



Memorandum from the Office of the Inspector General

September 28, 2020

Lisa A. McKinney
Diane T. Wear

REQUEST FOR FINAL ACTION – AUDIT 2020-15691 – BUSINESS MEETINGS AND HOSPITALITY

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

If you have any questions or wish to discuss our findings, please contact Stephanie L. Simmons, Senior Auditor, at (423) 785-4820 or Rick C. Underwood, Director, Financial and Operational Audits, at (423) 785-4824. We appreciate the courtesy and cooperation received from your staff during the audit.

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

SLS:FAJ

Attachment

cc (Attachment):

TVA Board of Directors
Robert M. Deacy, Sr.
David B. Fountain
Janet D. Jones
Jeffrey J. Lyash
Justin C. Maierhofer
Jill M. Matthews
Sherry A. Quirk
Ronald R. Sanders II
Michael D. Skaggs
John M. Thomas III
Kay W. Whittenburg
OIG File No. 2020-15691



Office of the Inspector General

Audit Report

To the Vice President
and Controller, Corporate
Accounting; and the
Director, Facilities
Management

BUSINESS MEETINGS AND HOSPITALITY

Audit Team
Stephanie L. Simmons
Maria V. Edwards

Audit 2020-15691
September 28, 2020

ABBREVIATIONS

ERS	Expense Reimbursement System
FY	Fiscal Year
RSA	Randolph-Sheppard Act
SPP	Standard Programs and Processes
TVA	Tennessee Valley Authority

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
BACKGROUND.....	1
OBJECTIVE, SCOPE, AND METHODOLOGY	4
FINDINGS	4
APPROVED PROCESS DID NOT ENSURE EXPENSES COMPLIED WITH BUSINESS MEETINGS AND HOSPITALITY POLICY.....	4
LACK OF GUIDANCE FOR COMPLIANCE WITH FOOD SERVICES POLICY	6
APPROVAL PROCESS FOR LARGE MEETING EXPENSES COULD BE IMPROVED	7
GUIDANCE FOR MEETING-RELATED EXPENSES COULD BE IMPROVED.....	7
RECOMMENDATIONS	8

APPENDICES

- A. OBJECTIVE, SCOPE, AND METHODOLOGY
- B. MEMORANDUM DATED SEPTEMBER 15, 2020, FROM LISA MCKINNEY
AND DIANE WEAR TO DAVID P. WHEELER



Audit 2020-15691 – Business Meetings and Hospitality

EXECUTIVE SUMMARY

Why the OIG Did This Audit

We included an audit of Tennessee Valley Authority's (TVA) business meeting and hospitality expenses in our annual audit plan because of issues of noncompliance with TVA policies and procedures identified during our audit of TVA executive travel.ⁱ Our audit objective was to determine if expenditures reimbursed as business meetings and hospitality are in compliance with TVA Standard Programs and Processes 13.063, *Business Meetings & Hospitality*, and any other applicable TVA guidance. Our audit scope included approximately \$6.5 million in business meeting and hospitality expenses occurring from October 1, 2018, through September 30, 2019.

What the OIG Found

Our audit found TVA's approval process did not ensure expenses complied with the Business Meetings and Hospitality Policy. Specifically, we found expenses were approved for (1) reimbursement and/or payment without the required information and supporting documentation included with the expense voucher, (2) questionable team-building expenditures, and (3) prohibited alcohol expenditures. We also found a lack of guidance for compliance with TVA Standard Programs and Processes 28.300, *Food Services* (Food Services Policy). Additionally, we found the process for approving large meeting expenses and guidance for the classification of meeting-related expenses could be improved.

What the OIG Recommends

We made five recommendations to TVA management to strengthen controls around business meetings and hospitality by (1) developing additional guidance to ensure compliance with the Business Meetings and Hospitality Policy and Food Services Policy and (2) reinforcing the existing Food Services Policy.

TVA Management's Comments

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

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

BACKGROUND

A fiscal year (FY) 2019 Office of the Inspector General audit¹ of Tennessee Valley Authority's (TVA) executive travel expenses identified instances of noncompliance with TVA's policies and procedures on business meeting and hospitality expenses. As a result, we included an audit of TVA's business meeting and hospitality expenses in our annual audit plan.

Between October 1, 2018, and September 30, 2019, TVA spent approximately \$6.5 million² on business meetings and hospitality. Table 1 shows the totals spent by category based on how the expenses were classified in TVA's systems.

Business Meeting and Hospitality Expenses October 1, 2018 – September 30, 2019	
Category	Amount
Business Meetings	\$5,205,176
Hospitality	1,260,964
Total	\$6,466,140

Table 1

Between FY 2015 and FY 2019, spending on business meetings and hospitality has increased. Figure 1 shows the totals spent by category by FY based on how the expenses were classified in TVA's systems.

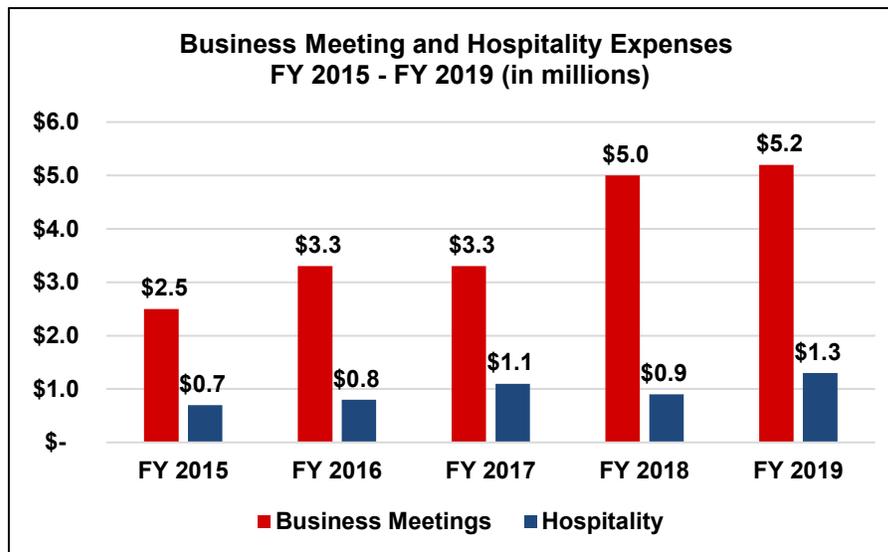


Figure 1

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

² Total amounts include expenses classified as business meetings or hospitality in the Expense Reimbursement System (ERS), miscellaneous vouchers, and convenience checks.

Applicable TVA Policies and Procedures

The main TVA Standard Programs and Processes (SPP) that addresses business meeting and hospitality expenses is TVA-SPP-13.063, *Business Meetings & Hospitality* (Business Meetings and Hospitality Policy). The purpose of the Business Meetings and Hospitality Policy states TVA may provide:

- Meals, refreshments, etc., to employees and others in conjunction with normal business meetings.
- Hospitality, including meals, refreshments, etc., to current or prospective customers, official visitors, potential employees, and other stakeholders and guests when it is necessary and beneficial to TVA's business interests.

The SPP describes the roles and responsibilities and provides instructions for approving, conducting, and accounting for expenses incurred at business meetings and hospitality activities.

The Business Meetings and Hospitality Policy defines a business meeting as a meeting where the primary focus is to discuss and conduct regular, recurring TVA business. Meeting attendees may include both TVA employees and nonemployees. Examples of business meetings include "all-hands" or staff meetings; working lunches; team-building activities; and meetings with peers, clients, or vendors to discuss business.

Hospitality is defined as activities that provide current or prospective customers, official visitors, potential employees, and other stakeholders with goods or services designed to establish and maintain a positive and professional relationship. The presence of an external attendee does not automatically classify the event as hospitality. The main purpose of the activity determines the expense classification.

The Business Meetings and Hospitality policy states that all employees responsible for planning a business meeting or hospitality activity are to ensure that (1) the business need is justified; (2) the expense is reasonable, proper, and an efficient use of TVA resources; and (3) the cost is appropriate to the occasion or circumstance. It further states that all planning should be consistent with the need to maintain public confidence that TVA resources are used only for the benefit of the public that it serves.

In accordance with the Business Meetings and Hospitality Policy, TVA employees create expense vouchers in ERS and ensure the accuracy of expenses by describing the business reason for the meeting or hospitality activity in the expense voucher; reconciling (matching) all expenses to the appropriate expense voucher; allocating all expenses to correct account codes; and uploading all required, related documentation. In addition to ERS, business meeting and hospitality expenditures were also paid through miscellaneous vouchers and convenience checks.

Under the Business Meetings and Hospitality Policy, the supervisor/manager reviewing and authorizing expenses on behalf of TVA assumes joint responsibility

with the initiating employee for the integrity and validity of the expense. TVA supervisors and managers are responsible for:

- Reviewing and approving expense vouchers, verifying that (1) expenses are reasonable and in agreement with the policy, (2) expenses are allocated to correct account codes, and (3) back-up documentation such as receipts or signed contracts are attached to the expense voucher.
- Ensuring that requests for business meeting or hospitality expenses are reasonable within the organizations' approved budget, and in accordance with the guidelines of the policy.
- Informing employees of their responsibility to understand and comply with all aspects of the policy and TVA's Code of Conduct.
- Counseling employee(s) and taking necessary corrective action relative to any unreasonable or questionable expense.
- Denying approval for any expenses that are not reimbursable in accordance with the policy.

TVA is also subject to the Randolph-Sheppard Act (RSA). The RSA is a federal act that requires federal agencies/offices to utilize blind vendors for all on-site beverage, catering, food, and vending services. TVA-SPP-28.300, *Food Services* (Food Services Policy), outlines the regulatory requirements and TVA objectives for all Food Services. When a business meeting or hospitality event occurs on TVA sites and TVA funds are utilized to pay for the food provided, TVA is required to provide the on-site food service via the federal RSA blind vendor program. TVA is exempt from utilizing on-site RSA services if the on-site vendor waives rights to the specific service in advance.

In response to the Office of the Inspector General's audit of executive travel, TVA has strengthened policies regarding business meetings and hospitality and begun compliance reviews of expenses. In November 2019, TVA-SPP-13.063 was revised and renamed to *Business Meetings & External Relationship Events*. Revisions made to the policy included:

- Clarifying the definitions of business meetings and external relationship events.
- Restricting individuals from both entering and approving an expense voucher.
- Adding specific guidance on expense amounts for meals provided at business meetings or external relationship events.
- Clarifying alcohol may not be present at business meetings and requirements for providing alcohol for external relationship events.
- Adding a requirement for completion of a lost receipt form when an itemized receipt is not available.

Internal Control

The main internal control associated with business meeting and hospitality expenses is management review and approval of expenses. The Business Meetings and Hospitality Policy allows the assignment of an approval delegate. The accountability of the approval remains with the manager from whom the voucher approval was originally requested, regardless of who approved the voucher. The revised policy for business meetings and external relationship events contains consequences for noncompliance, which include canceling the employee's corporate card and seeking reimbursement.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine if expenditures reimbursed as business meetings and hospitality are in compliance with TVA-SPP-13.063, *Business Meetings & Hospitality* and any other applicable TVA guidance. Our audit scope included approximately \$6.5 million in business meeting and hospitality expenses occurring from October 1, 2018, through September 30, 2019. A complete discussion of our audit objective, scope, and methodology is included in Appendix A.

FINDINGS

Our audit found the approval process did not ensure expenses complied with the Business Meetings and Hospitality Policy. We also found a lack of guidance for compliance with the Food Services Policy. Additionally, we found the process for approving large meeting expenses and guidance for the classification of meeting-related expenses could be improved. The following provides a detailed discussion of our findings.

APPROVAL PROCESS DID NOT ENSURE EXPENSES COMPLIED WITH BUSINESS MEETINGS AND HOSPITALITY POLICY

As stated above, TVA relies upon supervisors and managers reviewing and approving expenses to ensure those expenses are reasonable and in accordance with TVA's policies. However, the approval process did not appear to be operating effectively. We found expenses were approved for (1) reimbursement and/or payment without the required information and supporting documentation included with the expense voucher, (2) questionable team-building expenditures, and (3) prohibited alcohol expenditures.

Lack of Documentation to Comply with Business Meetings and Hospitality Policy

We reviewed 296 expenses totaling \$1,587,147 associated with 151 business meetings and hospitality activities. We found 194 of the 296 expenses, or 66 percent, did not include the appropriate documentation and information with the expense voucher to comply with TVA policies. Specifically, we found expense documentation did not meet one or more of the following requirements of the Business Meetings and Hospitality Policy:

- Supporting documentation is to be uploaded in ERS including a list of TVA attendees and summary of external attendees and a description of activities. These were not present for 141 expenses totaling \$811,058.
- All expenses over \$75 require an itemized receipt uploaded in ERS. When an itemized receipt is not available, the receipt should contain notations on whether or not alcohol was provided and be signed by the hosting employee. Itemized receipts were not present and notations were not included for 64 expenses totaling \$531,617.
- Taxes should be removed at the point of sale. In instances where the tax-exempt status is not recognized, the cardholder should make a note of the attempt and save the information with the receipt in ERS. We found (1) taxes were not removed for 49 expenses totaling \$45,937; and (2) none of the 49 instances included documentation in ERS that the cardholder made an attempt to remove the taxes as required by policy.
- The appropriate expense voucher type should be selected in ERS (e.g., business meeting, hospitality, or other classification). The voucher type was incorrect for 27 expenses totaling \$282,532.
- The expense voucher is to clearly state the business purpose of the business meeting or hospitality activity. This was not present for 7 expenses totaling \$15,168.

Without the appropriate supporting documentation and information attached, supervisors and managers may not be able to determine if expenses are reasonable and in accordance with TVA policies as well as allocated to the correct account codes. As discussed in the report Background, TVA revised the Business Meetings and Hospitality Policy in November 2019. The revisions included additional documentation requirements as well as additional guidance for business meetings and external relationship events, previously hospitality. TVA also revised the annual training taken by all cardholders to reinforce the requirements for documentation and approval of expenses.

Team-Building Events Included Questionable Expenditures

The Business Meeting and Hospitality Policy included team-building events as an example of a business meeting. However, neither the policy in effect during the audit period nor the updated policy provided additional guidance on acceptable activities/expenditures for team-building events. The policy did state:

Any activity which, due to its nature, location, timing, participants, expense or other factors, would likely be perceived by a reasonable member of the public as an improper or inefficient use of TVA resources is not permitted. This may include but is not limited to: golf/country clubs, social clubs, individual memberships, corporate contributions, skyboxes, corporate suites, or similar type arrangements for sporting or other public events.

We noted some team-building events included expenditures that appear to fall within the activities the policy considers questionable. These events included golf, manicures and pedicures, bowling, a basketball game, and an evening reception in association with an all-employee meeting. Table 2 provides details for these events.

Questionable Business Meeting Expenditures			
Location	Total Cost	Attendees	Cost Per Person
Top Golf (includes charter bus expense)	\$11,280	75	\$150
Westin (evening reception)	24,519	200	123
Top Golf	2,360	20	118
The Nail Bar	571	6	95
Top Golf	2,030	23	88
Maple Hall Bowling Lanes	4,026	54	75
Sewanee Golf Club	539	11	49
Memphis Grizzlies (basketball game)	768	17	45
Kings Bowl* (bowling lanes)	4,359	--	--

* Documentation did not include attendee information.

Table 2

As identified by the policy, instances such as these may be perceived by a reasonable member of the public as an improper or inefficient use of TVA resources.

Expenses Included Prohibited Expenditures

We noted expenditures on alcohol that did not comply with the Business Meetings and Hospitality Policy. The policy stated TVA only allows alcoholic beverages while in a hospitality setting; otherwise they are prohibited. Alcoholic beverages may be provided by TVA as appropriate for the occasion, but are to be of a predetermined quantity and value. No “open bars”³ are permitted. Specifically, we noted:

- Two business meetings included purchases of alcohol. One of the expenses was classified as hospitality. However, we determined the expense should have been classified as a business meeting as all attendees were TVA employees.
- Nine hospitality events included purchases of alcohol that appear to be open bars. One of the expenses was classified as a business meeting. However, we determined the expense should have been classified as hospitality after discussing the nature of the event with the employee.

LACK OF GUIDANCE FOR COMPLIANCE WITH FOOD SERVICES POLICY

The Food Services Policy requires all TVA organizations and employees to use the applicable on-site RSA vendor when TVA funds are used to pay for services for an on-site meeting. The on-site vendor may waive their right to catering in advance. However, the Food Services Policy does not include documentation requirements for an RSA vendor’s waiver of catering rights (e.g., inclusion of waivers with expense documentation). Additionally, neither the Business Meetings and Hospitality Policy in

³ We defined open bar as a bar at a reception that serves drinks whose cost are borne by the host.

effect during the audit period nor the updated policy clearly refer to the RSA vendor catering requirements of the Food Services Policy.

We reviewed 19 expenses for on-site business meetings where food was purchased from outside vendors. We found catering waivers were not obtained as required for 12 of the 19 expenses. For 2 additional expenses, a catering waiver was not included with expense documentation but was provided upon request. Responses from TVA employees indicated they may not be aware or understand the requirements for obtaining/documenting a catering waiver in advance.

Each state administers the RSA program and maintains governance over the RSA vendors. Disputes and enforcement are typically handled through arbitration. Noncompliance could result in arbitration between TVA and the respective state. Clarifying requirements in both policies as well as communicating these requirements to all employees would help ensure TVA is complying with the RSA.

APPROVAL PROCESS FOR LARGE MEETING EXPENSES COULD BE IMPROVED

The Business Meetings and Hospitality Policy requires expenses be placed on the corporate card of the highest ranking TVA official hosting the activity. However, for large events that require more extensive planning and coordination, it may not be practical or possible for the highest ranking TVA official hosting the activity to charge the expenses to his/her corporate card.

For example, we found expenses incurred by TVA's Communications business unit that were for other TVA business units. TVA's Communications business unit has staff who may assist with planning events. When Communications staff are involved, the expenses are usually placed on their corporate cards. While the expenses are allocated to the business units responsible for the events, the expense approval occurs within Communications instead of the responsible business unit. We also noted large events that were planned/expensed by administrative assistants and appear to have been approved by personnel hosting the event.

When an expense cannot be placed on the corporate card of the highest ranking TVA official hosting the activity, the expense should be reviewed and approved by the appropriate level of management.

GUIDANCE FOR MEETING-RELATED EXPENSES COULD BE IMPROVED

Business meetings and hospitality events sometimes include related expenses such as:

- Gifts and gift cards given to employees in association with business meetings.
- Decorations for events.

- Supplies purchased for events that could potentially be used again.

We noted related expenses may be classified as (1) a business meeting or hospitality expense, (2) materials and supplies, or (3) another expense classification, but there are inconsistencies on how expenses are classified. For example, we noted one business meeting where office supplies, gift basket fillers, and flashlights given as gifts were all classified as business meeting expenses. However, in another business meeting, decorations were classified as materials and supplies, nametags and office supplies were classified as office supplies, and gift cards and backpacks given to employees as gifts were classified as employee appreciation.

Neither the Business Meetings and Hospitality Policy in effect during the audit period nor the updated policy provide clear guidance on the classification of these types of related expenses. Providing additional guidance would help ensure expenditures are consistently classified.

RECOMMENDATIONS

We recommend the Vice President and Controller, Corporate Accounting:

1. Develop guidance clarifying acceptable expenditures for team-building events.

TVA Management's Comments – TVA management agreed with the recommendation and stated Disbursement Services will clarify the policy regarding expenditures for teambuilding events.

2. Update TVA-SPP-13.063, *Business Meetings & External Relationship Events*, to include:
 - a. Guidance on classification for expenses related to events (e.g., supplies, employee gifts, decorations).
 - b. Requirements for compliance with the RSA and TVA-SPP-28.300, *Food Services*, when meetings or events are held onsite.

TVA Management's Comments – TVA management agreed with the recommendation and stated Disbursement Services will clarify the policy to provide guidance for expenses related to events and compliance with RSA and TVA-SPP-28.300, *Food Services*, when meetings are held onsite.

3. Develop guidance to ensure the appropriate level of approval for expenses when it is not practical or possible for the highest ranking TVA official hosting the event to charge the expenses to his/her TVA corporate card.

TVA Management's Comments – TVA management agreed with the recommendation and stated Disbursement Services will clarify the policy regarding the appropriate level of approval when it is not practical or possible for the highest ranking TVA official to charge expenses to their Corporate Card.

We recommend the Vice President and Controller, Corporate Accounting, in conjunction with the Director, Facilities Management:

4. Reinforce the requirements for compliance with the RSA and TVA-SPP-28.300, *Food Services*, through training and/or communications to all employees hosting business meetings and external relationship events.

TVA Management's Comments – TVA management agreed with the recommendation and stated Facilities Management will reinforce the requirements for compliance with RSA in TVA-SPP-28.300, *Food Services* through communications with Executive Administrative Assistants.

5. Update TVA-SPP-28.300, *Food Services*, to include documentation retention requirements for waivers obtained from RSA vendors and a requirement to conduct periodic audits for compliance with the RSA and TVA-SPP-28.300, *Food Services*.

TVA Management's Comments – TVA management agreed with the recommendation and stated Facilities Management will update TVA-SPP-28.300, *Food Services*, to include documentation and retention requirements for waivers and conduct periodic audits.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to determine if expenditures reimbursed as business meetings and hospitality are in compliance with Tennessee Valley Authority (TVA) Standard Programs and Processes (SPP) 13.063, *Business Meetings & Hospitality*, and any other applicable TVA guidance. The audit scope included approximately \$6.5 million in business meeting and hospitality expenses occurring from October 1, 2018, through September 30, 2019. To achieve our objective we:

- Reviewed TVA-SPP-13.063, *Business Meetings & Hospitality*, and TVA-SPP-28.300, *Food Services*, to identify key requirements applicable to business meeting and hospitality expenses.
- Obtained Expense Reimbursement System, Integrated Credit Card Solutions, and Maximo¹ data for business meeting and hospitality expenses incurred during the audit period and performed data analysis to assess the reliability of the data.
- Obtained an understanding of internal controls associated with business meeting and hospitality expenditures and corporate card charges. We identified the significant internal control as management review and approval of expenses and designed our testing to ensure this control was tested. Our primary method for testing the operating effectiveness of this control was reviewing approved expenses for compliance with applicable policies and procedures.
- Performed data analysis to identify instances where business meetings and hospitality expenses may not have complied with TVA policies.
- Selected the judgmental samples and related expenses shown in Table 1 of business meeting and hospitality expenses. We reviewed supporting documentation to test compliance with key requirements of the Business Meetings and Hospitality Policy and Food Services Policy. Since these were judgmental samples, the results cannot be projected to the population.

Category	Population		Sampled	
	<u>Amount</u>	<u>Items</u>	<u>Amount</u>	<u>Items</u>
Business Meetings	\$5,205,176	15,019	\$883,307	147
Hospitality	1,260,964	1,622	703,840	149
Totals	\$6,466,140	16,641	\$1,587,147	296

Table 1

The expenses were selected based on the following:

- Expense amount.
- Total spending by employee/vendor/department.
- Frequency of expenses with vendors.

¹ TVA's Supply Chain, Asset Management and Performance group, manages the supplier maintenance process and maintains vendor records electronically in the Maximo system.

- Expenses made by employees who also had meeting-room reservations onsite during lunch hours without on-site catering.
- Vendor names or comments included with the expense voucher that may indicate an expense which, due to its nature, location, timing, participants, or other factors, would likely be perceived by a reasonable member of the public as an improper or inefficient use of TVA resources.
- Interviewed cardholders and approving supervisors and requested/reviewed additional supporting documentation for business meeting and hospitality expenses to determine compliance with TVA policies.

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

September 15, 2020

David P. Wheeler, WT 2C-K

RESPONSE TO REQUEST FOR COMMENTS - DRAFT AUDIT 2020-15691 - BUSINESS
MEETINGS & HOSPITALITY

Our response to your August 25, 2020, request for comments regarding the subject draft report is attached.

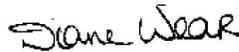
TVA takes very seriously its commitment to be good stewards of resources. As such, TVA appreciates the Office of Inspector General helping us identify areas where we can improve our processes, procedures, and training. We are committed to a culture of continuous improvement at TVA and this is another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

In response to previous audits, TVA has implemented additional training, policy updates, and have implemented a compliance function to test expenses going forward.

In response to this audit, TVA's planned actions will be coordinated with Facilities Management and Disbursement Services. We have concluded from our review of the recommendations that there are opportunities for improvement in the following areas:

- Policy clarification and guidance
- Additional training and communication
- Documentation retention and requirements

We would like to thank Stephanie Simmons, Rick Underwood, and you for the professionalism and cooperation in conducting this audit. If you have any questions please contact me at (865) 368-2297.



Diane Wear
Vice President & Controller
Financial Services



Lisa McKinney
Director, Facilities Management
Generation Projects & Fleet Services

DTW:STB
Attachment

cc (Attachment):

Robert M. Deacy, Sr.
Janet D. Jones
Ronald R. Sanders II

John M. Thomas III
Sherry Q. Quirk
OIG File No. 2020-15691

ATTACHMENT
RESPONSE TO REQUEST FOR COMMENTS
DRAFT AUDIT 2020-15691 - BUSINESS MEETINGS AND HOSPITALITY
PAGE 1

OIG RECOMMENDATION	TVA PLANNED ACTIONS	TVA COMMENTS
(1) Develop guidance clarifying acceptable expenditures for team-building events.	Disbursement Services will clarify the policy regarding expenditures for team-building events.	TVA Management agrees with this recommendation.
(2) Update TVA-SPP-13.063, <i>Business Meetings & External Relationship Events</i> , to include: a. Guidance on classification for expenses related to events (e.g., supplies, employee gifts, decorations). b. Requirements for compliance with the RSA and TVA-SPP-28.300, <i>Food Services</i> , when meetings or events are held onsite.	Disbursement Services will clarify the policy to provide guidance for expenses related to events and compliance with RSA and TVA-SPP-28.300, <i>Food Services</i> , when meetings are held onsite.	TVA Management agrees with this recommendation.
(3) Develop guidance to ensure the appropriate level of approval for expenses when it is not practical or possible for the highest ranking TVA official hosting the event to charge the expenses to his/her TVA corporate card.	Disbursement Services will clarify the policy regarding the appropriate level of approval when it is not practical or possible for the highest ranking TVA official to charge expenses to their Corporate Card.	TVA Management agrees with this recommendation.
(4) Reinforce the requirements for compliance with the RSA and TVA-SPP-28.300 <i>Food Services</i> , through training and/or communications to all employees hosting business meetings and external relationship events.	Facilities Management will reinforce the requirements for compliance with RSA in TVA-SPP, 28.300, <i>Food Services</i> through communications with Executive Administrative Assistants.	TVA Management agrees with this recommendation.
(5) Update TVA-SPP-28.300, <i>Food Services</i> , to include documentation retention requirements for waivers obtained from RSA vendors and a requirement to conduct periodic audits for compliance with the RSA and TVA-SPP-28.300 <i>Food Services</i> .	Facilities Management will update TVA-SPP, 28.300, <i>Food Services</i> , to include documentation and retention requirements for waivers and conduct periodic audits.	TVA Management agrees with this recommendation.