



**Memorandum from the Office of the Inspector General**

August 15, 2016

Diane T. Wear, WT 4B-K

**FINAL REPORT – EVALUATION 2016-15422 – ORGANIZATIONAL EFFECTIVENESS  
FOLLOW-UP – CORPORATE ACCOUNTING**

The Office of the Inspector General (OIG) previously conducted a review of Corporate Accounting<sup>1</sup> to identify operational and cultural strengths and areas for improvement that could impact Corporate Accounting's organizational effectiveness. Our final report identified several operational and cultural areas for improvement, along with recommendations for addressing those issues. In response, we received Corporate Accounting's management decision on January 4, 2016. The objective of this follow-up review was to assess management's actions to address areas for improvement from our initial organizational effectiveness review.

In summary, we determined the actions taken or planned by Corporate Accounting appear to address the areas for improvement identified during our initial organizational effectiveness review. In addition, employees felt management's actions to date had resulted in positive change.

**BACKGROUND**

Corporate Accounting provides financial services to TVA in the areas of (1) Accounting Reporting and Research, which includes Accounting Policy and Research, External Reporting, and Fuel Accounting; (2) Disbursement Services, which includes Payment Services and Payroll Operations; (3) Revenue; and (4) Sarbanes-Oxley. In our previous organizational effectiveness review of Corporate Accounting, we identified several operational and cultural areas for improvement, along with recommendations for addressing those issues. Specifically, we recommended the Vice President and Controller, Corporate Accounting:

1. Leverage the existing trust and respect of the management team from employees to take actions that address and resolve the issues identified in connection with the evaluation, which are capable of resolution at the Corporate Accounting level.
2. Continue to utilize existing methods for obtaining employee feedback and develop an ongoing effective resolution process with employee and management involvement that includes (a) methods to resolve issues, (b) transparency in tracking and reporting on feedback and resolutions, and (c) transparency to employees of rationales for selecting a particular solution.

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<sup>1</sup> Evaluation Report 2015-15313, Corporate Accounting Organizational Effectiveness, November 5, 2015.

In response, Corporate Accounting provided its management decision on January 4, 2016. This report covers our review of Corporate Accounting’s actions taken to address areas for improvement from our initial organizational effectiveness review. Please see the Observations section on the following page for a detailed discussion of the areas for improvement previously identified and management’s actions.

**OBJECTIVE, SCOPE, AND METHODOLOGY**

Our objective was to assess management’s actions to address areas for improvement from our initial organizational effectiveness review. To achieve our objective, we:

- Reviewed Evaluation 2015-15313 to determine the issues previously identified.
- Obtained and reviewed Corporate Accounting’s management decision in order to identify planned actions.
- Developed questions for management and employees designed to obtain information and perspectives on Corporate Accounting’s planned actions.
- Interviewed the Vice President and Controller, her direct reports, and other supervisory/management-level Corporate Accounting employees.
- Interviewed a judgmental sample of 16 employees. The employees were selected based on observations, previous interview responses, and/or their department.

This review was performed in accordance with the Council of the Inspectors General for Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

**OBSERVATIONS**

Overall, Corporate Accounting’s employees and management reported better communication and an increased willingness to hear employees’ concerns. See Figure 1 for our observations regarding management’s actions.

**FIGURE 1: MANAGEMENT’S ACTIONS AND OUR OBSERVATIONS**

Opportunities for Improvement	Management’s Actions	OIG’s Observations
Missing and Misaligned Performance Measures for Core Services	Management stated no additional measures were warranted.	Management stated they reviewed the performance measures, including: (1) whether existing measures or feedback mechanisms, internal or external, were already in place; (2) the level of effort required to maintain measurements; and (3) the business impacts of the activity measured. Therefore, performance measures were determined to be adequate. Based on their response, we deemed no further work was necessary.

Opportunities for Improvement	Management's Actions	OIG's Observations
Not Formally Soliciting Customer Feedback	Management stated they would encourage the use of multi-rater <sup>2</sup> feedback from outside the organization during performance reviews.	Some managers and employees reported they had just sent the multi-rater feedback out for the first time and would see how it works. However, most reported it had not been used. There were some concerns expressed regarding the functionality for customer use.
Differing Management and Employee Perspectives Around Adequacy of Staffing Resources	Management stated they would continue to encourage all-hands and skip level <sup>3</sup> meetings, identify opportunities to narrow the focus to the highest value services, and identify process improvements to save labor time. In addition, specific to the Fuel Accounting department, management stated they would develop knowledge-retention documentation for each position to cross-train employees.	<p>According to management and employees, all-hands and skip level meetings were encouraged. Corporate Accounting has had two all-hands meetings since our review, one in December 2015 and one in May 2016. Skip level meetings were held most months. In addition, some managers and employees spoke of realigned workloads, less inefficiencies, and extra support, such as consultants or contractors.</p> <p>However, we still identified some concerns around the adequacy of staffing. Some managers said they were aware of the concerns and were working toward a solution (e.g., vacancies in Revenue and External Reporting were in the process of being filled).</p> <p>As for the knowledge-retention documentation in Fuel Accounting, the documentation was developed and in the process of being tested. Other groups, such as Accounting Policy and Research, said they were focusing on creating knowledge-retention documentation to deal with transitions.</p>
Minimal Actions to Address Prior Cultural Survey Results	Management stated they would work to understand the newest survey data and share the results, listen to feedback, decide on actions, implement actions, and communicate actions, if applicable. Management also stated they intended to follow the process through with all-hands and manager-employee meetings.	According to management and employees, the results of the 2015 TVA Engagement Survey were shared. Management conducted focus group sessions and staff meetings to discuss the results, solicit feedback, and implement actions if warranted. Most employees said their feedback on the results was requested. Furthermore, most respondents felt like actions were implemented as a result of the survey.

<sup>2</sup> The multi-rater evaluation is a feature of the year-end review document. The multi-rater evaluation allows for managers to gain additional feedback about their employees' performance throughout the year.

<sup>3</sup> Skip level meetings are one-on-one meetings held between the Controller and the management level below her direct reports.

Opportunities for Improvement	Management's Actions	OIG's Observations
Perceived Unfairness in Hiring and Promotion Practices	Management stated they would offer a career management workshop. In addition, related to open positions, management stated they would (1) encourage all supervisors to offer a debrief session with applicants who were not selected and (2) e-mail postings for Corporate Accounting's specific opportunities.	According to management, the career management workshop was put on hold because of a new initiative. Financial Services is in the process of creating <i>Financial Services University</i> that, according to management, will house information about jobs and careers in Financial Services and include career maps showing the competencies and skills needed for each position.  We looked at the postings filled in Corporate Accounting since our initial review and determined there were no applicable opportunities for debrief sessions. Finally, we confirmed job postings in Financial Services are being e-mailed to Corporate Accounting employees, which employees said has been helpful.
Lack of Cohesion Among Corporate Accounting Departments	Management stated they would encourage the use of other opportunities for team building such as cross-functional teams, off-site experiences, and job shadowing.	Most employees said their departments were hosting team building activities outside of regular staff meetings. Some managers and employees even mentioned cross-group opportunities and the inclusion of customers in off-site activities. In addition, management stated they have offered job-shadowing opportunities to help cover temporary peak times.
Employee Relationship Issues With Two Managers	Management stated the issue was addressed.	Most employees said relationships with the two managers had improved; however, there were still some areas of concern, which were discussed with the Controller.
Perceived Negative Impacts of Reorganizations and Recent Cost-Cutting Measures	Management stated they would continue to encourage the use of all-hands and skip level employee meetings as communication tools to help managers address the need for reorganizations and cost-cutting measures by explaining the competitive situation that creates the cost pressures and communicating what is important to the business so that work is focused in the highest value areas.	Most employees said their concerns regarding reorganizations and cost-cutting measures were alleviated.

The actions taken or planned by Corporate Accounting management appear to address the areas for improvement identified during our initial organizational effectiveness review. In addition, employees felt management's actions to date had resulted in positive change, especially the focus group sessions which provide an outlet for employees to voice concerns. Continued management focus on employee concerns, as they arise, will help maximize the organizational effectiveness of Corporate Accounting.

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This report is for your review and information. No response to this report is necessary. Information contained in this report may be subject to public disclosure. Please advise us of any sensitive information that you recommend be withheld.

If you have any questions or need additional information, please contact J. Lauren Pionke, Senior Auditor, at (865) 633-7381 or Lisa H. Hammer, Director, Evaluations – Organizational Effectiveness, at (865) 633-7342. We appreciate the courtesy and cooperation received from your staff during the review.



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