible fraudulent entries associated with her TVA travel credit card. Charges on the employee's travel card did not correspond with travel expense voucher, to include hotel stays. Additionally, the card has been closed due to TVA changing creditors (late 2008), but there was a \$721.15 unpaid balance for which the employee was responsible and had not paid. Our investigation found that all charges were supported and the card balance was paid-in-full by the subject and her work-related travel supported her submitted vouchers. There was no evidence of criminal activity and the investigation was closed. (12C12384)
09/25/09	USAO declined prosecution	This investigation was initiated based on information provided to OIG Investigators alleging a TVA contract employee may not be eligible for temporary living expenses that he was claiming. A review of documentation and interviews revealed that all expenses claimed were in compliance with the contract and TVA policy. There was no evidence of criminal activity and the investigation was closed. (12C12676)
09/02/09	USAO declined prosecution	This investigation was initiated based on information developed during an OIG data mining project that indicated a TVA contract employee had purchased a home at his temporary work location, making him ineligible for temporary living expenses. TVA policy requires a permanent residence be maintained that is over 60 miles from the temporary work location for the contract employee to be eligible for temporary living expenses. Our investigation determined that the contract employee does maintain a permanent residence that is over 60 miles from his temporary work location. The investigation was closed. (12C12688)
09/15/09	USAO declined prosecution	This investigation was initiated based on information provided to the OIG questioning the temporary living allowance of a TVA contract employee because the individual submitted a new permanent address which differed from the original temporary living certification he had submitted. The investigation revealed the contract employee does indeed own a residence in a separate state than his temporary work location. The investigation was closed. (12C12708)

Closed Date	Why Product Was Non-Public	Summary
12/21/09	USAO declined prosecution	This investigation was initiated based on information provided to the OIG questioning the temporary living allowance of a TVA contract employee because the individual submitted a new permanent address differing from their original temporary living certifications. The investigation revealed the contract employee owns the residence in question and spends weekends at the residence. His wife resides at the residence. No evidence of criminal wrongdoing was identified and no breach of policy appears to have occurred. The investigation was closed. (12C12741)
02/10/10	USAO declined prosecution	This investigation was initiated based on information provided to the OIG questioning the temporary living allowance of a TVA contractor. The investigation determined the contract employee had a temporary residence near his work location and a permanent residence located more than 60 miles from his temporary work location. No evidence of criminal wrongdoing was identified and no breach of policy appears to have occurred. The investigation was closed. (12C12745)
11/18/09	USAO declined prosecution	This investigation was initiated based on information identified through a data mining review by Blue Cross Blue Shield of Tennessee, TVA's Health Care third party administrator. BCBST advised the OIG that a physician's pathology group were potentially double billing for lab services performed. After further review, our investigation determined that the dollar loss to TVA was minimal (\$2,000); however, potential losses for the alleged scheme were several hundred thousand dollars to all insurance providers. An analysis of information pertaining to billings to TVA did not identify any patterns that would indicate criminal activity. This matter was referred to the United States Attorney's Office Middle District of Tennessee but was declined for prosecution. The investigation was closed due to lack of prosecutive interest. (12D11945)
02/03/09	USAO declined prosecution	This investigation was initiated based on TVA management providing information that a TVA employee questioned why his Winning Performance payout amount was not 15 percent as stated in his offer letter. The employee was hired by TVA in April 2008. TVA Human Resources advised that Winning Performance amounts are not typically stated in offer letters. Prior to contacting the OIG, TVA management obtained a copy of the letter from TVA and determined the letter did NOT contain a Winning Performance amount. However, the letter obtained from the TVA employee did contain a statement regarding 15 percent Winning Performance. TVA management questioned the validity of the letter provided by the employee. This case was referred to the United States Attorney's Office, Eastern District of Tennessee, in Chattanooga, Tennessee. The AUSA advised that no clear criminal violation had occurred since there was no monetary loss to the government. The TVA employee resigned from TVA. The TVA employee was allowed by TVA HR to receive a 10 percent Winning Performance payout. He was not required to repay TVA the signing bonus he received, nor was he required to reimburse TVA for his moving expenses. The investigation was closed. (12E12141)

Closed Date	Why Product Was Non-Public	Summary
02/10/10	USAO declined prosecution	During an ongoing investigation of a TVA contract employee receiving temporary living allowance from TVA, Special Agents became aware a Senoir TVA Secretary had signed a lease for the contract employee indicating he was leasing a house from her. The OIG investigation revealed the lease was a sham to allow the contract employee to receive the temporary living allowance. The contract employee committed suicide during the investigation and the Senoir TVA Secretary retired from TVA. The US Attorney's office declined prosecution of the Senoir TVA Secretary. (12E12677)
09/21/09	USAO declined prosecution	This investigation was initiated based on a referral from TVA OIG Audit. The audit identified \$27,228 in nonmanual labor costs that were either unsupported or had already been billed to TVA. The contractor agreed with the Audit findings and agreed to repay those charges. The case was declined by the USAO due to lack of intent to defraud and low dollar threshold not meeting prosecutive guidelines. (12E12724)
02/23/09	USAO declined prosecution	During the conduct of another OIG investigation, the OIG was informed that a current TVA contract manager was offered a job by a company that contracted with TVA though the contract manager. Our investigation, including subpoenaed bank account records, failed to disclose any information that the contract manager received a payoff. The US Attorney's office declined prosecution for the violation of U.S.C. Title 18, Section 207. (13E00435)
02/23/09	USAO declined prosecution	A TVA contractor company billed TVA for a labor classification of Super General Foreman when this classification was not included in the contract. The TVA Project Manager and Technical Contract Manager approved the invoices that included this classification even though TCM's do not have the authority to make changes to a contract. In the initial audit, TVA Procurement backed OIG Audits findings that these charges were billed outside the terms of the contract and recouped the money from the contractor. In a later audit, TVA Procurement supported SWCI and have refused to recoup the money. This case was declined for prosecution by the US Attorney's Office. (13E12085)
09/14/09	USAO declined prosecution	This investigation was initiated based on an allegation a TVA employee is currently under contract to TVA at Watts Bar Unit 2 to provide ASME audit/review support. As part of his contract, the TVA employee is paid mileage (actual costs of transportation) from his home to the job site and submits invoices each month requesting reimbursement for the mileage he has incurred (the number of trips each month @ 105 miles round trip). Allegations also include that the TVA employee was recently seen by his manager carpooling to work but submitted the regular mileage for each day that he went through the security gate that month. Our investigation found no evidence the TVA employee was carpooling to work with other individuals on days he submitted mileage; rather the TVA employee would on occasion have other individuals ride to work with him and these individuals would drive the TVA employee's vehicle (a Ford F150 pickup truck). There was no indication the TVA employee charged mileage inappropriately. (13E12156)

Closed Date	Why Product Was Non-Public	Summary
07/22/09	USAO declined prosecution	This investigation was initiated based on a TVA OIG Audit of a contract between a TVA contractor company and TVA, retroactive to October 1, 2002, to eliminate the requirement for the contractor to reimburse TVA for overbilled Paid Time Off costs for those personnel assigned to the BFN Unit 1 project and to provide for the total 12.8 percent paid absences rate to be adjusted each year based on the contractor's actual audited costs. TVA OIG Audit calculated that TVA's actual net loss due to the contract change was \$343,548. TVA OIG Audit could not determine why TVA would have agreed to make the contract change to eliminate the billing adjustment for Paid Time Off costs unless TVA had relied on misleading information from the contractor regarding its costs. Since TVA OIG Audit addressed the subject matter of this investigation in their audit report, there is nothing to be gained by issuing a report addressing the same topic. It is therefore recommended this case be administratively closed. (13E12308)
09/23/09	USAO declined prosecution	This investigation was initiated based on an Empowerline complaint alleging a TVA contractor company provided engineering services to TVA, apparently beginning after the owner of the company retired from TVA. According to the source, these reports addressed critical structural problems at some of TVA's hydro and fossil plants, as well as TVA's pump storage facility at Raccoon Mountain. The earliest report the source could identify was dated June 13, 2004. It was the sources understanding that any engineering consultant practicing in the state of Tennessee is required by the Tennessee State Board of Architectural Engineering Examiners to have an active professional engineering license and have demonstrated competence in the area they are supplying engineering consulting. The source was informed by TVA management that the retired TVA employee was qualified to provide consulting engineering services on complex stress analyses and TVA Management wanted the retired TVA employee to make "the decisions." Our investigation revealed the retired TVA employee was qualified, both with educational accomplishments and work experience, to perform the task associated with his contracting tasks at TVA, and he complied with the guidelines required by the Tennessee State Board of Architectural Engineering Examiners as to the wording of his company's name. (13E12371)
04/29/10	USAO declined prosecution	This investigation was initiated based on an allegation that In a mediated settlement agreement with a TVA contractor company, TVA agreed to pay the contractor a greater amount than it was entitled to for performance fees related to work done at BFN Unit 1. There may be indications that this fee was paid as Performance Fees instead of certain Team Incentive Fees (TIF) to avoid paying a second TVA contractor company the TIF which was tied to that of the first contractor. As no criminal wrongdoing was identified, the matter was declined by AUSA. Mathematical discrepancies identified in final agreement attributed to efforts to keep agreement intact and avoid litigation. (13E12521)

Closed Date	Why Product Was Non-Public	Summary
04/15/10	USAO declined prosecution	This investigation was initiated from a complaint received from TVA management alleging that a TVA employee was receiving workers compensation payments from TVA for an injury that he reportedly received in 1982. The complainant alleged the TVA employee was injured at his home on February 21, 1982, and then went to work the next day and reported the injury as if it had happened while working for TVA. The complainant went on to state the TVA employee is not injured because he delivers firewood, works on a farm, and is a substitute driver on a paper route. Our investigation determined the TVA employee did not violate any regulations pertaining to the reporting of his work activities and income; the TVA employee did not have any earnings reported to the State of Alabama. (14C13045)
11/12/09	USAO declined prosecution	This investigation was initiated from an Empowerline complaint alleging a TVA Manager has been using the operational budget to buy supplies that are not being used for work at the plant. Allegations also included abuse of time and leave. An investigation was conducted and found allegations were unsubstantiated. (14D12090)
09/17/09	USAO declined prosecution	This investigation was initiated from allegations that a TVA Manager violated 18 U.S.C. § 207, Restrictions on Former officers, employees, and elected officials of the executive and legislative branches of the United States. Our investigation did not substantiate the allegations. (15D12535)
09/02/09	USAO declined prosecution	This investigation was initiated based on information from an individual who provided information indicating that a company may be discharging unpermitted substance into the Tennessee river at Loudon, Tennessee. Preliminary interviews and attempted surveillance indicated there is a substance being discharged. Samples of the substance have been provided by a source but the contents have not been determined. Additional surveillance is being considered but location of discharge presents access difficulty. Consequently, this matter was referred to EPA civil enforcement for further action. (23A11814)



Office of the Inspector General

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

Richard W. Moore
Inspector General

April 16, 2010

The Honorable Darrell Issa, Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Mr. Issa:

This responds to your March 24, 2010, letter requesting information regarding open and unimplemented recommendations my office has made to improve operations and result in savings to the Tennessee Valley Authority ("TVA") and ratepayers. I appreciate the opportunity to provide this information to assist you and your committee with the oversight and support for the work my office conducts.

Below is the information you requested related to open and closed recommendations my office has made to TVA as of March 31, 2010.

1. Currently, my office is tracking 119 open and unimplemented recommendations previously made to TVA.
2. Described in the table below are open recommendations in which \$12,667,088 in estimated cost savings could be realized by TVA and the ratepayers if the recommendations are implemented.

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
Audit 2008-11506 Our audit of TVA's contract for turbine generator outage services at TVA nuclear plants has two open recommendations for TVA to recover a total of:		
	06/10/2009	\$171,150
	06/10/2009	\$103,144

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
<p>Audit 2007-001C-01 Our audit of TVA subcontracts for welding services (with two companies) has four open recommendations for TVA to recover a total of \$1,075,020.</p> <ol style="list-style-type: none"> 1. \$174,912 of overbillings for labor and per diem costs, including: (a) billings of \$38,832 for employees who had not worked on TVA's project; (b) duplicate billings of \$31,736; (c) unsupported costs totaling \$72,070; and (d) overbilled labor rates totaling \$32,274. 2. \$621,428 of overbillings for equipment, including: (a) duplicate billings of \$21,470; (b) unsupported costs totaling \$137,558; and (c) inflated billings totaling \$462,400. 3. \$199,180 of billings for materials for which the subcontractors could not provide supporting documentation. 4. \$79,500 that had been overbilled because the subcontractors billed certain tasks at lump sum prices instead of using the time and material billing rates provided for by the contract. 	<p>09/01/2009</p> <p>09/01/2009</p> <p>09/01/2009</p> <p>09/01/2009</p>	<p>\$174,912</p> <p>\$621,428</p> <p>\$199,180</p> <p>\$79,500</p>
<p>Audit 2008-11510 Our audit of TVA's contract for nuclear plant modification, maintenance, and construction services has three open recommendations for TVA to recover a total of \$1,902,746.</p> <ol style="list-style-type: none"> 1. \$1,579,575 in performance fees that had been overpaid due to an inflated fee base and excessive fee rates. 2. \$268,538 in overbilled labor costs due to unbillable payments made to certain employees, excessive pay rates billed for certain employees, unsupported labor hours, incorrect labor markup rates, and overtime costs billed at incorrect rates. 3. \$54,633 in ineligible temporary living allowance payments and relocation costs. 	<p>09/25/2009</p> <p>09/25/2009</p> <p>09/25/2009</p>	<p>\$1,579,575</p> <p>\$268,538</p> <p>\$54,633</p>
<p>Audit 2009-12306 Our audit of TVA's contract for the administration of its dental plan has one open recommendation for TVA to recover \$25,591 in overbillings due to duplicate claim payments, claims that exceeded plan limits, and ineligible orthodontic payments.</p>	<p>11/17/2009</p>	<p>\$25,591</p>

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
Audit 2009-12908 Our audit of a company's proposal to provide engineering services has two open recommendations for TVA to save a total of \$6.5 million, including:		
1. \$5.4 million in future billings by negotiating reductions in the company's proposed indirect cost recovery rates to reflect the company's actual rates.	12/17/2009	\$5,400,000
2. \$1.1 million by negotiating reductions in the company's proposed other direct cost billing rate to better reflect the company's actual costs.	12/17/2009	\$1,100,000
Audit 2008-12050 Our audit of TVA's contract for security services has two open recommendations for TVA to recover a total of \$80,350.		
1. \$72,645 in overbillings due to (a) unsupported and ineligible expenses totaling \$57,524; and (b) billing and payment errors totaling \$15,121.	01/20/2010	\$72,645
2. \$7,705 of understated provisional billing adjustments.	01/20/2010	\$7,705
Audit 2009-12907 Our audit of a company's proposal to provide engineering services has one open recommendation for TVA to save \$2.2 million by negotiating reductions in the company's proposed indirect cost recovery rates to reflect the company's actual rates.	01/26/2010	\$2,200,000
Audit 2008-11973 Our audit of TVA's contract for engineering services has two open recommendations for TVA to recover a total of \$184,487.		
1. \$175,094 of billings for home office senior management and administrative personnel that should have been recovered through the company's overhead rate.	02/04/2010	\$175,094
2. \$9,393 of unsupported or ineligible billings for payroll additive costs, relocation expenses, and travel costs.	02/04/2010	\$9,393
Audit 2009-12905 Our audit of a company's proposal to provide engineering services has one open recommendation for TVA to save \$148,600 by negotiating reductions in the company's proposed indirect cost recovery rates that are based on the company's most recent historical costs.	02/18/2010	\$148,600

RECOMMENDATION	DATE RECOMMENDATION WAS MADE	ESTIMATED COST SAVINGS
Audit 2007-028C Our audit of TVA's contract for dry cask storage systems has one open recommendation for TVA to recover \$276,000 for a piece of equipment that was overbilled.	03/17/2010	\$276,000
Total Estimated Cost Savings		\$12,667,088

3. Below are the three open and unimplemented recommendations my office considers to be most important to TVA, including the status of each open recommendation and whether management agreed or disagreed with the recommendation; the cost savings associated with the recommendation, if applicable; and whether there are plans to implement the recommendation in the near future.

RECOMMENDATION	MANAGEMENT DECISION AND STATUS OF CORRECTIVE ACTION	COST SAVINGS	TARGET DATE FOR COMPLETED FINAL ACTION
TVA's Role as a Regulator (2005-522I) We found TVA needed to (1) evaluate its role as regulator of rates as the issues of deregulation and customer choice evolve, (2) formalize procedures to ensure consistent review of distributor financial information and business plans which propose the use of electric system revenues for non-electric system purposes, and (3) ensure that contract modifications are executed for any distributors approved to use electric system revenues for non-electric system purposes.	Management agreed with our recommendations and on March 26, 2010, Compliance Advisory Services indicated that the new target date for final action would be September 30, 2010.	Not Applicable	09/30/2010

RECOMMENDATION	MANAGEMENT DECISION AND STATUS OF CORRECTIVE ACTION	COST SAVINGS	TARGET DATE FOR COMPLETED FINAL ACTION
<p>Kinston Fossil Plant Ash Spill Root Cause Analysis and Observations about Ash Management (2008-12283-02)</p> <ol style="list-style-type: none"> 1. We found the culture at TVA's fossil fuel plants impacted ash management and recommended that TVA commission a dedicated cadre of professionals skilled in change management and focused solely on driving compliance throughout TVA and measuring positive changes in the culture that affects ash management and other TVA programs. 2. We found TVA's Enterprise Risk Management Program did not adequately address known risks associated with ash ponds. We recommended TVA continue efforts to drive the Enterprise Risk Management Program further down into the organization to increase the future likelihood that known risks will be identified and properly addressed. 	<p>Management agreed with our recommendations and has begun to take action to address culture concerns and created a new organization responsible for design, operations and maintenance of coal combustion product facilities. TVA also implemented a culture-focused initiative across the agency which incorporates lessons learned from the Kingston spill. The Organizational Effectiveness Initiative identified five focus areas: (1) organizational structure; governance and accountability; (3) operating policies and procedures; (4) skill sets; and (5) rewards and recognition.</p> <p>TVA has formally incorporated ash management into its enterprise risk management process. TVA has identified 19 enterprise level risks which require senior management and/or board focus. One of these is coal ash management and is defined as the risk associated with remedial measures at Kingston, as well as the risk that a similar incident could occur at another fossil plant.</p>	<p>Not Applicable</p>	<p>The overall Organizational Effectiveness Initiative is expected to last 18 to 24 months.</p>

RECOMMENDATION	MANAGEMENT DECISION AND STATUS OF CORRECTIVE ACTION	COST SAVINGS	TARGET DATE FOR COMPLETED FINAL ACTION
	TVA restructured its risk identification process for FY 2010 to significantly increase the identification of risks at the business unit level. Meetings, workshops, and brainstorming sessions resulted in the identification of approximately 368 business unit/plant risks that TVA assessed for (1) likelihood of occurrence and (2) severity of the event if it occurred.		

4. Between January 5, 2009, and March 31, 2010, TVA implemented 349 recommendations my office had previously made to management to improve operations and result in savings to TVA and the ratepayers.

I appreciate your request for suggestions to improve the Inspector General Act of 1978 ("IG Act"). I have two suggestions for changes that would facilitate my office in better accomplishing our mission. My recommendations address problems arising from the fact that TVA is a peculiar government corporation which no longer receives appropriations. These facts impact my ability to contract and to maintain an independent budget.

The authority for our office to contract is not set out in the IG Act. The contract authority is limited to those offices receiving appropriations. Specifically, the Act provides contract authority "to the extent and in such amounts as may be provided in advance by appropriations Acts." [See: IG Act, Section 6(a)(9)]. Our office is funded through TVA and not through appropriations by Congress. This could be remedied by changing the existing language of the IG Act to limit spending to the confines of the approved budget of the Inspector General, to read: "to the extent and in such amounts as provided in the current approved budget for the Inspector General." In the alternative, a special provision could be added to section 8 concerning the Tennessee Valley Authority. The proposed subsection could read:

"§ 8M. Special provisions concerning the Tennessee Valley Authority.

- (a) Notwithstanding the language of section 6(a)(9), the Inspector General of the Tennessee Valley Authority, to the extent and in such amounts as may be provided in the currently approved budget for the Office of the Inspector General, is authorized to enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and with private persons, and to make such payments as may be necessary to carry out the provisions of the Act."

The second recommendation deals with my budget. Since the TVA Board first established the Office of the Inspector General, its budget has been reviewed and approved by the TVA Board. When the office was changed by Congress to be a Presidentially appointed office, nothing was done to change the procedure for approval of its budget. It has always been my concern that the independence of the Inspector General be clear to all concerned. Since my appointment in May of 2003, the TVA Board has consistently adequately supported my office. The various Board members who have served on the TVA Board during my tenure have demonstrated an appreciation and support of the role of the Office of Inspector General at TVA. However, because it is widely known by TVA employees that the IG's budget is still provided by the TVA Board unlike any other IG appointed by the President, there remains the appearance that the IG can be compromised through the budget process. The reality is that anyone who objectively reviews our work knows that we have issued reports that would not have been written if we were not truly independent and objective. Nevertheless, to remove any appearance of a lack of independence, I request that my budget be made part of the White House budget and be reviewed by the Office of Management and Budget and approved by Congress. I would therefore request another special provision be added to the proposed section 8M, to read:

- (b) Notwithstanding that the budget of the Inspector General of the Tennessee Valley Authority is paid with non-appropriated funds, the budget of the Inspector General of the Tennessee Valley Authority shall be submitted with the President's budget request, reviewed by the Office of Management and Budget, and approved by Congress."

Please contact me if you have any questions or need further information.

Very truly yours,



Richard W. Moore

cc: The Honorable Edolphus Towns, Chairman
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143

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Please contact me if you have any questions or need further information.

Very truly yours,



Richard W. Moore

cc: The Honorable Edolphus Towns, Chairman
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143



Office of the Inspector General

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

Richard W. Moore
Inspector General

January 19, 2012

The Honorable Tom A. Coburn
Ranking Member
Permanent Subcommittee on Investigations
Homeland Security and Governmental Affairs Committee
United States Senate
172 Russell Senate Office Building
Washington, DC 20510

Dear Senator Coburn:

This letter and its enclosure presents our response to the continuing joint request by your Committee and the Committee on Finance for a biannual report on all closed investigations, evaluations, and audits conducted by our office that were not disclosed to the public. The enclosure includes a listing of closed, nonpublic Tennessee Valley Authority (TVA) Office of the Inspector General (OIG) investigations from October 1, 2010, to September 30, 2011. The TVA OIG did not have any closed, nonpublic audits or evaluations during that period.

Regarding your request for the information enclosed, we understand from past practice that you wanted the OIGs to provide relevant, summary information and avoid providing Privacy Act-protected information or specific personal identifiers. We do not consider providing you with the enclosed information to be a waiver of any applicable privileges or a public release under the Freedom of Information Act and reserve the right to assert any applicable privileges or exemptions should we receive follow-on requests.

We are also sending a similar letter to the Senate Committee on Finance. Please feel free to contact me at (865) 633-7300 or richard.moore@tvaoig.gov if you need additional information. Charles Kandt, my Legal Counsel, is also available to assist you and can be reached at (865) 633-7347 or charles.kandt@tvaoig.gov.

Very truly yours,

Richard W. Moore

Enclosure

-TVA RESTRICTED INFORMATION-

**Tennessee Valley Authority Office of the Inspector General (TVA-OIG)
Applicable Investigations Closed October 1, 2010 - September 30, 2011**

Case File No.	Allegation	Disposition	Closed
01B12629	An employee submitted timesheets for full shifts while only working partial shifts.	We found irregularities in time reporting, and our Report of Administrative Inquiry (RAI) recommendations included recovering the monetary loss to TVA from the individual and taking appropriate disciplinary action. Management did not determine a dollar loss to TVA stating, at best, any figure would be an estimate. The employee received an oral warning and a 15-day unpaid suspension. (The U.S. Attorney's Office [USAO] declined prosecution.)	06/15/2011
01B12721	A contract employee left small children in a TVA vehicle while he led a briefing and missed another briefing entirely but told an associate to say he came and stayed eight hours.	Investigation substantiated subject used a TVA vehicle for unofficial reasons, used a TVA gas card for a friend's vehicle, and claimed he worked during hours he did not. We informed management of our findings, and the contractor's employment was terminated and restricted in the future. Prosecution was declined by the USAO, but subject was convicted in Tennessee state court where he was sentenced 11 months'/29 days' probation, and to pay restitution to TVA and contribute to an economic crime fund.	11/17/2010
01B13694	Coworker and same work group as case 01B12629 above.	This employee was covered in the RAI and received an oral warning and a 10-day unpaid suspension. (USAO declined.)	06/15/2011

-TVA RESTRICTED INFORMATION-

**Tennessee Valley Authority Office of the Inspector General (TVA-OIG)
Applicable Investigations Closed October 1, 2010 - September 30, 2011**

Case File No.	Allegation	Disposition	Closed
01D12606	A former employee schemed to use his TVA position to set aside projects and funding for his non-profit organization.	Allegation substantiated, and we found subject collected the money for these projects after retiring from TVA and becoming a contractor for TVA (the day after he left TVA employ). Federal prosecution for mail/wire fraud on the basis of "theft of honest services" was ultimately declined based on an adverse ruling by the U.S. Supreme Court, which invalidated pertinent parts of "honest services" fraud. RAI issued, and management agreed to recommendation of additional conflict-of-interest training.	01/04/2011
01D12764	An employee purchased lumber for TVA from his father-in-law, for whom he also worked part-time.	Allegations unsubstantiated, but RAI recommended verification for small vendors and training for supervisors to insure if they are aware subordinates are purchasing goods from a business owned by a relative, that information should be disclosed to TVA management. Management agreed to revise relevant vendor form and obtained agreement with the Designated Agency Ethics Official (DAEO) to publish an agency-wide article communicating the importance of adhering to TVA's ethics guidelines regarding conflict-of-interest disclosures, and TVA's annual ethics training will be modified in 2012 to reflect our recommendations.	10/27/2010

-TVA RESTRICTED INFORMATION-

**Tennessee Valley Authority Office of the Inspector General (TVA-OIG)
Applicable Investigations Closed October 1, 2010 - September 30, 2011**

Case File No.	Allegation	Disposition	Closed
01E13598	Using her TVA account, an employee sent a political e-mail to a member of the general public in violation of the Hatch Act.	We referred the matter to the U.S. Department of Justice (DOJ) Office of Special Counsel (OSC), which has exclusive jurisdiction over Hatch Act violations. The OSC concluded the employee violated the Act but decided not to pursue disciplinary action and closed its file, but also advised future prohibited activity would be considered a willful and knowing violation of the law that could result in employment termination. Before being apprised of the OSC results, we forwarded an RAI to management, which responded by coaching the individual.	09/09/2011
01H13306	A foreman showed favoritism toward certain employees regarding overtime pay, meal allowances, and time reporting. The foreman and others were also involved in varied inappropriate workplace behavior.	A memorandum was sent to management, which responded with a commitment to take several specific actions including ensuring employee work hours and meal allowances were reported correctly and requiring training on expectations.	01/14/2011
01H13501	An employee used her TVA position to promote her spouse's association with a public program and allowed a friend to sell counterfeit merchandise to TVA employees at the workplace.	We did not substantiate the employee acted inappropriately related to her spouse's training, but did find that her friend came onsite and sold purses and jewelry to coworkers. A verbal referral was made to her supervisor, and the employee was counseled.	08/09/2011
01H13580	While investigating another matter, we discovered an invoice for a shotgun bought by a purchasing agent on behalf of a plant manager.	Investigation revealed shotguns are used for legitimate purposes at fossil plants, "to shoot slag down the boiler." The shotgun was locked in the plant safe and handled according to plant policy.	10/26/2010
01H13616	After all parties were cautioned not to, a manager made an unauthorized disclosure of certain information related to a Equal Employment Opportunity (EEO) claim teleconference.	Unsubstantiated. It was found the manager voiced his opinion about the case to another manager but did not disclose details of the call. An information-only RAI was sent to TVA's General Counsel's Office.	06/15/2011

-TVA RESTRICTED INFORMATION-

**Tennessee Valley Authority Office of the Inspector General (TVA-OIG)
Applicable Investigations Closed October 1, 2010 - September 30, 2011**

Case File No.	Allegation	Disposition	Closed
01H13776	An employee used a TVA cell phone to threaten another employee and his family members.	Unsubstantiated.	03/21/2011
01J12116	An employee was arrested for felony rape so was ineligible for continued employment.	The individual was tried and found not guilty so was eligible to continue employment.	12/03/2010
01K13600	An employee with procurement authority solicited items from TVA vendors for use at private fishing tournaments.	We substantiated the employee accepted, from three TVA vendors, items of modest value to be given as door prizes at a fishing tournament he organized. As a result of our RAI, the employee was counseled and assigned to re-take TVA ethics training.	06/14/2011
01K13798	An employee working with contracts transferred the proprietary information of one vendor to another.	Substantiated, but no wrongdoing was found.	08/12/2011
02B13074	A nuclear contract employee's signature was forged on an engineering calculation packet.	We found the packets in general were not secured, but left on desks where they could be physically picked-up and signed by any one of approximately 25 people. We issued an RAI recommending process changes. The contractor company briefed all appropriate site personnel to review requirements for preparation and handling of engineering calculation packages and to stress the significance of signatures on official documents. (USAO declined.)	06/12/2011
02F13680	Nuclear chemistry readings were abnormally high, creating the appearance Quality Control (QC) data was falsified.	Unsubstantiated. A TVA Nuclear Quick Human Error Analysis Tool (QHEAT) team determined the issue to be human error, and our investigation did not reveal any evidence that would contradict its conclusion.	03/28/2011
03C13771	A TVA employee divulged potentially damaging information about TVA for personal gain.	Unsubstantiated.	08/10/2011

-TVA RESTRICTED INFORMATION-

**Tennessee Valley Authority Office of the Inspector General (TVA-OIG)
Applicable Investigations Closed October 1, 2010 - September 30, 2011**

Case File No.	Allegation	Disposition	Closed
03E13702	A TVA manager gave a large volume of metals from a hydro plant to vendor company in the community for storage and use on jobs in the future when TVA has storage capacity.	Substantiated, and a memorandum sent to management. Items were returned to appropriate TVA site(s) and inventoried, and training was required for affected personnel.	05/20/2011
03F13677	An employee attempted to make a purchase on "www.gunbroker.com" using his TVA travel card while the he was suspended, pending termination.	Substantiated. Individual was unable to use the card but site was a source of concern. We recommended a full threat assessment be performed or that security be increased at his required Human Resources (HR) meeting. The individual was searched for weapons before the meeting (none found), and the meeting was monitored and conducted without incident.	02/23/2011
04C13214	A clerical contract employee used a TVA vehicle for her daily commute.	Substantiated; however, her management provided reasoning to support her use of the vehicle. As a result of our RAI, management communicated expectations and enhanced monitoring of TVA vehicle use.	12/01/2010
05B13993	Contract employee used prescription pain medication on-duty to the point of "passing out," and has offered to sell the drugs to others.	Unsubstantiated.	07/12/2011
06L12399	Persons are being hired and supervised by relatives at a TVA plant.	Management was apprised of allegations (first by referral memorandum then by RAI) which were also investigated by our office. Management moved personnel to different work areas to remove possibility of relatives supervising relatives and pledged to monitor to prevent similar situations from arising.	03/02/2011
06M13765	A contract employee who had previously been found to have misused TVA time and computers, for which he was counseled, was subsequently hired as a full-time TVA employee shortly after the incident.	Substantiated, but the hiring process began prior to the incident and management had put the matter on hold during its investigation. The misuse was considered minor, and no significant issues arose to prevent his legitimate hiring.	05/17/2011

-TVA RESTRICTED INFORMATION-

**Tennessee Valley Authority Office of the Inspector General (TVA-OIG)
Applicable Investigations Closed October 1, 2010 - September 30, 2011**

Case File No.	Allegation	Disposition	Closed
07A13921	A contract employee was apprehended by law enforcement, off-site, for stalking, and it was discovered he posted threatening comments online. His access to TVA sites was revoked.	The individual is still incarcerated. We examined his TVA computer's contents and identified no further evidence. (An informational memorandum was sent to TVA Police & Physical Security.)	08/10/2011
08E13139	At a temporary housing site for workers, a contract employee was required to pay for a door that had to be removed by emergency medical personnel, but other workers had damaged their apartments without having to reimburse TVA. This contract employee was treated differently because she expressed concerns to management.	Retaliation was unsubstantiated, although we found not all persons had to pay for damage they incurred. Management responded to our RAI by stating a consistent policy would be finalized and disseminated to ensure all tenants would be responsible for damages to corporate housing.	01/11/2011
08F13615 and 08F13615*	An employee reluctantly filed a harassment case against a co-worker, then coworkers made malicious comments, and an unidentified person left a letter stating the victim enjoyed what the perpetrator had done.	A subject could not initially be identified so the case was closed. We reopened the matter when a subject was identified; however, the note was determined not to be threatening, so a handwriting test was not conducted.	12/06/2010
08F13935	An employee sent a graphic sexual photo to another employee via e-mail.	During our investigation, the alleged victim filed an EEO complaint. We closed our case rather than conduct a parallel inquiry	06/01/2011
09B13653	Two safety investigations were conducted related to hazardous atmospheric conditions above fossil plant components resulting in 20 recommendations; only two were instituted.	Unsubstantiated.	01/28/2011
09C13283	TVA-OIG was requested to join a Serious Accident Investigation Team (SAIT) consisting of personnel from varied TVA organizations following a fossil plant employee's electrical shock.	Corrective actions/recommendations were identified and presented to TVA management.	10/21/2010
09C13608	A group of contract employees were laid off in retaliation after an official reporting of possible asbestos exposure.	Unsubstantiated.	12/15/2010

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Case File No.	Allegation	Disposition	Closed
09C13613	TVA-OIG was requested to join an SAIT following severe burns suffered by three fossil contract employees.	Corrective actions/recommendations were identified and presented to TVA management.	03/01/2011
11A12275	A TVA fire operations manager stole equipment to give to a local fire station.	Theft was unsubstantiated, but we found TVA Nuclear contracted with the local fire department to provide fire protection services; and, in consideration for those services, a manager gave materials for services. TVA is to reimburse the city government for specified costs (rather than providing material directly to the fire department). An RAI was issued, and the response included management stating the contract would be adhered to, and any changes would be noted in a formal contract supplement. (USAO declined.)	02/10/2011
11A12950	A fossil plant mechanic purchased parts using a TVA credit card and converted them for personal gain.	No clear evidence of criminal acts; however, purchasing documentation revealed a systemic issue regarding the use of purchasing cards to purchase items that are covered by leveraged contracts, and circumvention of the purchasing and inventory process. We referred our findings to the TVA Compliance office. (Referred to, but not prosecuted by, the USAO.)	08/05/2011
11A13447	A company providing coal to TVA is falsely declaring <u>force majeure</u> to sell coal on the open coal market at a higher price for greater profits.	Unsubstantiated. (USAO declined.)	02/09/2011
11A13555	A nuclear contract employee downloaded safeguarded information on a zip drive and took it offsite for possibly nefarious purposes.	Unsubstantiated. (Preliminarily referred to USAO; not prosecuted.)	12/13/2010
11A13607	Contract employees falsified reimbursement forms to receive lodging refunds to which they were not entitled.	Unsubstantiated, but several issues involving verification/reviews/briefings were verbally broached with management.	05/24/2011

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Case File No.	Allegation	Disposition	Closed
11A13663	A desktop computer was missing from a nuclear site.	Substantiated. A locator device within the computer indicated it at a TVA contract employee's home. The contractor's employment was terminated, and his future employment flagged. USAO declined in favor of state action; declined by local district attorney (DA) based on monetary value of computer at the time of its theft.	09/23/2011
11A13778	A fossil employee purchased expensive hitches and steel chainsaws for TVA then took them for his personal use, as well as sabotaged equipment, saying he would exchange it, then kept it for himself, and used a TVA gas card for his personal vehicle.	Unsubstantiated.	09/23/2011
11A13779	A fossil plant storeroom employee stole tools, flashlights, and other items to give to friends and family.	Unsubstantiated. (Local DA declined.)	08/29/2011
11D13424	An employee misused TVA time, fuel card, vehicle, and cell phone.	Substantiated, and a "management alert" sent. Employee was terminated and his reemployment flagged. (USAO declined.)	05/18/2011
12B13426	A custodial employee with access to TVA-OIG facilities did not provide full information on employment suitability application(s).	Local arrest records and financial records revealed the individual did not report information specifically requested related to his suitability for employment. His employment was terminated, and reemployment flagged. An RAI was issued. (USAO declined.)	10/26/2010
12B13506	A maintenance employee with access to TVA-OIG facilities did not provide full information on employment suitability application(s).	Substantiated, and an RAI was issued. Individual's management stated he had not fully understood the form, but he is not to work unescorted in TVA-OIG office space and was counseled against similar future activities. (USAO declined.)	05/27/2011

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Case File No.	Allegation	Disposition	Closed
12B13519	A maintenance employee with access to TVA-OIG facilities did not provide full information on employment suitability application(s).	A discrepancy, but no material falsification, was found. No RAI issued. (USAO declined.)	11/09/2010
12B13544	A maintenance employee with access to TVA-OIG facilities did not provide full information on employment suitability application(s).	Substantiated, and an RAI was issued. Individual's management stated he had not fully understood the form, but he is not to work unescorted in TVA-OIG office space and was counseled against similar future activities. (USAO declined.)	05/27/2011
12B13587	A security guard was unfit for duty based on his criminal record.	Unsubstantiated.	12/13/2010
12B13641	A TVA executive falsified information about his departure from a previous position.	Unsubstantiated. (USAO declined.)	02/15/2011
12C13271	An employee submitted fraudulent travel vouchers by expensing elevated charges and hotel taxes not incurred at a loss to TVA totaling \$1344.70.	The overbilling was found to be unintentional. An RAI was issued, and the employee was counseled and reimbursed TVA the questioned amount. (USAO declined.)	04/05/2011
12C13785	A contract employee received temporary living expenses to which she was not entitled.	Unsubstantiated.	08/29/2011
12D12551	A health-care provider billed for services not rendered and/or upcoded the procedures he performed.	Unsubstantiated. (Initially accepted by USAO, but we did not pursue based on evidence.)	03/29/2011
12E12309	Two employees misused a TVA-project bank account.	Unsubstantiated. (USAO declined.)	06/17/2011
12E13207	A nuclear engineer identified inconsistencies in the Quality Inspector (QI) signatures on weld data sheets.	Substantiated. Seventeen QI signatures on a work package were forged without the knowledge of the QI whose signature and unique identifier were used; however, the subject(s) could not be identified. We sent an RAI to management, and a procedure was issued to provide consistent QI program implementation. (USAO declined.)	12/17/2010

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Case File No.	Allegation	Disposition	Closed
12E13589	Fossil power-generating units are placed on "not in demand" (NID) status when they are not needed, to serve the system load in favor of more economical units being used. One plant went into NID even though it was needed to serve the system, and the power it would have generated had to be replaced with more expensive generation. This decision was made to increase TVA's Winning Performance scoring, through which TVA rewards employees financially for various accomplishments/behaviors.	Unsubstantiated.	03/01/2011
12E13711	An approving signature was forged on a nuclear Engineer Document Construction Release (EDCR).	The initial falsification was resolved as unknown, but TVA-OIG and USAO further investigated further to see if the falsification constituted a nuclear-safety issue. We determined it was administrative and not safety-related. An RAI was issued. (USAO declined.)	05/02/2011
12E13755	An employee was suspended for three days purportedly for not reporting his request for time off to his supervisor, but the suspension was retaliation for the employee filing an EEO complaint.	Unsubstantiated. Other questioned practices were noted during our investigation, and those were informally referred to appropriate management and HR personnel.	06/01/2011
12E14149	An employee misreported time on duty so he would be paid for hours not worked.	Substantiated, and an RAI sent. Management is developing a written time-management process for all project sites to ensure employees are accurately and efficiently reporting time, and the terminated employee's reemployment was flagged.	09/20/2011

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Case File No.	Allegation	Disposition	Closed
13A11954	A contract employee claimed he was terminated for reporting a key individual at his company engaged in bid-rigging.	The bid-rigging allegation was aged and unsubstantiated, but TVA-OIG found the subject was untruthful to the Special Agents investigating this matter. An RAI was sent, and management decided the subject's services would not be required by TVA for a period of 9-12 months, aside from his involvement in an ash-spill closure issue. (USAO declined.)	06/14/2011
13A13636	A fossil plant's management did not follow procurement procedures and granted a large contract without competing bids.	Unsubstantiated.	03/01/2011
13B12738	A TVA executive arranged a non-compete contract to bring a personal friend on-board under the guise of a sole-source personal services contract.	Unsubstantiated. An information-only RAI was issued. (USAO declined.)	12/01/2010
13B12988	Named individuals did not receive bids and used only one vendor to supply equipment, likely for personal gain.	Unsubstantiated.	03/01/2011
13B13481	A vendor bought numerous meals for a manager to influence him to place its employees at TVA.	Unsubstantiated. An information-only memorandum was issued.	12/01/2010
13D13324	A vendor company appeared to be receiving favored treatment from a local power utility which resulted in TVA not being fully compensated for the electricity it sold the utility and the violation of non-discrimination regulations and contractual terms.	Unsubstantiated.	10/27/2010

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Case File No.	Allegation	Disposition	Closed
13E00449	A contract employee stole TVA property.	Substantiated. Subject left TVA during the time allegations were raised, and execution of a search warrant found items valued at over \$20,000 taken from TVA or purchased with a TVA credit card at his home. Another contract employee, later discharged, assisted the individual and misused a TVA purchasing card on one occasion. Both individuals were prosecuted in state court and entered into pretrial diversion agreements. Their TVA reemployment has been flagged.	07/15/2011
13E12785	A retired TVA manager worked for a vendor company, promoting the same contract which he oversaw as a TVA manager.	Unsubstantiated. (USAO declined.)	04/18/2011
13E12810	A vendor company schemed to send TVA shipments of incorrect products, ensuring TVA would be credited; however, TVA was not.	Unsubstantiated. (USAO declined.)	02/15/2011
13E13044	A contractor company's QC field data for drain installation at a fossil plant was fraudulently submitted to TVA and possibly other engineering firms. Additionally, complainant was wrongfully terminated from the company.	Unsubstantiated. (Information-only RAI issued; USAO declined.)	01/03/2011
13E13119	A contractor cleaning company hired illegal immigrants, provided them with falsified social security numbers, and placed them as employees in TVA secured facilities.	Unsubstantiated. (Information-only RAI issued; USAO referred but not prosecuted.)	12/14/2010
13E13133	A vendor under contract with TVA substituted products ordered by a fossil plant without TVA's approval.	Unsubstantiated. (USAO declined.)	04/18/2011

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Case File No.	Allegation	Disposition	Closed
13E13191	A large corporation has government contracts with TVA that require subcontractors, and its procurement officers are awarding subcontracts to companies owned by friends of the procurement officers rather than to a qualified female and minority-owned small business.	Unsubstantiated. (USAO declined.)	02/17/2011
13E13243	A TVA-OIG audit of a multimillion-dollar contract identified several areas of concern that could be indicative of fraudulent activity.	Criminal activity unsubstantiated. (TVA settled with the company based on the audit report; USAO declined.)	12/14/2010
13E13394	A fossil contractor company is not properly reporting recordable and lost-time injuries.	Unsubstantiated.	07/05/2011
13E13428	A local contractor company was sending illegal/undocumented workers to TVA.	Unsubstantiated. (USAO declined.)	06/12/2011
13E13527	An employee may have improperly disclosed bid information to a sewer pumping and disposal contractor.	Unsubstantiated.	01/14/2011
13E13572	A union business agent falsified payroll rates for asbestos contract workers at TVA.	Unsubstantiated. (USAO declined.)	09/06/2011
13E13604	A TVA-OIG audit indicated an environment equipment company inflated its price by over \$3 million.	Criminal activity unsubstantiated. (TVA Supply Chain was notified case was closing, and it could continue reimbursement negotiations with the company.)	12/17/2010
13E13645	A nuclear steam-generator manufacturer was awarded a TVA contract without required TVA Board prior approval.	Unsubstantiated. (USAO declined.)	06/12/2011
13E13737	Another federal OIG was conducting an investigation of a TVA contractor for wire fraud and money laundering involving its agency's funds.	No TVA-related wrongdoing found.	02/15/2011
13E13906	Rented heavy equipment sat idle at a fossil plant causing concern TVA was billed for equipment not used.	Unsubstantiated.	06/12/2011

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Case File No.	Allegation	Disposition	Closed
14C13470	A custodian applied for Office of Workers Compensation (OWCP) benefits related to injuries sustained off-duty.	Substantiated. An RAI was issued, and the employee received an unpaid suspension and written warning. (No funds had been paid the employee; USAO declined.)	08/25/2011
14C13535	An able-bodied former employee collected OWCP benefits while working another job.	Wrongdoing unsubstantiated; individual reported earnings to OWCP that did not exceed his designated wage-earning capacity.	11/02/2010
14C13723	Data mining indicated a 94-year-old male received OWCP benefits. Due to his age, investigation was opened to determine if individual was still living or if others fraudulently took his payments after his death.	Unsubstantiated.	03/01/2011
14C13724	Data mining indicated a 92-year-old male received OWCP benefits. Due to his age, investigation was opened to determine if individual was still living or if others fraudulently took his payments after his death.	Unsubstantiated.	02/28/2011
14C13726	Data mining indicated a 81-year-old male received OWCP benefits. Due to his age, investigation was opened to determine if individual was still living or if others fraudulently took his payments after his death.	Unsubstantiated.	04/12/2011
14C13727	Data mining indicated a 90-year-old male received OWCP benefits. Due to his age, investigation was opened to determine if individual was still living or if others fraudulently took his payments after his death.	Unsubstantiated.	02/08/2011
14C13728	Data mining of OWCP recipients showed sufficient child support payouts by an individual as to be an indicator of possible unreported employment.	Unsubstantiated. (USAO declined.)	07/26/2011
14C13729	Data mining of OWCP recipients showed sufficient child support payouts by an individual as to be an indicator of possible unreported employment.	Unsubstantiated.	07/07/2011

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Case File No.	Allegation	Disposition	Closed
14C13957	OWCP benefits recipient is earning in excess of his lost wage earning capacity.	Unsubstantiated.	08/19/2011
14D12847	A TVA management-level employee (spouse of a TVA executive) retired with a large financial award, then returned to TVA as a contract employee one working-day later.	Generally substantiated, but no wrongdoing found. (Information-only memorandum sent to management.)	01/06/2011
14D13313	A TVA vendor's invoices indicated potential fraudulent activity or cost shifting associated with various purchase orders.	Unsubstantiated.	10/08/2010
14D13696	Expensive equipment is being purchased at a fossil plant, then sold extremely cheaply or given away.	Unsubstantiated.	07/06/2011
15B12455	During the course of a copper theft investigation, TVA-OIG initiated and worked a joint case with state and local authorities involving the arrests and prosecution of 10 members of the general public on drug charges.	Substantiated. (Prosecutive referrals made by other investigative bodies.)	03/23/2011
15B13773	TVA and contract employees are selling and abusing prescription drugs and stealing copper.	Unsubstantiated.	06/09/2011
15D13388	Questions arose over an employee's employment suitability, including whether the individual made false statements to gain TVA employment.	Unsubstantiated, but irregularities were found. (RAI not issued; USAO declined.)	07/07/2011
15D13441	Unknown subjects attempted to gain funds from a local credit union using TVA employees' and contract employees' identities.	No subjects were identified; case referred to U.S. Secret Service. (USAO declined.)	02/02/2011
15D13499	Employee may have had child pornography on his TVA computer. Local sheriff's office linked his identity to child pornography discussion group(s).	Unsubstantiated re TVA computer. (Local law enforcement continued its investigation.)	03/23/2011

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Case File No.	Allegation	Disposition	Closed
15D13767	Cashiers at a nuclear-site eatery were told to not to ring up more than \$170 per day because 10 percent had to be reported to an individual who is part of the Randolph Sheppard program for the blind. The supervisors would pocket any money in excess of \$170.	No potential loss to TVA. (USAO declined.) Referrals were made to the primary vendor and appropriate state agencies.	06/03/2011
15D13788	An employee was pirating movies, including new releases, and distributing them in the workplace.	Unsubstantiated. (USAO declined; information-only memorandum sent to management.)	04/19/2011
15D13852	A TVA manager received a \$2,400 loan from a contract employee that he has not repaid, in violation of ethics regulations.	Loan substantiated, but manager did not supervise contract employee, so no ethics violation occurred. (USAO declined.)	06/12/2011
18X13920	A local real-estate developer violated the terms of a land swap contract with TVA.	Unsubstantiated.	08/19/2011
18X13940	Tools were possibly stolen by a former contract employee who also may be making statements jeopardizing the contractor company's relationship with TVA; a related bidding concern arose.	Unsubstantiated.	08/29/2011
20Z13042	We initiated a review of hours billed by a major contractor company on a nuclear project.	No criminal activity found, but recommendations were reported to management in an RAI.	09/27/2011
20Z13731	Special Inspector General for Iraq Reconstruction (SIGIR) Peer Review.	Report on the qualitative assessment review of the investigative operations of the SIGIR issued.	06/02/2011
23A12911	A member of the general public had a 70' x 200' dam constructed without proper permits in possible violation of the Clean Water Act (CWA) within TVA's watershed management area.	Joint investigation with the U.S. Environmental Protection Agency-Criminal Investigation Division (EPA-CID) and the Federal Bureau of Investigation. Case not pursued further after declination by DOJ environmental crimes attorney.	11/29/2010
23A13315	A U.S. Department of Defense contractor company discharged enriched uranium into a river in the TVA watershed.	Unsubstantiated. (USAO declined.)	12/17/2010

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Case File No.	Allegation	Disposition	Closed
23A13471	Chicken coop(s) were possibly to blame for foul odor and general pollution of a creek in the TVA watershed.	Unsubstantiated.	12/13/2010
23A13486	EPA-CID requested investigative assistance after receiving information that subject company may have violated the CWA in the TVA watershed by violating its pretreatment permit.	Unsubstantiated. (USAO declined.)	08/11/2011
23A13924	News media reported high level of Iodine 131 in Chattanooga drinking water and implied it was related to Japan's tsunami-related nuclear incident. The alleged high reading was taken at a TVA nuclear plant in the Chattanooga area.	A spike was confirmed, but interviews with EPA and TVA personnel indicate it was related to the Japanese nuclear incident, and the spike was well within the safe range for human health. Recent measurements of the nuclear plant's effluent showed no increase in any isotopes, and no leakage is suspected there.	05/06/2011
23C13547	Companion case of 09C13608 above, opened to examine the asbestos issue alone.	The presence of asbestos was substantiated, but a TVA abatement contractor company properly managed the asbestos and decontaminated the area.	12/07/2010
25A13460	A contract employee allegedly harassed/intimidated others, made racist comments, and shared inappropriate photos with others via computer and cell phone.	Before investigation was complete, it was learned the contractor company had already terminated the individual's employment for-cause. (USAO declined.)	10/08/2010
25D13668	A power system employee downloaded sensitive TVA information to his personal computer.	Unsubstantiated, but we discovered the information accessed and information provided to TVA-OIG Inspections during one of its reviews was not classified consistent with TVA Information Management Policy. An RAI was issued, and management agreed to our recommendations.	03/28/2011

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Case File No.	Allegation	Disposition	Closed
31A13714	A state department of transportation in the TVA region requested a "26A" permit from TVA for a bridge construction project; the permit issuance seemed stalled. It was thought a specific politician could have placed undue influence on TVA not to issue the permit or that someone in the state's DOT was responsible.	Unsubstantiated. (The permit was not issued because the project did not affect any TVA program interest.)	06/07/2011
32A13487	Seven employees in one workgroup were beneficiaries of nepotism/favoritism.	Unsubstantiated.	07/15/2011