



Office of the Inspector General

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

Richard W. Moore
Inspector General

November 15, 2013

The Honorable Neil G. McBride
Tennessee Valley Authority Board of Directors
c/o Legal Aid Society of Middle Tennessee
and the Cumberlands
226B Broadway
Oak Ridge, Tennessee 37830

Dear Mr. McBride:

**2013-14942 – MONITORING OF ERNST & YOUNG LLP'S AUDIT OF THE TENNESSEE VALLEY
AUTHORITY FISCAL YEAR 2013 FINANCIAL STATEMENTS**

The Tennessee Valley Authority (TVA) contracted with the independent public accounting firm of Ernst & Young LLP to audit the consolidated balance sheet as of September 30, 2013, and the related consolidated statements of operations, comprehensive income (loss), changes in proprietary capital, and cash flows for the year then ended. In addition, the contract called for the review of TVA's fiscal year 2013 interim financial information filed on Form 10-Q with the Securities and Exchange Commission. The contract required the work be performed in accordance with generally accepted *Government Auditing Standards*.

Under the Inspector General Act, the Inspector General (IG) is responsible for taking appropriate steps to assure that any work performed by nonfederal auditors, including Ernst & Young, complies with generally accepted government auditing standards. The Chief Financial Officers Act also places responsibilities on the IG regarding TVA's annual financial statement audit. In keeping with these statutory responsibilities, my office reviewed Ernst & Young's reports and related audit documentation, interviewed its representatives, and performed such other procedures as deemed appropriate in the circumstances to provide reasonable assurance the work was performed in accordance with generally accepted *Government Auditing Standards*.

The objective of our review was not intended to enable us to express, and we do not express, an opinion on TVA's financial statements or on management's conclusions about the effectiveness of its system of internal control. Ernst & Young is responsible for the auditor's reports dated November 15, 2013, and the conclusions expressed in those reports. However, our review disclosed no instances where Ernst & Young did not comply, in all material respects, with generally accepted *Government Auditing Standards*.

We performed this attestation engagement in accordance with generally accepted *Government Auditing Standards*.

Very truly yours,

Richard W. Moore

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cc: The Honorable V. Lynn Evans
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The Honorable Joe H. Ritch
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