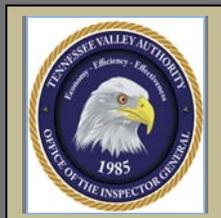
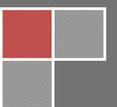


2011

# Strategic Plan



**OFFICE OF THE INSPECTOR GENERAL  
TENNESSEE VALLEY AUTHORITY**



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# INTRODUCTION

The Tennessee Valley Authority (TVA) mission is to improve the quality of life in the Tennessee River Valley region by: (1) supplying reliable, affordable electricity to the region; (2) managing the natural resources of the Valley for the benefit of the region and the Nation; and (3) serving as a catalyst for sustainable economic development. TVA faces numerous risks and challenges to its mission from internal as well as external forces. The Office of the Inspector General (OIG) supports TVA in addressing its challenges and meeting its goals through a comprehensive audit and inspection program and an investigative operation designed to focus on those areas of higher risk and strategic importance to the future of TVA. The OIG's mission complements that of TVA to promote excellence in TVA's operations through the conduct of audits, inspections, investigations, and advisory services designed to promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and abuse.

The OIG Audits and Inspections organizations focus on TVA's systems of control over financial reporting, operations, and compliance. This includes aspects of information technology systems and controls in place at the distributors of TVA power. To stay apprised of TVA activities that identify risk and to provide timely feedback to management, the OIG participates in an advisory role on some key management committees, including the: (1) Enterprise Risk Management Committee; (2) Disclosure Control Committee; (3) Finance, Rates, and Strategy Committee; and the (4) Sarbanes-Oxley Steering Committee.

In addition to the OIG's Audits and Inspections organizations, our Investigations operation responds to allegations of fraud, waste, and abuse and engages in proactive initiatives designed to promote fraud awareness.

The OIG will continue to monitor areas of higher risk and provide feedback to TVA management through its reports and other services to assure the challenges and risks that are critical to TVA achieving its mission are appropriately addressed.

## MAJOR PROGRAM INITIATIVES

### **Audits and Inspections**

- **Financial Reporting Internal Controls.** Our efforts will focus on ensuring that adequate internal controls are in place and working effectively to provide accuracy and transparency in the financial reporting process. We will continue to support TVA's efforts to comply with the requirements of the Sarbanes-Oxley Act. Additionally, we will provide technical oversight of the work of TVA's external auditor.
- **Computer Security and System Controls.** The OIG will continue to provide audit coverage of TVA's information technology systems to ensure they are secure and that adequate application and general controls are in place and working effectively.
- **Contract Compliance and Preward Audits.** The OIG works closely with TVA's Procurement organization to identify cost savings by conducting contract compliance and preward audits. Historically, our contract audit efforts have identified an average annual savings of about \$6 million. We will continue to devote a significant amount of our audit resources to the audit of high risk contracts.
- **Distributor Reviews.** TVA sells wholesale power to 159 power distributors. Additionally, TVA has the responsibility to serve as the regulator for these distributors. This basis for TVA's relationship with the distributors is defined by the power contracts. Our reviews will assess compliance with key provisions in these contracts.

- **Economy and Efficiency Reviews.** Audits and Inspections of TVA operations are identified by (1) annual project planning and risk assessing our audit universe, (2) requests from OIG management and stakeholders, and (3) internally developed issue areas. We will continue to conduct operational reviews that may include policy/procedure compliance, evaluations of operational efficiency, and other special reviews and assessments as deemed necessary.
- **Enterprisewide Risks.** High risk areas will be audited to evaluate the adequacy of mitigation efforts.

## Investigations

Investigative initiatives are our means of proactively searching for fraud. These initiatives, however, are subject to agent priorities in responding to allegations of wrongdoing and management requests for investigations. We will continue to place the highest priority on responding timely to the issues presented to the Inspector General (IG). This year we will be advancing the following initiatives.

- **Reaching Out to TVA Employees.** We will continue to reach out to and communicate with TVA employees by expanding our efforts to publicize Empowerline and the OIG. This initiative, which will encompass the IG effort to improve the understanding of the OIG office, its independence, mission, and relationship with TVA employees, will include plant visits, an OIG newsletter, posters throughout TVA, a rewards program, and other publicity as appropriate. This effort should not only develop new issues to investigate but also build trust in a confidential partnership between the TVA workforce and the OIG, creating an environment for reporting more major cases.
- **Fraud Risk Assessments.** This initiative continues to be our primary tool for working closely with TVA process owners to identify fraud risks while building relationships with a greater spectrum of the TVA workforce.
- **Empowering Agents with Effective Computer Tools.** We are adopting a new case management system, PROLAW, which will improve the ease of creating, storing and sharing documents and files, and facilitate document management and supervisory review to improve management of our cases and agent assets.
- **Partnering with Vendors to find Fraud, Waste, and Abuse.** In an effort to convince contractors to report their own procurement fraud, we will initiate a program involving new contract language and meetings with contractor compliance officers to develop an aggressive, proactive, and mutually supportive antifraud strategy that is pursued jointly with TVA contractors.
- **Teamwork with Auditors.** Investigators will more closely work with auditors in team and one-on-one settings to follow up on audit leads and other potential fraud issues.
- **Data Analysis.** We will expand our current activities to identify fraudulent Workers' Compensation cases and scrutinize the procurement processes, to include identifying vendors and transactions which merit investigation.

## **RESPONSIBILITIES AND LEADERSHIP PHILOSOPHY**

In accordance with the IG Act of 1978, federal OIGs are independent and objective organizations charged with the following responsibilities:

- Conduct, supervise, and coordinate audits and investigations relating to the programs and operations of TVA.
- Review existing and proposed legislation and regulations to make recommendations concerning the impact of such legislation and regulations on economy and efficiency or the prevention and detection of fraud, waste, and abuse.
- Provide leadership for activities designed to promote economy, efficiency, and effectiveness, and to promote efforts to reduce fraud, waste, and abuse in TVA's programs and operations.
- Coordinate relationships between TVA and other federal agencies, state and local government agencies, and nongovernment agencies to promote economy and efficiency; to prevent and detect fraud, waste, and abuse; or to identify and seek prosecution of participants engaged in fraud or abuse.
- Inform TVA's Board of Directors of problems in TVA's programs and operations and the necessity for and progress of corrective actions.
- Report to the Attorney General whenever the IG has reasonable grounds to believe there has been a violation of federal criminal law.

In addition to audits and investigations referenced above, the OIG may conduct, supervise, and coordinate inspections and evaluations, and other reviews related to the programs and operations of TVA. To carry out these responsibilities, the OIG has adopted the following mission, leadership philosophy, and core values:

### **Leadership Philosophy**

The TVA OIG strives to be a high performing organization made up of dedicated individuals who are empowered, motivated, competent, and committed to producing high quality work that improves TVA and life in the Valley. Each of us has important leadership, management, team, and technical roles. We value integrity, people, open communication, expansion of knowledge and skills, creative problem solving, and collaborative decision making.

## **STRATEGIC PLAN**

### **Vision**

To be a highly effective organization that promotes positive change by identifying opportunities for improvements in the performance and efficiency of TVA's programs and operations.

### **Mission**

Promote excellence in TVA's operations through the conduct of investigations, audits, inspections, and advisory services designed to promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and abuse.

## STRATEGIC GOALS & OBJECTIVES

PERFORMANCE	STAKEHOLDER	WORKFORCE	CORE VALUES
Perform timely reviews that address stakeholder concerns and areas of highest risk	Communicate effectively with stakeholders and deliver services that meet their needs	Cultivate and retain a highly skilled, productive, and fully engaged workforce	
<ul style="list-style-type: none"> <li>▪ Focus efforts on areas of highest impact and risk</li> <li>▪ Ensure processes are efficient and effective</li> <li>▪ Stay abreast of emerging issues and industry trends</li> <li>▪ Stay abreast of stakeholder concerns</li> <li>▪ Produce work that is timely, relevant, and of high quality</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve stakeholder awareness of OIG</li> <li>▪ Ensure stakeholders are kept informed</li> <li>▪ Ensure stakeholders have an opportunity to provide input in the annual audit planning process and each individual review, as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hire and retain a well qualified workforce</li> <li>▪ Maintain competitive pay and reward programs that allow for rewarding team and individual contributors</li> <li>▪ Develop leadership, team and technical skills for each employee</li> <li>▪ Ensure accountability in individual performance</li> <li>▪ Promote effective communications within OIG</li> <li>▪ Performance</li> <li>▪ Implement cultural improvement initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Independence</li> <li>▪ Integrity</li> <li>▪ Innovation</li> <li>▪ Initiative</li> <li>▪ Results</li> <li>▪ Teamwork</li> <li>▪ Communication</li> <li>▪ Respect for Individual</li> <li>▪ Quality</li> <li>▪ Leadership</li> </ul>

## PERFORMANCE MEASURES

<p style="text-align: center;"><b>RESULTS</b></p> <p style="text-align: center;"><b>Weight = 30%</b></p> <p style="text-align: center;">(Measures the impact of work by assigning a 1 to 5 ranking based on defined criteria)</p>	<p><b>TARGET:</b> 2.40</p>	<p><b>MID:</b> 2.81</p>	<p><b>STRETCH:</b> 3.20</p>
<p style="text-align: center;"><b>HIGH IMPACT PROJECTS</b></p> <p style="text-align: center;"><b>Weight = 40%</b></p> <p style="text-align: center;">(Measures number of projects meeting the criteria established for high impact)</p>	<p><b>TARGET:</b> 32</p>	<p><b>MID:</b> 47</p>	<p><b>STRETCH:</b> 60</p>
<p style="text-align: center;"><b>PROGRAM IMPROVEMENT</b></p> <p style="text-align: center;"><b>Weight = 30%</b></p> <p style="text-align: center;">(Percent of projects completed resulting in a program improvement)</p>	<p><b>TARGET:</b> 45</p>	<p><b>MID:</b> 65</p>	<p><b>STRETCH:</b> 85</p>

## WORKFORCE AND STAKEHOLDER

<p><b>TRAINING</b></p> <p>Goal: 80%</p>	<p>Percent of staff that attend 16 hours of technical training and 16 hours of leadership training</p>
<p><b>COMMUNICATIONS</b></p> <p>Goal: 24 Publications</p>	<p>Increase the communications internally and externally regarding the work that our employees do as well as noteworthy employee accomplishments (CPAs, MBAs, etc.)</p>
<p><b>STAKEHOLDER</b></p> <p>25% of Audits/ Inspections started</p>	<p>Increase number of stakeholder requests</p>
<p><b>CULTURE</b></p>	<ul style="list-style-type: none"> <li>▪ Complete crucial conversations training for 100% of employees</li> <li>▪ Implement an effective cultural assessment tool and target areas for improvement</li> <li>▪ Increase number of collaborative projects</li> <li>▪ Complete at least 10 significant process improvements identified by staff</li> </ul>