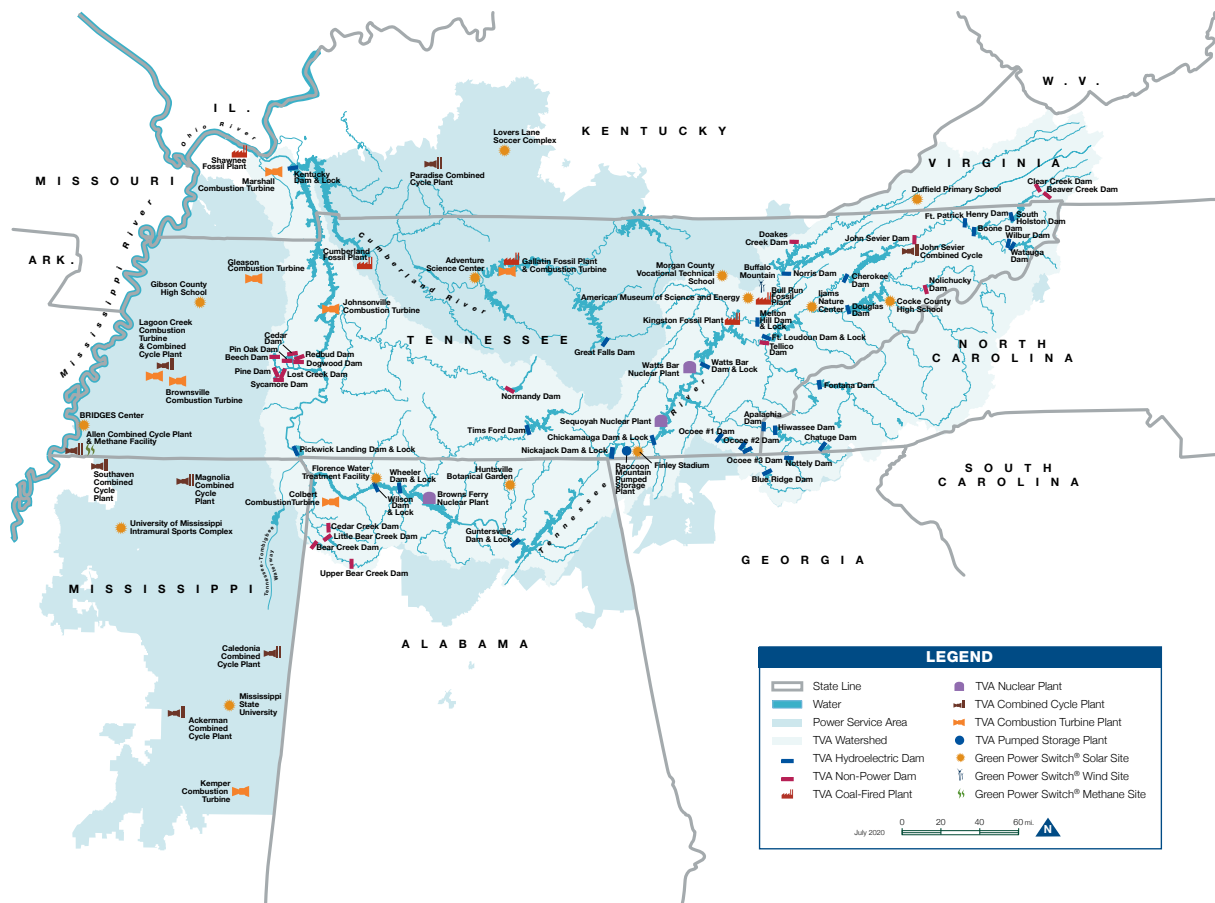
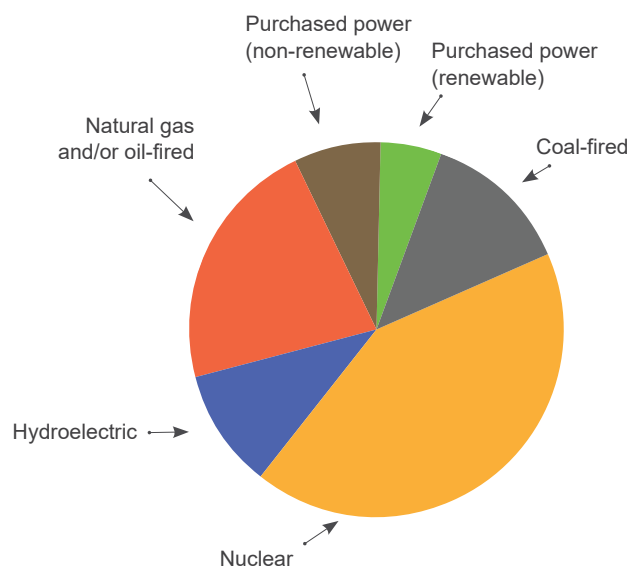




Office of the Inspector General
TENNESSEE VALLEY AUTHORITY
Semiannual Report
April 1, 2020 - September 30, 2020



Power Supply from TVA-Operated Generation Facilities and Purchased Power Twelve Months Ended September 30, 2020¹ (in millions of kilowatt hours)



- Coal-fired - 19,825
- Nuclear - 64,832
- Hydroelectric - 16,003
- Natural gas and/or oil-fired - 33,635
- Purchased power (non-renewable) - 11,592
- Purchased power (renewable) - 7,934

¹ For additional detail, see TVA's 10-K for the period ended September 30, 2020.

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MESSAGE FROM THE DEPUTY INSPECTOR GENERAL



I am pleased to present our report for the period April 1, 2020, to September 30, 2020. October 18, 2020, marks 35 years since the creation of the Tennessee Valley Authority (TVA) Office of the Inspector General (OIG). Our feature, "Making TVA Better for 35 Years," takes a look back at the evolution of our office and how we help TVA save or recover money, reduce risks, improve operations, and provide a deterrent to fraud. We approach our work with the purpose of making TVA better every day—a purpose that we share with the TVA Board of Directors (Board), management, and employees.

The Tennessee Valley, our country, and the entire world have faced a unique challenge during this period as a result of the global pandemic. Our dedicated and professional staff made adjustments to how we perform our work so that we could continue delivering results for the people of the Tennessee Valley. In this semiannual period, our audit, evaluation, and investigative activities identified more than \$32.8 million in questioned costs, funds put to better use, and recoveries and opportunities for TVA to improve its programs and operations. Below are highlights of our work this period.

- Six contract preaward examinations identified more than \$21.9 million of potential savings opportunities for TVA to negotiate.
- Five contract compliance audits identified potential overbillings of almost \$10.9 million and ways to improve contract administration.
- An audit determined TVA's process for managing heavy equipment provided to contractors was not effective.
- Organizational effectiveness evaluations in seven TVA business units identified behavioral and operational factors that could impact achieving their mission.
- Evaluations of TVA's arc flash procedures in Power Operations and Nuclear identified some requirements that were not being performed and improvement areas in personal protective equipment management practices and arc flash training.
- An evaluation found TVA's implementation of the grid access charge was revenue neutral as intended.
- In evaluations of overtime at coal and gas plants, we determined TVA may not be accurately capturing the effects of fatigue for individuals working significant overtime.
- Information technology (IT) audits identified improvement opportunities in TVA's (1) backup verification of mission essential data, (2) insider threat program, and (3) management of Mac[®] desktops and laptops.
- An audit of TVA's *Business Meetings and Hospitality* program identified improvement opportunities in (1) the approval process to ensure compliance with the *Business Meetings and Hospitality* policy and (2) guidance for compliance with TVA's *Food Services* policy and the classification of meeting-related expenses.



- Investigative results included three criminal Informations filed, one conviction, two administrative cases involving inappropriate use/receipt of TVA funds, and the conclusion of a Hatch Act matter.

Our Inspector General (IG) position has been vacant since September 2017 when Richard W. Moore resigned to become the United States (U.S.) Attorney for the Southern District of Alabama. On April 6, 2020, President Donald Trump nominated Katherine A. Crytzer to be the next TVA IG, but on September 22, 2020, the nomination was withdrawn when the President instead decided to nominate her for a position as a U.S. District Judge.

During this semiannual period, two members of the TVA Board departed. OIG staff had the opportunity to work closely with both Chair James “Skip” Thompson and Director Richard Howorth, who also previously served as Chair. We wish to recognize their service and note appreciatively that both always demonstrated the willingness to listen, exchange ideas, and act on OIG recommendations.

Finally, I again want to recognize the perseverance and dedication of our staff, which allowed us to achieve these excellent results while facing unparalleled circumstances. While we can anticipate continuing external challenges in the months ahead, we will remain committed to continuing our work and taking all necessary precautions to protect our staff. I am confident that as we begin our 36th year, we will maintain that focus on helping the TVA Board, TVA management, and employees mitigate risks to TVA’s mission and better serve the people of the Tennessee Valley.


Jill M. Matthews

Deputy Inspector General Performing the
Duties of the Inspector General

SPECIAL FEATURE



35 YEARS OF MAKING TVA BETTER

October 18, 2020, marks 35 years since the creation of the TVA OIG. Our core mission as set forth in the IG Act of 1978, as amended, has remained largely unchanged. The OIG conducts independent and objective audits, evaluations, and investigations to promote economy, effectiveness, and efficiency and to prevent and detect waste, fraud, and abuse. Simply put, we are here to help make TVA better for the people of the Tennessee Valley.

In looking back 35 years, we reflect on the accomplishments of the OIG that would not have been possible without (1) our dedicated professional team members and (2) cooperation of and collaboration with TVA Board members, management, and employees who provide information, cooperate with, and make decisions to act upon our information and recommendations for the betterment of the people of the Tennessee Valley.

TVA's business environment has shifted dramatically over these years driven by changes in the governance structure, environmental regulations, technology, demand for electricity, workforce composition, debt burden, and financial health. These shifts have also changed the risks to the agency. As TVA has adapted to the changes and challenges presented, it has been imperative that the OIG adapt to the changing risk environment. Accomplishing our mission and helping make TVA better requires us to stay abreast of the changes and challenge ourselves to make sure we focus our finite resources in the right areas.

In this feature, we look back at the evolution of the OIG and how we have focused on making TVA better by identifying ways to save or recover money, reduce risks, eliminate fraud and waste, and improve operations.

Creation and Evolution of the OIG

The TVA OIG was created by the TVA Board on October 18, 1985, because of problems associated with its then-encumbered nuclear program. Two of the three Board members believed there was a need to have an independent organization within TVA to receive complaints and report directly to the Board and to Congress. In 1988, the TVA OIG became a statutory OIG under amendments to the IG Act of 1978.

In 1999, a major event occurred that called into question whether the then-TVA Board Chairman was trying to impede the independence of the IG, which was a TVA Board-appointed position. An investigation by the Government Accountability Office into allegations against the then-TVA Board Chairman, as well as an allegation the Chairman made against the IG related to misuse of a TVA credit card,¹ found (1) the Chairman's actions "... could be viewed as an attempt to undermine the independence of the IG" and (2) "... no evidence of TVA credit card misuse by the IG." As a result of this event, the late Senator Fred Thompson sponsored a bill to make the TVA IG a presidentially appointed position. The bill passed and President William (Bill) Clinton signed it into law in November 2000.

From the inception of the OIG, there have been five IGs and two Acting IGs to lead the organization. These IGs have led the office through countless changes at TVA and in the IG community. They all recognized the need to stay flexible, be timely, be innovative in our approaches to doing our job, and the need to build relationships with TVA to be successful. OIG audits, evaluations, and investigations have continually focused on helping TVA save or recover money, improve the efficiency and effectiveness of TVA operations, and serve as a deterrent to misconduct and fraud.

¹ Government Accountability Office, Tennessee Valley Authority: Facts Surrounding Allegations Raised Against the Chairman and the IG, September 15, 1999, <http://www.gao.gov/products/OSI-99-20>.

Saving or Recovering Money

As TVA works to keep rates as low as feasible, the OIG invests significant resources to find ways to help TVA save and recover money. Over 35 years, our reviews and investigations have resulted in more than \$2.6 billion in questioned costs, funds put to better use, recoveries, savings, fines and penalties, averaging more than \$50 million annually over the last five years.

To support its operations, TVA spends about \$3.5 billion annually on labor and services, as well as materials and equipment contracts and purchase orders, and \$2.8 billion a year for coal, gas, coal transportation, and purchased power contracts. We provide oversight of TVA's contracting activities through the conduct of preaward examinations, compliance reviews, contracting process reviews, and investigations.

- **Preaward Examinations** – TVA management often requests assistance from the OIG in determining if contractor cost proposals are fairly stated prior to the award of a large contract or extensions on current contracts. These reviews allow TVA management to understand where further negotiation could reduce costs.
- **Contract Compliance Audits** – The OIG routinely reviews contracts in place to ensure contractors are billing in accordance with contract terms. We use risk-based analysis to determine which contracts to review. In these reviews, we identify overbillings or improper payments so that TVA can recover the funds.
- **Contracting Process Audits** – While performing contract compliance reviews, we also identify improvement areas in contract administration to help TVA become more efficient and effective. Additionally, based on trends and risks we identify, we sometimes perform detailed examinations of certain processes such as the invoice approval process to identify where controls and processes can be further improved.
- **Investigations** – We also help TVA recover funds and reduce future costs through our investigative work. OIG investigations have uncovered fraud in areas

that include contractor billings, product substitution, medical provider billing, temporary living expense claims, government credit card misuse, and time and leave abuse. In addition, the OIG has conducted or assisted with investigations for local power distributors who were financially impacted by employee embezzlement, resulting in recoveries or judgments for the distributors.

In this area, our focus on building and maintaining healthy working relationships with TVA's contracting organizations has been an important component in our ability to help TVA. We also, at TVA's request, have provided training to TVA procurement officials on the trends we see in our contract-related work to help them better manage their contracts.

Increase Operational Efficiency and Effectiveness

As a part of our mission to promote economy, effectiveness, and efficiency in TVA programs, we perform risk-based reviews and investigations into specific program areas. TVA's mission is broad—Energy, Economic Development, and Environment. Not surprisingly, TVA has faced many challenges and continues to evolve both organizationally and culturally. Our operational reviews mirror the breadth of TVA's mission and closely align with its evolution.

Over the last 35 years, our audits, evaluations, and investigations have focused on improving operations, improving the workplace (culture and safety), protecting both the public and the environment, and providing an independent look at major events in TVA history. We believe our unique perspective, including occasional counterbalancing views, has been valuable to TVA and its stakeholders. Below are some of the highlights from our work.

- **Organizational Effectiveness** – Typically, the focus of an audit or evaluation is on the structural and/or operational aspects of a program or process. The behaviors and actions of the workforce, which comprise the organizational culture, are just as necessary as the structural and operational elements

for achievement of an organization's mission. In the OIG's history, we provided "snapshots" of TVA's organizational health, sometimes directly referred to as "culture" but, more often than not, labeled as "leadership" or "process control" issues. These "snapshots" revealed patterns of behavior that negatively impacted operational performance thereby heightening risks related to effectiveness and efficiency.

In 2015, the TVA OIG developed a new type of evaluation that focuses on the organizational effectiveness or the ability of an organization to achieve its mission and goals. In this type of evaluation, we look at a business unit from both an operational and a cultural perspective to identify strengths and risks to the individual business unit's ability to achieve its mission. Since 2015, we have performed more than 40 organizational effectiveness reviews and 15 follow-up reviews. The results of these reviews varied widely between business units—some with serious issues and some that exemplify organizational effectiveness. Through these reviews, we have provided an independent perspective to the TVA Board and management and promoted efforts to ensure a sustained focus on TVA organizational effectiveness strategies. We have also served as a resource to other federal OIGs interested in adopting elements of our innovative approach to this issue.

- **IT and Cyber Security** – As the largest public power producer in the country and a government corporation, TVA is a part of the nation's critical infrastructure. As such, cyber security is considered a major risk area for TVA, as evidenced by the nearly continuous efforts to probe its defenses by outside forces ranging from lone hackers to nation-states. Ever-changing technology and a complex regulatory environment further exacerbate the risk, and TVA devotes constant attention to this area. The OIG bolsters these efforts by devoting substantial resources to this area. Our IT Audits team performs security testing of critical TVA assets, reviews the effectiveness of IT programs, assesses the protection of personal data of employees and contractors, and performs the annual Federal Information Security Modernization Act assessment.

These reviews provide TVA with specific information on where controls need to be strengthened to lessen TVA's risks and provide recommendations to improve controls or increase the effectiveness of a group or program. An investigation involving cyber security resulted in successful prosecution of an individual who shared prohibited nuclear information outside of the U.S.

- **Environmental** – A core mission at TVA is protecting the air quality, water quality, and more broadly, the Valley's historical, cultural, and environmental resources. The vast area TVA covers and its diverse generation provide TVA unique challenges in managing its environmental responsibilities. Over our history, the OIG has investigated many cases involving dumping of chemicals and waste into the Tennessee River watershed, leading to successful prosecutions that stopped companies and individuals from further damaging the environment. To stay on top of schemes that could impact TVA, we also maintain a presence on regional environmental task forces, informal work groups, and other collaborative enforcement efforts. The OIG has recently performed evaluations looking at environmental reporting events, groundwater monitoring, and historic preservation to help identify ways TVA can strengthen its environmental programs and reporting.



TVA Postage Stamp, CIRCA 1983

- **Safety** – The safety of TVA employees, contractors, and the public is a top TVA priority. As an electric utility, TVA employees face hazards related to high temperatures and pressure, electric shock, confined spaces, hazardous materials, moving components, trip hazards, and radioactive materials, to name just a few. These hazards can result in significant injury or death to TVA employees and contractors. As the manager of the Tennessee River system, TVA must also take reasonable steps to protect recreational users in the vicinity of TVA facilities and communities that could be impacted by flooding or TVA activities. From an investigative perspective, the OIG has conducted investigations related to falsification of injury classifications, quality control information, and unsafe operation of vehicles that were successfully prosecuted or received administrative action. Our audits and evaluations groups have performed wide-ranging reviews that cover hearing loss claims, safety procedures to clear equipment before work is done, demolition safety procedures, fatigue rules, arc flash risks, and fire risks, among others. Safety-related reviews identify ways to strengthen safety-related processes and programs that help prevent loss of life or injury.

- **Financial Oversight and Corporate Governance** – Financial oversight broadly underlies many of the reviews performed by the OIG. Reviews performed focus on TVA's financial reporting, other financial-related programs, regulatory, and governance programs and processes. Most recently, we have reviewed controls around programs such as purchasing cards, travel reimbursements, business and hospitality expenses, economic development loans, executive travel, and use of airplanes. Findings of misuse in these programs increases the reputational risk for TVA. Many years ago, an OIG review identified the need for additional oversight of TVA power distributors to ensure contract compliance, and for a period of time, the OIG conducted these reviews until TVA management developed and implemented the needed procedures. Additionally, we actively engage in statutorily mandated duties such as the oversight of TVA's external auditor to ensure the external audit is performed in accordance with *Government Auditing Standards*.

- **Major Projects or Events** – At points during the OIG's existence, major projects such as construction of Watts Bar Nuclear Plant (WBN) Unit 2 or catastrophic events such as the Kingston Ash Spill warranted multiple evaluations and/or investigations of actions by TVA. Our reviews brought forward issues that demonstrated information was not communicated to TVA executives regarding the true status of the schedule and cost to build WBN Unit 2 and revealed factors other than a faulty "slimes" layer identified by TVA's expert as the trigger for the spill may have been of equal or greater significance, as well as transparency issues that cause reputational harm. There are many lessons learned in these types of reviews that can be used to prevent similar events in the future.

Again, building and maintaining healthy working relationships with TVA's management team is an effective way to encourage needed change. To that end, we pursue opportunities to meet with new officers, particularly those entering TVA from the private sector, to make them aware of our unique federal role and how we can help them make TVA better in their particular programmatic roles. Similarly, we have placed greater emphasis on identifying opportunities to speak at employee meetings of all types so that TVA employees understand the resources we have to offer and can make personal connections with the Audits, Evaluations, and Investigations staffs. Finally, we have regular meetings with senior officials to answer questions, identify emerging concerns, and generally maintain healthy dialogue.

Deterrent to Misconduct and Fraud

Another important way our office helps TVA is to provide deterrence to employee misconduct and potential fraud, including third-party fraud by contractors. Criminal investigations can and do result in indictments, convictions, and pretrial diversions, all of which can have a real deterrent effect on those who would attempt to defraud TVA. Likewise, administrative investigations have resulted in definable process changes or disciplinary actions. Other activities that also help deter or identify misconduct or fraud include:

Debarments – In 2010, TVA and the OIG worked collaboratively to develop a suspension and debarment process for contractors that defraud TVA. Since that time, six debarments have occurred.

Fraud Risk Assessments – In 2004, the OIG kicked off a TVA-wide initiative to help groups identify fraud risks for their area. The assessments that are performed in conjunction with TVA business organizations identify (1) types of fraud that can occur, (2) the likelihood and significance of fraud occurring, (3) controls in place to prevent fraud, and (4) remediation needed to improve fraud prevention controls. While the primary purpose of the assessments is to reduce risks for TVA, the collateral benefit is the trust that is built between the OIG staff and TVA employees. Since program inception, our office has performed 63 assessments.

Fraud Awareness Briefings – Our agents conduct briefings for individuals and groups to educate them on what type of fraud schemes they may encounter, what to look for, and how to report it. An increased awareness can lead to earlier reporting of potential fraud.

EmPowerline – Our hotline mechanism, EmPowerline, allows for people to anonymously report misconduct and fraud to the OIG. Over the past five years, we have received 882 reports. Addressing the information received in an appropriate manner can lead to an investigation, audit, evaluation, or management action, all of which can result in saving TVA money or identifying misconduct or fraud.

Evolving Role

At the outset, we noted that our core mission as set forth in the IG Act of 1978, as amended, has remained largely unchanged. While we have identified new practices and more efficient ways to pursue our own internal work, we have remained true to the statutory mission.

Congress has, however, occasionally made slight changes to our duties. For example, in 2012, Congress passed the Whistleblower Protection Enhancement Act, which has evolved over time to assign new duties to federal OIGs. We now serve as an information clearinghouse for TVA employees who feel they may be suffering reprisal for protected whistleblower activities. We embrace this obligation, which is ultimately consistent with our original duty to deter misconduct.

The strong performance of federal OIGs has made our offices an obvious place to look when Congress or a Presidential administration considers certain new oversight roles. We will, of course, endeavor to pursue any new duty diligently as we move into the future, but we will never lose focus on our original mission.

Conclusion

The TVA Board, management, and OIG personnel have a mutual purpose—making TVA better. The OIG is committed to providing TVA with information regarding ways it can save or recover money as well as constructive feedback on the efficiency and effectiveness of its programs. This dynamic can be tricky when the “watchdog” and the agency have differing opinions on a topic, but we have learned that a healthy working relationship is important to the ultimate goal of making TVA better. Our 35-year history and the many examples above prove that the fundamental concepts work.

We will continue to build and maintain strong working relationships where people feel comfortable asking us to review an area or provide training on trends we see in a program, and where TVA and OIG personnel respectfully discuss differing opinions on findings and recommendations. In that way, the OIG will remain integral to solving the challenges of today and tomorrow and, ultimately, in making TVA better for the people of the Tennessee Valley.

Making TVA Better ...

35 YEARS

IDENTIFIED COSTS

\$ 2.6B

13,200+

CASES & REVIEWS

RECOVERED

\$ 1.16B

Investigations

352
Convictions

366
Indictments

25 Pre-Trial
Diversions

6 Debarments



\$512M

Waste Identified

\$237M

Recoveries /
Projected Savings

Audits & Evaluations

\$1.87B
Findings

\$926M
Recoveries /
Savings

2,300+
Reports issued



NOTEWORTHY EVENTS



Tennessee Valley Authority Office of Inspector General

Transmission System Perimeter Security Team



TVA OIG TEAM WINS CIGIE AWARD

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) was established to address integrity, economy, and effectiveness issues that transcend individual government agencies and aid in the establishment of a professional, well-trained, and highly skilled workforce across the 75 Offices of Inspectors General.

To highlight the impactful work of federal IGs, CIGIE conducts an annual awards process where individual OIGs submit nominations for outstanding work performed. There are varying types of awards given based on established criteria. This year, a TVA OIG team, composed of Scott Marler, Melissa Conforti, Megan Spitzer, and Weston Shepherd, won a CIGIE Award for Excellence for their Transmission System Perimeter Security audit.

The TVA Transmission, Power Supply and Support (TPS&S) organization operates TVA's power grid and acts as a balancing authority to help sustain the reliability of the Eastern Interconnection, one of the largest electrical grids

in the country. TPS&S plans, designs, builds, operates, and maintains TVA's transmission system and works with generation partners to keep the grid balanced and reliable. TPS&S utilizes controls technologies for real-time visibility and reliable grid operations. In addition, TPS&S utilizes the Internet for nonoperation communications with external entities. Internet connectivity presents risks to organizations like TVA that could be leveraged for unauthorized access to internal systems. TPS&S manages network devices that protect and defend against cyberattack, and the TVA IT organization provides cyber security monitoring for the transmission Internet connections to detect potential cyberattacks.

Through our audit, vulnerabilities were found that increase TVA's cyber risk, network device configuration inconsistencies were identified, and TVA's cyber security monitoring system had a gap. Without proper security of TVA's transmission network devices, TVA risks unauthorized external access that could impact the reliability and availability of TVA's transmission operations, which could negatively impact power delivery in the TVA service area.

The vulnerabilities identified in our audit could potentially be leveraged as a first step by an attacker attempting to bypass TVA's Internet security. TVA took action to implement all the recommendations.

"I am very proud of this team and the recognition they are receiving for their work. Implementation of this team's recommendations will improve TVA's cyber security posture. These actions can have a lasting impact on TVA's ability to provide dependable and reliable power for the ratepayers of the Valley," stated Jill Matthews, Deputy IG.

The Transmission System Perimeter Security Audit team members received their CIGIE award on October 13, 2020, at a virtual awards ceremony.





EXECUTIVE OVERVIEW



Since March 18, 2020, both TVA and the TVA OIG have experienced dramatic work changes as the world battles the spread of Coronavirus (COVID-19). Nonessential TVA and TVA OIG employees have been in mandatory telework as a safety precaution while TVA essential employees continue to perform TVA's critical functions on-site. With safety as the ultimate priority, TVA continues to produce electricity and control river levels in a year when the Tennessee Valley experienced record rainfall. Despite these unprecedented times, TVA continues to fulfill its mission, and the TVA OIG has fulfilled its important work of performing audits, evaluations, and investigations to help make TVA better.

We have all had to pivot from business as usual to a "new normal." As a result, we have leveraged new tools and adapted to perform our work as a team in a remote environment. Despite the challenges, we have stayed focused on our guiding light, serving the people of the Tennessee Valley.

AUDITS

Our audit organization includes three departments that focus on contract audits, financial and operational audits, and IT audits. During this reporting period, these teams completed 20 audits and examinations that identified up to \$10.9 million in questioned costs for TVA to recover and more than \$21.9 million in funds the company could put to better use. We also identified several opportunities for TVA to improve the effectiveness and efficiency of its programs and operations.

Contract Audits

To support TVA management in negotiating procurement actions, we completed six preaward examinations of cost proposals submitted by companies proposing to provide engineering, design, and construction support services to TVA. Our examinations identified more than \$21.9 million of potential savings opportunities for TVA to negotiate. We also completed five compliance audits of contracts with expenditures totaling \$349.1 million related to (1) the administration of TVA's medical benefits, (2) providing assistance to state and local governments under the authority of the Disaster Relief and Emergency Assistance Act, (3) general construction and modification services, and (4) construction and modification services for civil projects and coal combustion product management (two contracts). These audits identified potential overbillings of up to \$10.9 million. In addition, we completed an audit to determine if TVA was effectively managing contractors' use of equipment provided by TVA's Equipment Support Services group. The Contract Audits section begins on page 27 of this report.

Financial and Operational Audits

With a focus on financial reporting, compliance with applicable laws and regulations, and TVA operations, we completed audits of TVA's Maximo vendor master file, the allocation of labor expenses in TVA's IT organization, business meetings and hospitality events, emergency preparedness for active shooter events, and economic development loan programs. In addition to our audit work, we performed work to assist TVA's external auditor. The Financial and Operational Audits section begins on page 29 of this report.





Bull Run Fossil Plant

IT Audits

IT Audits completed audits of TVA's (1) backup verification of mission essential data, (2) insider threat program, and (3) management of Mac® desktops and laptops.

The IT Audits section begins on page 32 of this report.

EVALUATIONS

Our Evaluations organization includes two groups, one of which focuses on organizational effectiveness reviews.

During this reporting period, our teams completed seven evaluations and seven organizational effectiveness reviews, all of which identified opportunities for improvement.

Evaluations

The Evaluations group completed seven evaluations during this semiannual period. These included evaluations of the TVA Observation Program, grid access charge, both Nuclear and Power Operations arc flash protection, historic preservation reviews, and overtime at both coal and gas plants. The Evaluations section begins on page 35 of this report.

Organizational Effectiveness

This group completed evaluations of seven TVA business units to assess behavioral and operational factors that could impact the organizational effectiveness of the business units. The organizational effectiveness reviews included evaluations of three business units in TVA's Financial Services group, three business units at WBN, and an overview of the strengths and risks impacting TVA's Hydro Generation group. The Organizational Effectiveness section begins on page 37 of this report.

INVESTIGATIONS

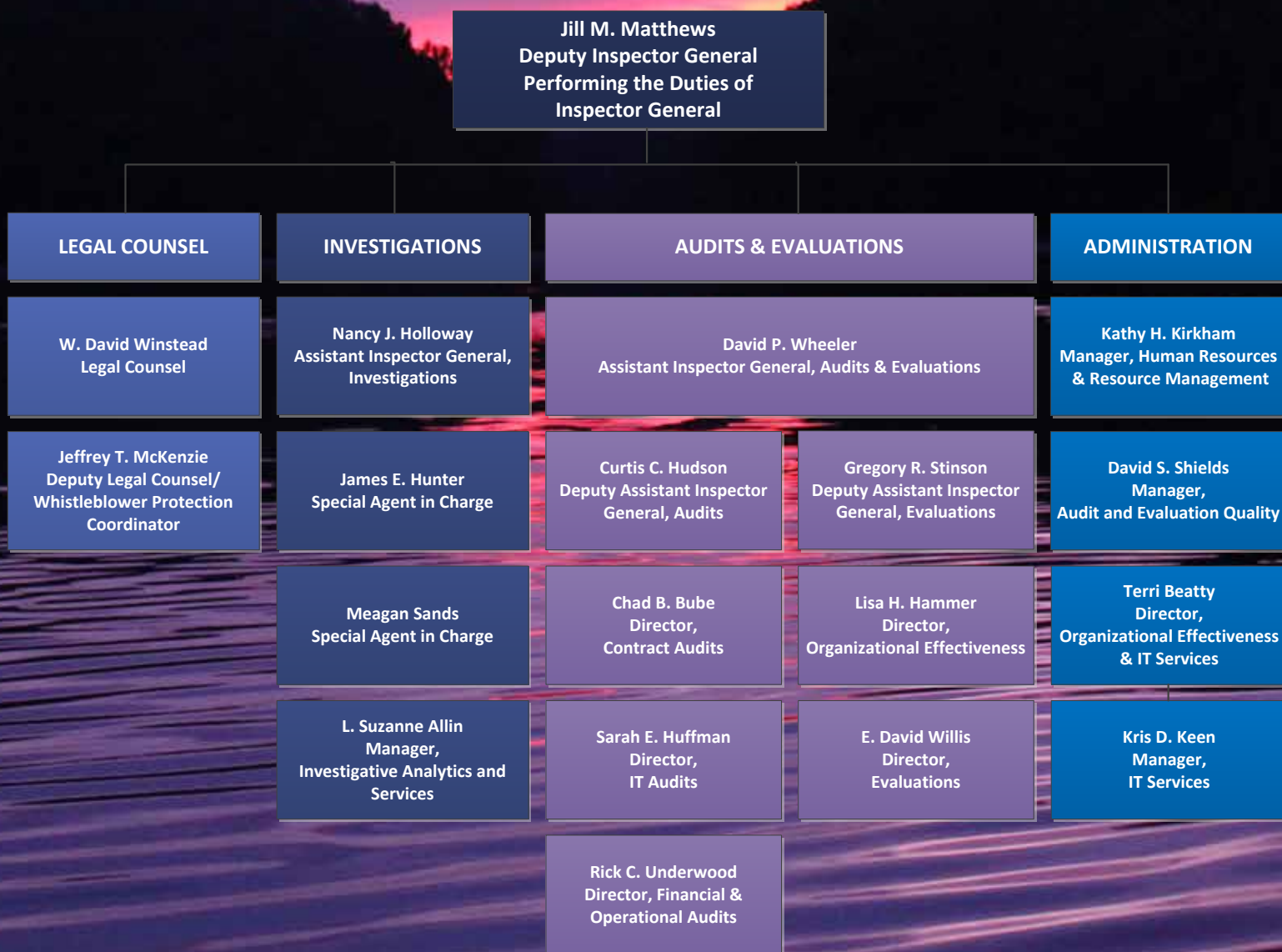
This reporting period, we opened 63 cases and closed 92. Our investigative results include three criminal Informations filed, one conviction, two administrative cases involving inappropriate use/receipt of TVA funds, and the conclusion of a Hatch Act matter. We have continued our mission, despite the difficulties created by COVID-19 restrictions on many routine investigative activities. The Investigations section begins on page 40 of this report.

STATISTICAL HIGHLIGHTS

April 1, 2020 - September 30, 2020

Audit Reports Issued	20
Evaluations Completed	14
Questioned Costs	\$10,876,251
Questioned Costs Agreed to by TVA	\$5,023,635
Questioned Costs Recovered by TVA	\$74,005
Funds to be Put to Better Use	\$21,932,000
Savings Realized by TVA	\$2,931,000
Investigations Opened	63
Investigations Closed	92
Recoveries	\$4,154
Fines/Penalties/Fees/Projected Savings	\$0
Waste/Other Monetary Loss	\$0
Criminal Forfeitures Ordered	\$0
Criminal Actions	4
Administrative Actions (Number of Subjects)	3

ORGANIZATION



Since 1985, the OIG has worked to help TVA become better. Through our audits, evaluations, and investigations, we provide TVA management, the TVA Board, and Congress with an independent look at the economy, efficiency, and effectiveness of TVA programs and help prevent and detect fraud, waste, and abuse. Over the years, the OIG has helped TVA save or recover millions of dollars and recommended numerous program improvements. We credit our success to the efforts of our hardworking and talented staff and the professional responsiveness of TVA management to our recommendations.

TVA OIG OFFICE LOCATIONS

The OIG has a work philosophy of being in the right place at the right time to do the best work possible. We support that philosophy by encouraging our OIG employees to work where they can be most effective whether that is in one of our physical offices, in the field, or in one of our virtual offices that enable our employees to telework from home or while traveling. Our philosophy served us well when the scope of COVID-19 restrictions became clear early in this reporting period.

The OIG has strategically located its offices near all major TVA offices throughout the Tennessee Valley. We are headquartered in TVA's Knoxville Office Complex overlooking the downtown area. The OIG has field offices in Chattanooga, Tennessee, where members of the Evaluations and Financial and Operational Audits departments and several special agents are located. Special agents are also located in Nashville, Tennessee, and Huntsville, Alabama. Additionally, we have office locations at Watts Bar Nuclear Plant in Spring City, Tennessee, and Sequoyah Nuclear Plant in Soddy Daisy, Tennessee. Staff work in these locations as needed. As of September 30, 2020, the OIG had a total staff of 103 employees.

ADMINISTRATION

The Administration team works closely with the IG, Deputy IG, and Assistant IGs to address the day-to-day operations of the OIG and to develop policies and procedures designed to drive and enhance productivity, quality, and compliance, and achieve office goals. Responsibilities include personnel administration, internal assessments, budget and financial management, purchasing and contract services, facilities coordination, training-event planning, communications facilitation, and IT support.

AUDITS AND EVALUATIONS

The Audits and Evaluations teams perform a wide variety of engagements designed to promote positive change and provide assurance to TVA stakeholders. Based upon the results of these engagements, The Audits and Evaluations organizations make recommendations to enhance the effectiveness and efficiency of TVA programs and operations.

The organizations use an impact- and risk-based approach to develop an annual work plan. In developing the plan, the OIG considers TVA's strategic plans, major management challenges, TVA's enterprise risk management process, and other input from TVA management. This planning model also evaluates each potential engagement from the standpoint of materiality (i.e., costs or value of assets), potential impact, sensitivity (including public and congressional interest), and the likelihood it will result in recommendations for cost savings, recovery of dollars, or process improvements. The result of the OIG Audits and Evaluations planning process is a focus on the issues of highest impact and risk to TVA.

These issues vary depending on the objectives of the project. The graphic on page 24 shows some representative examples of issues our audit and evaluation projects are commonly designed to identify.

TYPES OF AUDIT & EVALUATION ISSUES

Financial and Operational Audits

- Program Inefficiencies/Ineffectiveness
- Legal/Regulatory Noncompliance
- Policy Noncompliance
- Internal Control Deficiencies
- Fraud

IT Audits

- Internal Control Deficiencies
- Policy Noncompliance
- Integrity of Data and Assets
- Cyber Security
- Fraud

Contracts Audits

- Inflated Proposals
- Contract Overpayments
- Inferior Performance
- Fraud

Evaluations

- Operational Inefficiency
- Policy Noncompliance
- Legal/Regulatory Noncompliance
- Fraud

Organizational Effectiveness

- Operational Ineffectiveness
- Cultural Areas for Improvement
- Unmitigated Risks
- Fraud

The Audits team conducts performance audits of TVA programs and operations, providing an inclusive picture of TVA's overall fiscal and operational health. The organization is made up of three departments—Contract Audits, Financial and Operational Audits, and IT Audits. The Audits organization performs its work in accordance with *Government Auditing Standards*.

- Contract Audits has lead responsibility for contract compliance audits and preaward examinations. In addition, this department performs audits of TVA contracting processes and provides claims assistance as well as litigation support.
- Financial and Operational Audits is responsible for performing audit work mandated by legislation, agreed-upon procedures, as well as risk-based audits associated with TVA financial and operational activities. The work stems largely from mandated activities, review of TVA's business-risk environment, consideration of emerging issues, and requests. This department also provides oversight of TVA's external auditor's compliance with professional standards.

- IT Audits has lead responsibility for audits relating to the security of TVA's IT infrastructure, application controls, and general controls associated with TVA systems. This department also performs operational audits of the effectiveness of IT-related functions.

The Evaluations team assesses both operational and cultural aspects of programs and departments throughout TVA to ensure objectives and operational functions are achieved effectively and efficiently. This organization is made up of two departments—Evaluations and Organizational Effectiveness. This organization performs its work in accordance with *Quality Standards for Inspection and Evaluation* as prescribed by the CIGIE.

- Evaluations performs both comprehensive reviews and more limited-scope policy and program reviews to monitor compliance and assess the efficiency and effectiveness of operations.
- Organizational Effectiveness performs risk-based reviews to assess operational and cultural areas, including behavioral and operational factors that could impact an organization's ability to achieve its mission and goals.

INVESTIGATIONS

The Investigations team proactively and reactively uncovers activity related to fraud, waste, and abuse in TVA programs and operations. This organization performs its investigations in accordance with the *Quality Standards for Investigations* as prescribed by CIGIE, applicable U.S. Attorney General Guidelines, and other guiding documents. OIG special agents maintain liaisons with federal and state prosecutors and notify the U.S. Department of Justice whenever the OIG has reason to believe there has been a violation of federal criminal law. Special agents partner with other investigative agencies and organizations on special projects and assignments, including interagency law enforcement task forces on terrorism, the environment, health care, and public corruption. The graphic shows the major categories of investigations.

LEGAL

The OIG Legal Counsel team monitors existing and proposed legislation and regulations that relate to the mandate, operations, and programs of the OIG and TVA. Additionally, this team provides legal advice as needed for administrative, audit, evaluation, and investigative projects. OIG attorneys serve as ethics officials, providing OIG employees guidance on government ethics and standards of conduct. The TVA Whistleblower Protection Coordinator is also a part of this team and provides information regarding the statutory protections against retaliation for all TVA employees.

MAJOR CATEGORIES OF INVESTIGATIONS

Contract Fraud

Defrauding TVA through its procurement of goods and services, including fraud schemes such as misrepresenting costs, overbilling, product substitution, and falsification of work certifications

Unauthorized Access Into TVA Computer Systems

Accessing a TVA computer without authorization or exceeding authorized access

Workers' Compensation Fraud

Falsification of documents to receive payments by employees, former employees, or health-care providers

Environmental Crime

Violations of environmental criminal law pertaining to the Tennessee River system and its watershed, along with violations relating to TVA land and facilities

Theft of Government Property and Services

Theft of TVA property such as material, tools, equipment, or resources

Health Care Fraud

Intentional misrepresentation of health-care services, expenses, billings, needs, or coverage that results in unauthorized payments or other benefits

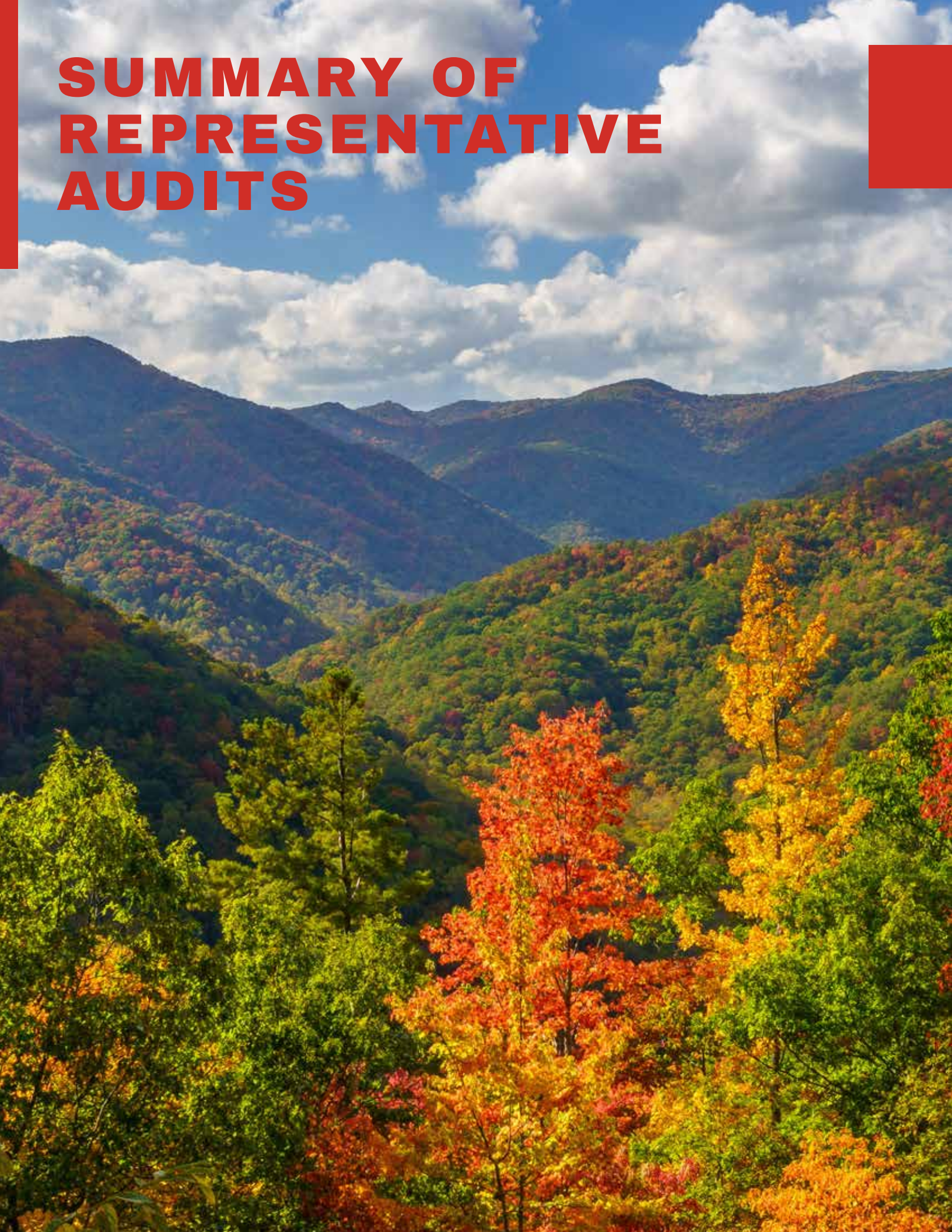
Employee Misconduct

Misuse of TVA-furnished equipment, travel voucher fraud, a multitude of miscellaneous matters of abuse, conflict of interest, and violations of code of conduct

Special Projects

Management requests, data mining and predictive analysis, congressional and TVA Board requests, and Fraud Risk Assessments

SUMMARY OF REPRESENTATIVE AUDITS



During this semiannual reporting period, the TVA OIG Audit organization completed 20 audits and examinations. This work identified up to \$10.9 million in questioned costs for TVA to recover and more than \$21.9 million in funds the company could put to better use. We also identified several opportunities for TVA to improve the effectiveness and efficiency of its programs and operations.

CONTRACT AUDITS

Preadward Contract Examinations

To support TVA management in negotiating procurement actions, we completed six preaward examinations of cost proposals submitted by companies proposing to provide engineering, design, and construction support services to TVA. Our examinations identified more than \$21.9 million of potential savings opportunities for TVA to negotiate. The savings opportunities were primarily related to overstated labor markup rates for the recovery of the companies' indirect costs.

Contract Compliance Reviews

During this semiannual period, we completed five compliance audits of contracts with expenditures totaling about \$349.1 million and identified potential overbillings of up to \$10.9 million. Highlights of our completed compliance audits follow.

- We audited \$262.7 million in costs billed by a contractor for providing medical administrative services to TVA. We determined the contractor overbilled TVA \$88,163, including (1) a net \$36,991 related to shared savings, (2) \$21,259 for claims that exceeded chiropractic claim limits, (3) an estimated \$17,503 in excessive costs due to established patients being billed as new patients, and (4) \$12,410 in credits not received by TVA. In addition, we found TVA paid from \$369,116 to \$836,232 more for administrative fees and various services, such as provider audits and other shared saving services, than it would have under TVA's prior contract with the contractor. The additional payments could have occurred because TVA was not aware of an underwriting guideline regarding the effect of shared savings on administrative fees.
- We audited \$27.5 million in costs billed by a contractor for providing assistance to state and local governments under the authority of the Disaster Relief and Emergency Assistance Act. We determined the contractor overbilled TVA \$417,327, including (1) \$224,420 in labor costs not provided for in the contract and (2) \$192,907 for ineligible travel expenses. In addition, we noted the contract language needed clarification regarding how TVA intended to reimburse the contractor for holiday pay.
- We audited \$8.3 million in costs billed by a contractor for providing general construction and modification services. We determined the contractor overbilled TVA up to \$3,819,541, including (1) from \$1,543,520 to \$3,698,483 in subcontractor costs that had not been preapproved by TVA, (2) \$100,354 in overbilled equipment costs, (3) \$36,945 in unsupported and ineligible travel costs, and (4) a net underbilling of \$16,241 because the contractor billed incorrect craft and noncraft time and materials billing rates. In addition, we determined TVA paid an additional \$134,810 in labor costs because the contractor used statutory payroll tax rates instead of effective payroll tax rates in the build-up of its craft and noncraft labor billing rates.
- We audited \$34.4 million in costs billed by a contractor for construction and modification services for civil projects and coal combustion product management. The contract provided for TVA to compensate the contractor for work on either a cost reimbursable, target cost estimate (TCE), or fixed price basis. Our audit objectives were to determine if (1) costs were billed in accordance with the terms and conditions of the contract and (2) tasks were issued using the most cost efficient pricing methodology. Our audit scope included

\$20.9 million for cost-reimbursable projects and \$13.5 million for fixed-price projects. In summary, we determined:

- The contractor overbilled TVA \$1,592,128 on cost-reimbursable projects, including (1) \$1,312,051 in unapproved subcontractor costs, (2) \$32,895 in ineligible fees associated with subcontractor costs, (3) \$156,403 in labor and related costs, (4) \$42,929 resulting from the use of lump sum pricing when the purchase order provided for a cost-reimbursable compensation methodology, (5) \$42,000 in temporary living costs, and (6) \$5,850 in equipment costs.
- The contractor billed TVA for construction equipment rented from TVA's Equipment Support Services (ESS) group using the equipment rental rates included in the contract's rate schedule instead of billing TVA for the equipment rentals as a direct pass through cost, as required by the contract's terms and conditions. However, due to the process used by TVA to bill the contractor for ESS equipment rented, we could not determine the cost impact, if any, of the contractor billing ESS equipment using the contract's equipment rental rate schedule.
- The use of fixed price or unit rate payment terms on projects caused TVA to pay at least \$1,600,475 more than it would have if cost-reimbursable payment terms had been used for those projects. Additionally, we determined the unit rate payment terms used by TVA to compensate the contractor were not provided for in the contract's terms and conditions.

We also noted several opportunities to improve contract administration by TVA. Specifically, we determined TVA paid an additional \$137,190 in noncraft labor costs due to conflicting contract language. In addition, we found (1) TVA could not locate any of the exhibits to the contract, (2) the contractor did not submit an electronic billing file to the TVA OIG in the format and frequency provided

for in the contract's terms, and (3) the contract's Order of Precedence clause included inconsistent guidance on which documents took precedence in the event of a conflict.

- We audited \$16.2 million in costs billed by a contractor for construction and modification services for civil projects and coal combustion product management. The contract provided for TVA to compensate the contractor for work on either a cost-reimbursable, TCE, or fixed-price basis. Our audit objectives were to determine if (1) costs were billed in accordance with the terms and conditions of the contract and (2) tasks were issued using the most cost efficient pricing methodology. Our audit included about \$14.7 million for fixed-price projects, \$1.3 million for TCE projects, and \$186,000 for cost-reimbursable projects. In summary, we determined:
 - The contractor overbilled TVA \$78,414 on a TCE project, including (1) \$24,716 for ineligible costs billed and (2) \$53,698 in overstated TCE cost savings.
 - The contractor overbilled TVA \$70,751 in equipment costs on cost-reimbursable projects, including (1) \$54,755 in overbilled TVA ESS equipment rental costs and (2) \$15,996 in overbilled costs for contractor-owned equipment.
 - The use of fixed price or unit rate payment terms on projects caused TVA to pay at least \$2,101,220 more than it would have if cost-reimbursable payment terms had been used for those projects. Additionally, we determined the unit rate payment terms used by TVA to compensate the contractor were not provided for in the contract's terms and conditions.

We also noted several opportunities to improve contract administration by TVA. Specifically, we determined (1) the contract contained inconsistent language regarding craft labor markup rates, (2) the contractor did not bill noncraft labor markup rates in

accordance with the contract, (3) the contractor did not submit an electronic billing file to the TVA OIG in the format and frequency provided for in the contract's terms, and (4) the contract's Order of Precedence clause included inconsistent guidance on which documents took precedence in the event of a conflict.

Review of Contractors' Use of TVA Equipment

We performed an audit to determine the effectiveness of TVA's process for managing heavy equipment provided to contractors through TVA's ESS group. ESS provides heavy equipment and other equipment support services to business units across TVA and charges specific projects for the equipment that is provided. ESS's customers include (1) TVA organizations obtaining services directly or (2) contractors performing work for the TVA organizations. In summary, we determined TVA was not effectively managing contractors' use of equipment provided by ESS. Specifically, we found:

- ESS provides equipment to contractors on TVA projects that have cost-reimbursable payment terms. Although ESS does not bill the contractors for the equipment (i.e., ESS charges a TVA project, not the contractor), certain contractors bill TVA for the ESS equipment even though their contract with TVA provides that TVA can only be billed for actual equipment costs. While the contractors subsequently provide credits or refunds to TVA for the equipment, it is administratively difficult for TVA to ensure it receives reimbursement for all the costs billed by the contractor.
- ESS provides equipment to certain contractors on TVA projects that have fixed price or fixed unit rate payment terms. However, TVA's Standard Programs and Processes (SPP) do not provide guidelines or processes for TVA to determine the cost effectiveness of providing ESS equipment on fixed price/fixed unit rate projects or to ensure TVA receives the appropriate reductions on the fixed price/fixed unit rates.

We recommended TVA management (1) discontinue allowing contractors to bill TVA for ESS equipment on cost-reimbursable tasks (i.e., comply with the contract) and (2) implement a process to determine the cost effectiveness of providing ESS equipment on fixed price/fixed unit rate projects prior to providing the equipment and ensure appropriate reductions are made to the fixed price/fixed unit rates if ESS equipment is provided.

FINANCIAL AND OPERATIONAL AUDITS

During this semiannual period, Financial and Operational Audits completed audits of TVA's Maximo vendor master file, the allocation of labor expenses in TVA's IT organization, business meetings and hospitality events, emergency preparedness for active shooter events, and economic development loan programs. In addition to our audit work, we performed work to assist TVA's external auditor.

Maximo Vendor Master File

TVA's Supply Chain, Asset Management and Performance group, manages the supplier maintenance process and maintains vendor records electronically in the Maximo system. According to TVA Disbursement Services, in fiscal year (FY) 2019, TVA processed \$6.9 billion in payments through Maximo. We included an audit of TVA's Maximo vendor master file in our annual audit plan due to the risk of improper payments associated with the large amount of payments processed annually using Maximo data.

Our audit objective was to determine if TVA's Maximo vendor master file is properly maintained according to best practices and TVA's *Supplier Maintenance* policy. Our audit scope included the data in TVA's Maximo vendor master file as of November 20, 2019.

We performed data analysis of the Maximo vendor master file to determine if it was maintained in accordance with TVA's *Supplier Maintenance* policy and the best practices identified during the audit. We found no significant instances of noncompliance with TVA's policy, but did note that best practices were not consistently followed

for maintenance of the vendor master file. Specifically, we found (1) Maximo does not log changes to the vendor master file, (2) instances where vendor addresses match employee addresses, (3) duplicate vendors, (4) vendors are not deactivated in a timely manner, (5) no minimum requirements for vendor record data, and (6) vendors with no physical address.

Supply Chain and Corporate Accounting management agreed with our recommendations to review Maximo functionality to determine if the capability exists to capture vendor status changes and update the *Supplier Maintenance* policy to incorporate best practices as identified.

Allocation of Labor Expenses in IT

We audited the allocation of labor expenses in TVA's IT organization to determine if financial transactions for labor charged to Operations and Maintenance (O&M) and Capital general ledger accounts under the IT organization during FY 2018 received the proper accounting treatment.

We were unable to determine if financial transactions for labor charged to O&M and Capital general ledger accounts under the IT organization during FY 2018 received the proper accounting treatment. TVA's IT had informal processes in place to compare forecast to actual project costs on a monthly and quarterly basis to ensure labor charges received the proper accounting treatment. While the description of these variance review processes appeared adequate, we found (1) they were not documented and (2) limited evidence was provided to show the described processes were followed.

TVA management agreed with our recommendations to (1) document the procedures for ensuring labor charges are properly accounted and (2) maintain evidence of reviews of IT project labor variances and reasons for variances in a central location available to all personnel responsible for project management.

Business Meetings and Hospitality

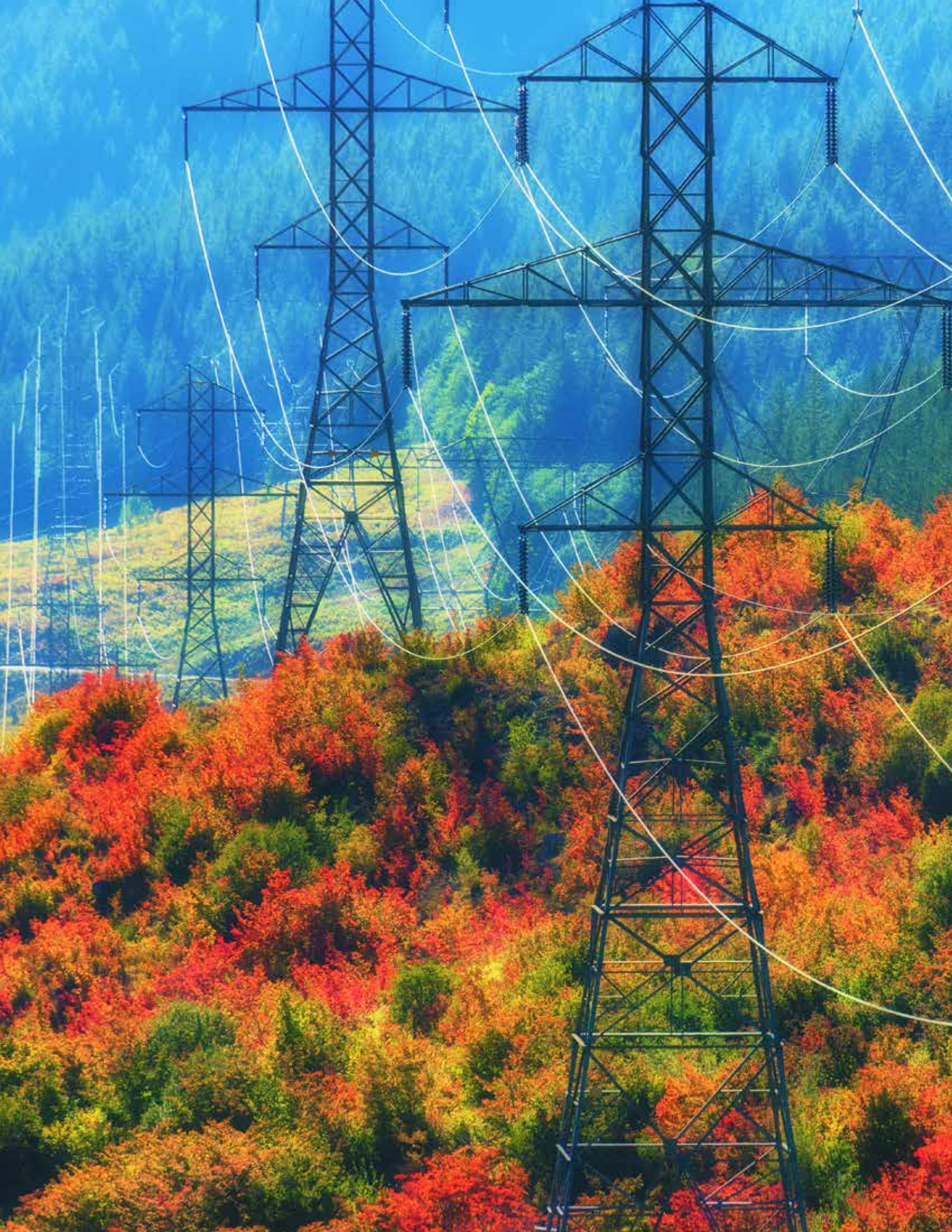
We included an audit of TVA's business meeting and hospitality expenses in our annual audit plan because of issues of noncompliance with TVA policies and procedures identified during our previous audit of TVA executive travel.² Our audit objective was to determine if expenditures reimbursed as business meetings and hospitality were in compliance with TVA's *Business Meetings and Hospitality* policy, 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.

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's *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. TVA management provided actions they plan to take to address our recommendations to strengthen controls around business meetings and hospitality.

Emergency Preparedness - Active Shooter

We included an audit of TVA's plans for an active shooter incident in our annual audit plan due to the potential risk of an incident occurring. Our audit objective was to determine if TVA has adequate plans in place to prevent, prepare for, and manage active shooter incidents. The audit scope included all program documentation and records that support TVA's plans to prevent, prepare for, and manage active shooter incidents as of May 13, 2020.

² Audit Report 2018-15573, *Executive Travel*, September 11, 2019. The audit scope included executive travel occurring from October 1, 2016, through July 31, 2018.



We compared TVA's procedures around preventing, preparing for, and managing active shooter incidents to best practices recommended by the Department of Homeland Security (DHS). DHS best practices include four steps (Connect, Plan, Train, and Report) to apply in advance of an incident or attack. We found TVA has plans in place to prevent, prepare for, and manage active shooter incidents that include steps to address the connecting and planning phases of DHS recommendations to prepare for active shooter incidents. However, we found the training and reporting steps need improvement. Specifically, we found TVA's Active Threat Awareness Program training is not mandatory and less than 10 percent of TVA's employees have taken the training. In addition, portions of best practices related to active threat awareness are included in at least ten TVA SPPs rather than a single document and are not easily accessible by employees. TVA management agreed with our recommendations to consider requiring all TVA employees complete TVA's Active Threat Awareness Program training and provide active threat reference materials in a single easily accessible document.

Economic Development Loan Programs

The TVA Act of 1933 states that one of the purposes of TVA is “. . . to provide for the agricultural and industrial development” of the Valley. TVA's primary economic development goals are to recruit companies to locate in the Tennessee Valley, encourage expansion of existing business and industry that provide quality jobs, and assist communities with economic growth opportunities. TVA's Economic Development (ED) organization administers a loan program to stimulate or enhance local economic development efforts in the Tennessee Valley.

We audited TVA's ED loan program to determine if loans were executed and administered in accordance with TVA policies and procedures. Our audit scope included 59 loans with outstanding balances of approximately \$47.5 million as of December 31, 2019. We found that

TVA ED loans were generally executed and administered in accordance with TVA policies and procedures. However, we found instances where loans were originated subsequent to the expiration date of (1) credit analyses and/or (2) loan commitment periods. We also found that loan program guidance could be improved by incorporating the ED loan program guidelines into TVA-SPP-24.015, *Economic Development Loan Programs*. TVA management agreed with our recommendations to (1) ensure credit analyses and/or loan commitments are current when new loans are issued and (2) update policies regarding ED loan program guidelines.

IT AUDITS

During this semiannual period, IT Audits completed audits of TVA's (1) backup verification of mission essential data, (2) insider threat program, and (3) management of Mac[®] desktops and laptops.

Backup Verification of Mission Essential Data

We performed an audit of TVA's backup verification of mission essential data to determine if backups were being performed in accordance with business requirements and industry best practice. Media backup and testing is a critical security control and an important part of information management practices. Ensuring the integrity and validity of backups requires proper controls and practices around the performance, protection, and restoration of data. The risks of not covering these areas range from loss of data and/or compromise of sensitive/confidential data through threats such as malware, ransomware, and/or insider threat. This can have long-lasting consequences to an organization's finances, credibility, and reputation.

We determined that TVA's backups of mission essential data included industry best practice in their business requirements. However, we found three business requirements were not being met. Specifically, we found (1) TVA was not using the enterprise authentication

solution³ as required by their common control catalog, (2) test restores were not performed for essential backup and infrastructure components, and (3) backup data in transit⁴ was not encrypted. Prior to completion of our audit, TVA management took actions to address and remediate the authentication usage finding. TVA management agreed with our recommendations to address issues related to test restores and encrypting data in transit.

Insider Threat Program

We audited TVA's Insider Threat Program (ITP) due to potential risks associated with insider threats, including espionage, sabotage, intellectual property theft, fraud, and violence. Our objective was to determine if TVA had a program established to address insider threats that was consistent with best practices. TVA chose to implement their ITP agency wide to protect TVA personnel, facilities, information systems, and the information within such systems. In February 2020, TVA-SPP-14.120, *Insider Threat Program*, was approved by TVA management with an effective date planned for April 1, 2020. Subsequent to our draft report, TVA management informed us the effective date had been changed to July 1, 2020.

We found several areas where TVA's ITP was consistent with best practices. Additionally, TVA designated a senior official charged with overseeing classified information sharing and safeguarding efforts of the agency, including the ITP.

Although TVA had not yet implemented its planned ITP, we determined TVA's program will be at a proactive maturity level upon its implementation.⁵ Also, we identified best practices that were not currently included in the planned ITP related to monitoring and training. We made five specific recommendations to TVA management to implement the ITP and incorporate best practices related to monitoring and training. TVA management agreed with our findings and recommendations.

Management of Mac[®] Desktops and Laptops

We audited TVA's management of Mac[®] desktops and laptops to determine if Mac[®] desktop and laptop patching and configuration management followed TVA policy. Patch management is the process for identifying, acquiring, installing, and verifying patches for products and systems. Patches correct security and functionality problems in software and firmware. Configuration management increases the security of individual computers, protects them from threats, and reduces the likelihood that a system will be compromised or that data will be disclosed to unauthorized parties. We reviewed TVA's inventory of Mac[®] desktops and laptops and performed process walkthroughs of system inventory, patch management, and configuration management processes.

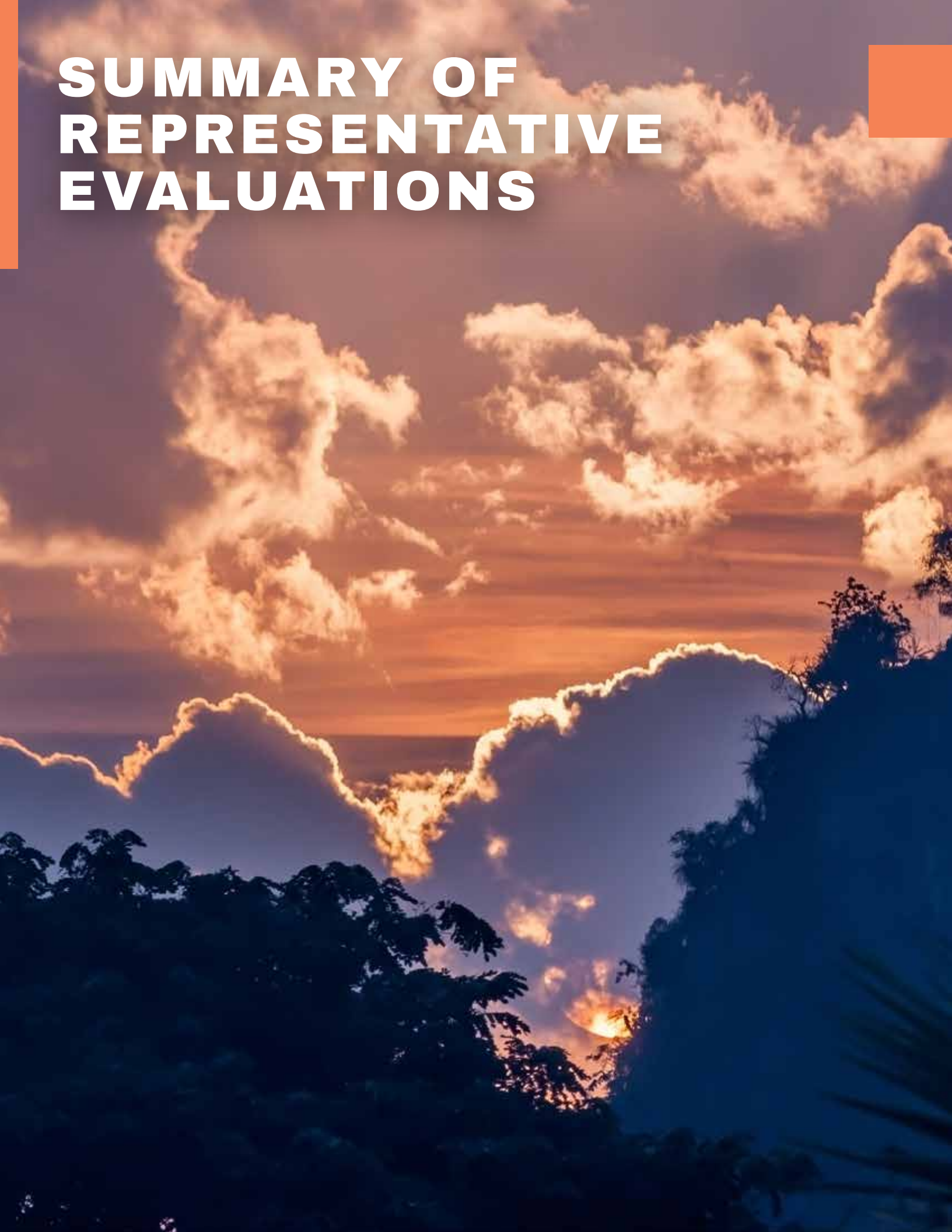
We found (1) TVA is at potential risk for compromise of Mac[®] desktops and laptops due to inaccurate inventory, (2) TVA was not patching Mac[®] systems in the designated time frames in TVA policy, and (3) TVA did not have a Mac[®] baseline as required by TVA policy. TVA management agreed with our recommendations to address the issues related to inventory, patch management, and baselines.

³ Management of access is centralized and monitored for all systems.

⁴ Data in transit is data that is currently traveling across a network or sitting in a computer's random access memory ready to be read, updated, or processed.

⁵ Subsequent to the issuance of our final report, TVA implemented TVA-SPP-14.120, *Insider Threat Program*.

SUMMARY OF REPRESENTATIVE EVALUATIONS



During this reporting period, our teams completed seven evaluations and seven organizational effectiveness reviews, all of which identified opportunities for improvement.

EVALUATIONS

During this semiannual reporting period, the Evaluations department completed seven evaluations, including reviews of the TVA Observation Program, grid access charge, both Nuclear and Power Operations arc flash protection, historic preservation reviews, and overtime at both coal and gas plants.

TVA Observation Program

Due to the importance of identifying and correcting safety issues, we performed an evaluation to determine if corrective actions were being implemented to address observations identified through the TVA Observation Program (TOP).

We found corrective actions were generally being implemented to address observations identified through TOP. In addition, we found health and safety committees were generally taking action to address negative trends in at-risk observations. However, we identified opportunities for improvement related to (1) at-risk observations that should not have been included as part of TOP, (2) documentation of corrective actions in SafetyNet (TVA's application that allows observers to record and submit observations in real-time on a mobile device or to record observations at a desktop), and (3) closure of some at-risk observations in SafetyNet. TVA management took actions related to the inclusion and closure of observations in TVA safety systems.

Grid Access Charge

TVA and its local power companies (LPC) reached an agreement to institute a rate reduction and establish a grid access (or fixed-cost) charge to recover the equivalent amount of revenue. TVA implemented the rate change in October 2018, which included a revision to the structure of its wholesale electric power rates charged to LPCs. Due to concerns expressed by stakeholders, we performed

an evaluation to determine if TVA's implementation of the grid access charge was revenue neutral as intended. We determined TVA's implementation of a grid access charge was revenue neutral because it resulted in an immaterial change in revenue to TVA. TVA collected about \$2 million less in revenue from the LPCs that implemented the grid access charge in FY 2019 than it would have without implementing the rate change.

Nuclear and Power Operations Arc Flash Protection

Arc flash is a dangerous release of energy caused by an electric arc. TVA's medical records system indicated there were seven arc flash injuries between 2015 and 2019. Due to the risk of personnel injury from arc flash hazards, we initiated evaluations of arc flash programs in TVA Power Operations and Nuclear. The objectives of our evaluations were to determine if (1) TVA's arc flash procedure was being performed as required, (2) required personal protective equipment was available and properly maintained, and (3) required training was completed.

We found some requirements of TVA's arc flash procedures were not being performed such as (1) the arc flash hazard analyses were incomplete, (2) some identified arc flash hazards were not communicated accurately to workers, and (3) arc flash hazards were not consistently documented. While personal protective equipment was generally available and in good condition, personal protective equipment management practices could be improved. Also, we determined arc flash training needs improvement, including (1) not all Power Operations' employees had completed training and (2) TVA's identified population of individuals required to have arc flash training was incomplete and not a reliable indicator as to who is required by the Occupational Safety and Health Administration to receive the training. TVA management provided actions planned to address our recommendations

related to deficiencies with arc flash programs with the exception of one recommendation to Power Operations where management plans to continue their current process for assessing training assignments.

Historic Preservation Reviews

Section 106 of the National Historic Preservation Act of 1966 requires federal agencies to consider the effects of projects they carry out, approve, or fund on historic properties. TVA's Cultural Compliance group performs historic preservation reviews (called Section 106 reviews) to assess (1) whether or not historic properties are present, (2) adverse effects of projects on historic properties, and (3) how to mitigate the adverse effects. Due to concerns raised about the efficiency of historic preservation reviews, we performed an evaluation to determine if the process for performing historic preservation reviews was efficient.

We determined Section 106 reviews were not consistently tracked resulting in a lack of data to determine the time and costs of the reviews. However, we were able to identify inefficiencies in the Section 106 process. Specifically, we determined the process had inefficiencies regarding (1) prioritization of projects, (2) incorporation

of Cultural Compliance in planning, (3) communication between organizations, (4) workload of Cultural Compliance personnel, (5) reliance on contractors, and (6) tracking of cultural resources. TVA management provided actions to address our recommendations related to inefficiencies in Section 106 reviews.

Coal and Gas Plant Overtime

In FYs 2018 and 2019, 1,082 employees at TVA's coal plants worked 698,493 hours of overtime and were paid over \$45 million and 323 gas plant employees worked 318,903 hours of overtime and were paid approximately \$24.5 million. Due to the high amounts of overtime worked at some gas and coal plants, we conducted evaluations to assess TVA's management of overtime at coal plants and gas plants.

We determined significant amounts of overtime were worked by employees at all six of TVA's coal plants and seven of its 17 gas plants. We also determined some employees worked significant amounts of overtime. Additionally, we determined TVA may not be accurately capturing the effects of fatigue because (1) fatigue assessments are no longer required when significant



overtime is worked and (2) fatigue data is not trended with health and safety data in TVA's medical case management system. TVA management plans to implement corrective actions to address our recommendations related to the amount of overtime worked and capturing the effects of fatigue. However, management stated any change to the overtime procedure would require TVA and union renegotiation of the existing contract.

ORGANIZATIONAL EFFECTIVENESS

During this semiannual reporting period, the Organizational Effectiveness group completed evaluations of seven TVA business units to assess behavioral and operational factors that could impact the organizational effectiveness of the business units. The business units included Financial Services' (1) Financial Operations & Performance, (2) Enterprise Planning, and (3) Treasury departments and Watts Bar Nuclear Plants' (1) Site Security, (2) Radiation Protection, and (3) Chemistry/Environmental groups. In addition, the team evaluated the results of five previous Hydro Generation reviews to determine strengths and risks that impacted Hydro Generation as a whole.

Financial Operations and Performance

Financial Operations and Performance (FO&P) is a business unit within TVA's Financial Services organization. FO&P is responsible for functions such as budgeting and accounting, business planning, benchmarking and performance analysis, management reporting, capital allocation, and project portfolio management for all TVA business units. FO&P also has ownership of some Sarbanes-Oxley related controls.

During the course of our evaluation, we identified behaviors that positively affected FO&P. These included leadership actions and other drivers of engagement such as positive relationships with team members and the use of an employee-driven recognition program. We also identified risks to operations that, although minimal, if left unaddressed, could hinder FO&P's effectiveness. These included (1) risks to adequate information sharing among FO&P departments and effective customer service and (2) perceived risks to achievement of FO&P initiatives and operations. TVA management plans to implement corrective actions to address our recommendations related to the identified risks.



Chickamauga Dam

Enterprise Planning

Enterprise Planning (EP) is a business unit within TVA's Financial Services organization that is responsible for leading development of TVA's strategic plan, including long-range financial and resource plans, with the objective to meet the Tennessee Valley's energy needs in the most effective way. As part of developing the strategic plan, EP facilitates collaboration across TVA and provides oversight of analysis and communications for enterprise-level strategic issues and initiatives. EP also plays a significant role in TVA's integrated planning, which is an enterprise-wide effort focused on developing long-range business plans.

During the course of our evaluation, we identified behaviors that positively affected EP. These included leadership actions, relationships with team members, recognition programs, and a positive ethical culture. We also identified a risk to operations that, although minimal, if left unaddressed, could hinder EP's effectiveness. This risk was related to effective collaboration with business partners. TVA management provided actions planned to address the risk.

Treasury

Treasury is a business unit within TVA's Financial Services organization that is tasked with coordinating the funding of TVA's operations and managing daily cash activities, which ensures that TVA's flow of funds remains adequate on a daily, near-term, and long-term basis to meet TVA's operational needs. The organization is also responsible for maintaining related programs and policies designed to protect TVA against unexpected financial impacts as well as providing strategies designed to strengthen TVA's financial flexibility. Treasury also has ownership and certification of some Sarbanes-Oxley related controls.

During the course of our evaluation, we identified behaviors that had a positive impact on Treasury. These included interactions with team members and leadership. We also identified risks to operations that, although minimal, could impede Treasury's effectiveness if unaddressed. While interviews with

Treasury personnel indicated effective performance of job responsibilities, we identified risks, including (1) uncertainty in business model changes for one Treasury department and (2) risks related to effective service to business partners. TVA management plans to address the risks through better communications with its personnel and business partners and balancing of workloads.

WBN Site Security

WBN Site Security (SS) is responsible for maintaining physical security at WBN through the execution of its security plans. The organization supports TVA's core safety value as well as TVA's Nuclear Operating Model and Nuclear vision to achieve and sustain top industry performance. In addition, WBN SS is responsible for interfacing with federal, state, and local agencies on security-related matters.

We identified strengths related to (1) organizational alignment, (2) positive interactions within WBN SS, (3) first-line management support, and (4) positive ethical culture. However, we also identified risks that could impact the effectiveness of WBN SS to achieve its responsibilities in support of the Nuclear vision and TVA mission. These risks included (1) communication deficiencies, (2) safety concerns, (3) perceptions of inadequate staffing, (4) reporting of performance data, and (5) ineffective relationships with support organizations. TVA management provided planned actions to address most of the identified risks.

WBN Radiation Protection

WBN Radiation Protection (RP) is responsible for conducting activities in ways that protect the radiological health of workers and the public by keeping radiation doses as low as reasonably achievable (ALARA). According to the Nuclear Industry Standard Process RP-011, *Radiation Protection Fundamentals*, Radiological Protection professionals achieve protection of plant personnel and the public by implementing a robust program that includes a strong foundation of fundamentals and a culture that strives for continuous improvement.

We identified behaviors that had a positive impact on WBN RP. However, we also identified a behavioral risk related to accountability that, if left unaddressed, could impact WBN RP's effectiveness and its continued ability to meet its responsibilities in support of WBN's mission. We also identified operational positives regarding WBN RP's working relationship with outside departments and having enough resources to do the work. TVA management provided actions taken to address our recommendation to remediate the accountability risk.

WBN Chemistry/Environmental

As part of TVA Nuclear, WBN Chemistry/Environmental (Chemistry) is tasked with (1) maintaining the chemical operating environment for all plant systems (including fuel assemblies) in such a manner that systems and equipment will meet or exceed their designed lifetimes, (2) meeting all regulatory requirements, (3) avoiding adverse effects to nuclear fuel, and (4) minimizing plant dose rates.

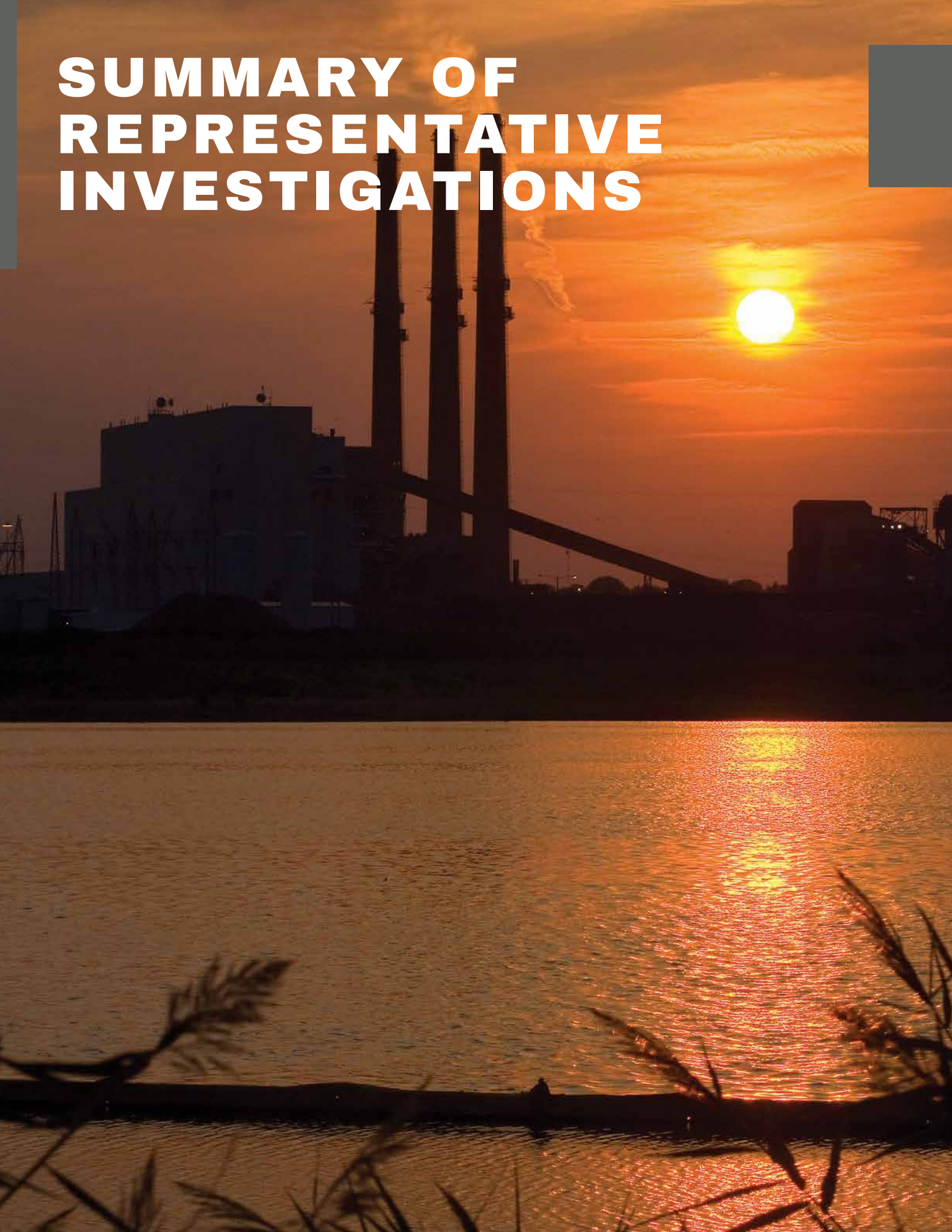
We identified behavioral risks that could have a negative impact on WBN Chemistry's effectiveness. Although employees generally indicated having positive working relationships with personnel outside WBN Chemistry, behavioral concerns were expressed related to (1) interactions with certain management and (2) relationships between employees. We also identified operational risks that could hinder WBN Chemistry's ability to execute its responsibilities and support Nuclear's vision and core principles. These risks were comprised of (1) perceptions of inadequate qualified and/or experienced technicians and turnover in a department and (2) concerns with the technician training program. In addition, based on feedback received from other WBN organizations, we corroborated concerns about WBN Chemistry's staffing and personnel knowledge. TVA management provided actions planned and taken to address the behavioral and operational risks.

Hydro Generation

Hydro Generation (Hydro) is a business unit falling under Power Operations whose vision is to safely produce reliable, low-cost, cleaner power for the changing needs of the Tennessee Valley. Hydro is comprised of four regional Hydro organizations—Central, North Eastern, Raccoon Mountain, South Western—as well as the Hydro Dispatch Control Center. Hydro Generation operates 29 conventional hydroelectric dams and a pumped storage facility, located throughout the Tennessee Valley.

We evaluated the results of recent evaluations in the five Hydro areas, as well additional interviews and data analyses, and identified strengths and risks that could impact Hydro as a whole. These strengths included (1) organizational alignment, (2) positive interactions within and outside of Hydro, (3) effective leadership, and (4) positive ethical culture. We also identified risks that could impact Hydro's ability to meet its responsibilities in support of Power Operations vision. These risks were related to (1) lack of effective accountability by management, (2) inadequate staffing, (3) training needs, and (4) other resources, including adequacy of equipment, infrastructure, supplies, and/or workspace conditions. TVA management agreed with our findings and recommendations and provided actions to address our recommendations for remediating the identified risks.

SUMMARY OF REPRESENTATIVE INVESTIGATIONS



This reporting period, we opened 63 cases and closed 92. Our investigative results include three criminal Informations filed, one conviction, two administrative cases involving inappropriate use/receipt of TVA funds, and the conclusion of a Hatch Act matter. We have continued our mission despite the difficulties created by COVID-19 restrictions on many routine investigative activities. Highlights of investigative results follow.

Multiagency Investigation Results in Waste Recycling Company Officials Charged With Conspiring to Commit Environmental Crimes in Wisconsin and Tennessee, One Pleads Guilty

Prosecution continues in a case involving 5R Processors, Ltd. (5R) and three of its principals. 5R, a recycling and remediation company, had a facility in Morristown, Tennessee, and a portion of the hazardous waste housed at that facility originally belonged to TVA, which had contracted with the company to recycle material from old computer monitors and contained lead.

On May 21, 2020, Informations were filed in the Western District of Wisconsin against Thomas Drake, James Moss, and Bonnie Dennee charging them with conspiracy to store and transport hazardous waste without the required permits and manifests, in violation of the Resource Conservation and Recovery Act, in connection with 5R's activities at several sites, including Morristown. The Information filed against Mr. Moss also charged him with conspiracy to evade the payment of employment taxes and income taxes to the Internal Revenue Service.⁶

According to the Informations, 5R, based in Ladysmith, Wisconsin, was a corporation involved in recycling electronic equipment, appliances, and other assets. It operated facilities and warehouses in various Wisconsin locations and at the Morristown location. The three defendants were executive officers of the company, Mr. Drake also being its founder. 5R used a de-manufacturing technique whereby electronic equipment was taken apart manually and the parts sorted into commodities, which then could be resold. 5R

took in computer monitors and televisions that contained cathode ray tubes (CRTs), which were broken down and the glass separated between "clean glass," which was sold as a commodity, and "funnel glass," which contained lead. Until 2011, 5R shipped the leaded CRT glass to vendors that were allowed to handle it, and 5R was charged for the disposal.

The Informations allege that from 2011 to 2016, the defendants and others conspired to (1) knowingly store hazardous waste (i.e., broken and crushed CRT glass containing lead) at unpermitted facilities in Catawba and Glen Flora, Wisconsin, and Morristown, (2) knowingly transport the hazardous waste without a required manifest, and (3) conceal the above violations from state regulators in Wisconsin and Tennessee, as well as auditors, with a nationwide recycling certification program known as "R2."

According to the Informations, the defendants attempted to conceal their illegal storage and transport of the crushed leaded glass by various means, including:

- Changing the date labels on containers holding the leaded glass;
- Hiding the containers by putting them inside semi-trailers and locking the trailer doors;
- Moving the containers to the back of the warehouse and stacking other pallets in front of them, making it impossible for regulators to see the boxes or inspect them;
- Storing the containers at a warehouse in Glen Flora and not disclosing the existence of this warehouse, or its contents, to state regulators or R2 auditors;

⁶ The three agreed to waive their right to be charged by indictment by a grand jury. In these circumstances, federal charges are entered by way of an Information filed with the court.



- Storing the containers at 5R's plant in Morristown in two warehouse spaces that did not have electricity or power, and which were referred to by 5R employees as the "dark side" and the "dark-dark side"; and
- Providing the state regulators with inaccurate inventory and shipping records for the leaded glass.

On September 1, 2020, Mr. Moss pled guilty to the Information against him.

The charges described are the result of an investigation conducted by TVA OIG, the Wisconsin Department of Natural Resources Bureau of Law Enforcement, the Environmental Protection Agency's Criminal Investigation Division (CID), and the Internal Revenue Service CID.

Regarding status of the Morristown site, Paint Oak, LLC (the owner of the property formerly rented to 5R) was selected as a 2020 Governor's Environmental Stewardship Award Winner for its extensive efforts to remediate the property.

Purchasing Card Investigation

The OIG received an allegation that a TVA supervisor and his subordinate participated in a scheme with a local hardware store employee to use a TVA purchasing card (P-card) for their personal benefit. The allegations were substantiated.

Investigation revealed that on at least four occasions, with the cooperation of a hardware store employee, the supervisor and his subordinate made purchases exceeding \$23,000 on a TVA P-card for items for their personal use. Bogus invoices, provided by the hardware store employee, were used to document the P-card purchases. The invoices detailed items routinely purchased by TVA; however, the actual items purchased were typically for home improvement or recreation (including outdoor grills costing several hundred dollars each, vinyl siding, lumber, and paint). Many of the items were delivered to property owned by the supervisor. In addition, we found that the supervisor and/or the subordinate brought a stainless steel grill valued at approximately \$1,000 to the hardware store

employee's home during the course of our investigation. The hardware store employee turned the grill over to TVA OIG, and it was returned to TVA.

As a result of our report to TVA management, the supervisor resigned in lieu of termination, and his personnel file reflects a restriction to future TVA employment. The subordinate was suspended without pay for 29 working days. TVA did not seek reimbursement from either the supervisor or his subordinate. This matter was referred to the U.S. Attorney's Office and the local district attorney's office, which have declined prosecution in favor of administrative remedies available to TVA.

Hatch Act Violation Referred to the U.S. Office of Special Counsel

TVA OIG received an allegation that an employee circulated photocopies of a news article bearing a handwritten note discouraging readers against voting for unspecified political candidates of a national political party. After an initial review of the allegation, we referred the matter to the U.S. Office of Special Counsel (OSC), which has sole jurisdiction over Hatch Act violations. The Hatch Act prohibits employees from engaging in political activity while on duty, in a government building, while wearing an official uniform or insignia, or using an official vehicle. Political activity here is defined as activity directed toward the success or failure of a political party, partisan political group, or candidate for partisan political office.

The OSC recently responded to our referral by stating it had further investigated and substantiated the allegations. The individual circulating the article had told the OSC he/she did so out of frustration, having been "ragged" by other employees about his/her differing political views and that he/she could "only just take so much" before responding to their political statements. The individual further explained that coworkers often discussed politics at work.

The OSC issued the employee a warning letter and stated in its letter to TVA OIG that the results of its investigation raised significant concerns about Hatch Act compliance by the employees working at the individual's assigned facility.

As a result, the OSC contacted TVA's Office of General Counsel to inform them of the investigation's outcome and to request that TVA provide Hatch Act training to all employees working at the facility as soon as practicable.

Former Supervisor's Overtime Payments

A supervisor was paid overtime, including for his commute, without management approval. The supervisor is no longer at TVA, but it was found the overtime was paid without proper approval due to a glitch in TVA's timekeeping system revealed by this investigation. The former supervisor told investigators he would return overtime pay he gained for his commute, which he asserted he had not intended to request. TVA has not sought reimbursement nor has it been made. A report was issued to TVA management, which acted to correct the system weakness that caused the absence of management approval for the former supervisor's overtime.

The Effect of COVID-19 on OIG Investigations

The COVID-19 pandemic has affected us all in many ways. Our nation continues to endure myriad pain, loss, and sense of uncertainty as we navigate unfamiliar waters, battling an invisible enemy that is not yet fully understood by science and public health professionals. While law enforcement, naturally, is not immune from the effects of COVID-19, the OIG was uniquely positioned to adapt our operations to the strict guidelines that TVA developed to conduct business during this pandemic. Over the past few years, the OIG has aggregated a robust system of equipment, technologies, and secure and encrypted software packages that allow our investigations personnel to safely, securely, and effectively access information and conduct operations while in telework status and in travel status. Nevertheless, measures put in place to prevent the spread of COVID-19, such as travel restrictions and shelter-in-place and social distancing orders, have produced significant changes in how people and institutions are able to interact, which in-turn, has produced significant changes in how the OIG is able to conduct investigative activities.



Norris Dam

For example, due to staffing shortages and lack of access to certain technologies and/or security protocols, many non-TVA recipients of OIG subpoenas and investigative requests for records have had difficulties accessing, producing, and/or sharing records in a timely manner. Courts and grand juries have postponed or canceled proceedings, or are running with limited capacity, which has caused several OIG trial-ready cases to be delayed and several OIG cases ready to be presented to grand juries to be postponed, with non-violent felonies—such as the white-collar cases the OIG typically works—receiving low priority for access to grand juries. This pandemic is also having a significant impact on the ability of investigators to safely and effectively conduct “knock-and-talk” interviews of subjects and witnesses, to develop cooperating witnesses and informants (which typically requires in-person meetings to develop trust), and to execute search warrants—which are all typically among the most effective forms of gathering evidence and admissions.

OIG Investigations has adopted a variety of changes to remain effective and successful through these challenges. We have increased the number of interviews we do by telephone and through videoconferencing, and we now conduct some interviews in open, public places or even sitting on a witness’s front porch. In cases that will be document intensive, we issue subpoenas and requests for records earlier than normal, where appropriate, to allow for delayed response times. Investigations personnel also participate in scheduled and spontaneous team building activities via video, instant messaging, and phone calls to maintain some of the camaraderie and cohesiveness that naturally occurs when we interact together in the office and in the field, which is vital to the efficacy of any investigations group.

Despite our adaptations, there have been additional hurdles to the challenges discussed above. Due to the nature of investigations, many of the people and institutions we need to interact and communicate with are third parties—they are neither TVA nor government employees—and those third parties have their own pandemic guidelines and comfortabilities, which do not

always align with TVA or government protocols. Further, when investigators are able to conduct these investigative activities with third parties in the COVID-19 environment, they often take more steps and more planning than before COVID-19, which ultimately extends the amount of time to conduct an investigation.

For example, many phone and video interviews now require a pre-interview phone call to explain their necessity to the interviewee, and required disclosure documents like Privacy Act Notices and Garrity Rights Notices have to be sent to interviewees, and signed and returned, before the interview. In some instances, interviewees request an e-mail from a “.gov” e-mail address so that the interviewee, after he or she investigates the legitimacy of the e-mail, is confident that they are providing information over the phone to a “real” federal law enforcement agent. Even setting-up an interview can take longer, with investigators sometimes having to find a suitable location to conduct interviews where everyone present can practice appropriate distancing, and/or ensure all participants have the proper personal protective equipment, if necessary, but where there is still some degree of privacy and safety. In some instances, investigators have had to find suitable interview venues that safely and securely accommodate third-party witnesses who are not comfortable meeting in public, nor at their homes, nor wearing a mask as required in TVA facilities.

Despite these challenges, OIG Investigations will persist in adapting to the various judicial, prosecutorial, and communications challenges that may further unfold as this novel coronavirus pandemic, and our nation’s response to it, continues to progress. We remain creatively flexible as we carry on assessing, mitigating, and adjusting to the various COVID-19 guidelines, protocols, and concerns of those with whom we must interact and work alongside. As always, OIG Investigations remains unwavering in the pursuit of our mission to identify fraud, waste, and abuse and to promote efficiency and economy within TVA for the benefit of the citizens of the Tennessee Valley.

LEGISLATION AND REGULATIONS



In this section of our semiannual report, it is our intent to address only current and pending legislation that relates to the economy or efficiency of TVA operations when we have recommendations or comments to make to Congress regarding the legislation. At times, we may direct recommendations to general positions and issues, particularly when there are multiple bills dealing with the issue. At other times, we anticipate making recommendations relating to particular statutes and bills and their particular wording.

During this reporting period, we are not making any recommendations to Congress regarding current or pending legislation.



Releasing water at Tims Ford Lake

APPENDICES



INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

REPORTING	REQUIREMENT	PAGE OR APPENDIX
Section 4(a)(2)	Review of legislation and regulations	46-47
Section 5(a)(1)	Significant problems, abuses, and deficiencies	26-45
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	26-45
Section 5(a)(3)	Recommendations described in previous semiannual reports on which corrective action has not been completed	Appendix 4
Section 5(a)(4)	Matters referred to prosecutive authorities and the prosecutions and convictions that have resulted	Appendix 5
Section 5(a)(5) and 6(b)(2)	Summary of instances where information was refused	None
Section 5(a)(6)	Listing of audit and evaluation reports	Appendix 2
Section 5(a)(7)	Summary of particularly significant reports	26-45
Section 5(a)(8)	Status of management decisions for audit and evaluation reports containing questioned costs	Appendix 3
Section 5(a)(9)	Status of management decisions for audit and evaluation reports containing recommendations that funds be put to better use	Appendix 3
Section 5(a)(10)	Summary of audit and evaluation reports issued prior to the beginning of the reporting period for which (a) no management decision had been made; (b) no management comment was received within 60 days of issuing the draft report; and (c) there were any unimplemented recommendations, including the aggregate potential cost savings of those recommendations, at the end of the reporting period ¹	None
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which the Inspector General disagreed	None
Section 5(a)(13)	Information under Federal Financial Management Improvement Act of 1996	Not Applicable
Section 5(a)(14)	Results of any peer review conducted by another Office of the Inspector General during the reporting period, and if none, a statement of the date of the last peer review	Appendix 10
Section 5(a)(15)	List of outstanding recommendations from any peer review conducted by another Office of the Inspector General, including a statement describing the status of the implementation and why implementation is not complete	None

¹ We had no open audit or evaluation reports that met all of these requirements. However, Appendix 4 includes a list of all audits issued in previous semiannual periods on which corrective action has not been completed.

APPENDIX 1

INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT (CONTINUED)

REPORTING	REQUIREMENT	PAGE OR APPENDIX
Section 5(a)(16)	List of any peer reviews conducted of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review that remain outstanding or have not been fully implemented	None
Section 5(a)(17)	Statistical table showing the total number during the reporting period of (a) investigative reports issued, (b) persons referred to the Department of Justice for criminal prosecution, (c) persons referred to state and local prosecuting authorities for criminal prosecution, and (d) indictments and criminal informations resulting from any prior referral to prosecuting authorities	Appendix 5
Section 5(a)(18)	Metrics used to develop the data in the statistical table pursuant to Section 5(a)(17)	Appendix 5
Section 5(a)(19)	Investigations in which allegations of misconduct involving a senior government employee ² were substantiated	Appendix 6
Section 5(a)(20)	Instances of whistleblower retaliation, information about the official found to have engaged in retaliation, and consequences imposed, if any, to hold the official accountable	None
Section 5(a)(21)	Attempts to interfere with the independence of the Office of the Inspector General	None
Section 5(a)(22)(A)	Audit or evaluation that was closed and not disclosed to the public	None
Section 5(a)(22)(B)	Investigation involving a senior government employee that was closed and not disclosed to the public	Appendix 7

² Pursuant to Section 5(b)(7)(A) of the IG Act, as amended, senior government employee is defined as an officer or employee whose rate of basic pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS-15 of the General Schedule.

OIG AUDIT REPORTS • ISSUED DURING THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2020

Report Number and Date	Title	Questioned Costs	Unsupported Costs	Funds Put To Better Use
CONTRACT AUDITS				
2019-15635 04/20/2020	BlueCross BlueShield of Tennessee - Contract No. 11022	\$924,395	\$0	\$0
2019-15681 05/01/2020	National Emergency Assistance - Contract No. 11992	417,327	0	0
2019-15650 06/04/2020	Morsey Constructors, LLC - Contract No. 9275	3,954,351	31,924	0
2018-15599 07/13/2020	Trans Ash, Inc. - Contract No. 10059	3,329,793	8,400	0
2020-15739 07/29/2020	Proposal for Engineering Services	0	0	3,082,000
2020-15735 08/13/2020	Proposal for Engineering Services	0	0	5,170,000
2020-15733 08/14/2020	Proposal for Engineering Services	0	0	7,440,000
2020-15734 08/21/2020	Proposal for Engineering Services	0	0	0
2019-15632 08/26/2020	Thalle Construction Company, Inc. - Contract No. 10061	2,250,385	0	0
2020-15738 08/28/2020	Proposal for Engineering Services	0	0	2,240,000
2020-15732 09/01/2020	Proposal for Engineering Services	0	0	4,000,000
2020-15724 09/17/2020	Contractor's Use of TVA's Equipment Support Services' Heavy Equipment	0	0	0
FINANCIAL AND OPERATIONAL AUDITS				
2019-15666 04/15/2020	Maximo Vendor Master File	\$0	\$0	\$0
2019-15646 04/28/2020	Allocation of Labor Expenses in Information Technology	0	0	0
2020-15706 09/22/2020	Economic Development Loan Program	0	0	0
2020-15691 09/28/2020	Business Meetings and Hospitality	0	0	0
2020-15728 09/28/2020	Emergency Preparedness - Active Shooter	0	0	0
INFORMATION TECHNOLOGY AUDITS				
2020-15693 04/21/2020	Backup Verification of Mission Essential Data	\$0	\$0	\$0
2019-15619 04/29/2020	Insider Threat Program	0	0	0
2020-15717 08/20/2020	Management of Mac® Desktops and Laptops	0	0	0
TOTAL AUDITS (20)		\$10,876,251	\$40,324	\$21,932,000

APPENDIX 2

OIG EVALUATION REPORTS • ISSUED DURING THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (CONTINUED)

Report Number and Date	Title	Questioned Costs	Unsupported Costs	Funds Put To Better Use
EVALUATIONS				
2019-15662 04/14/2020	TVA Observation Program	\$0	\$0	\$0
2020-15712 07/09/2020	Grid Access Charge	0	0	0
2019-15644 07/13/2020	Nuclear Arc Flash Protection	0	0	0
2019-15642 07/15/2020	Power Operations Arc Flash Protection	0	0	0
2019-15663 08/28/2020	Historic Preservation Reviews	0	0	0
2019-15685 09/24/2020	Gas Plant Overtime	0	0	0
2019-15686 09/24/2020	Coal Plant Overtime	0	0	0
ORGANIZATIONAL EFFECTIVENESS				
2019-15627 05/05/2020	Organizational Effectiveness - Hydro Generation	\$0	\$0	\$0
2020-15702 06/03/2020	Organizational Effectiveness - Financial Operations and Performance	0	0	0
2019-15570 08/13/2020	Organizational Effectiveness - Watts Bar Nuclear Plant - Site Security	0	0	0
2020-15719 09/03/2020	Organizational Effectiveness - Watts Bar Nuclear Plant - Chemistry	0	0	0
2020-15729 09/17/2020	Organizational Effectiveness - Enterprise Planning	0	0	0
2020-15741 09/22/2020	Organizational Effectiveness - Treasury	0	0	0
2020-15718 09/24/2020	Organizational Effectiveness - Watts Bar Nuclear Plant - Radiation Protection	0	0	0
TOTAL EVALUATIONS (14)		\$0	\$0	\$0

Note: A summary of or link to the full report may be found on the OIG's Web site at <https://oig.tva.gov>.

TABLE I • TOTAL QUESTIONED AND UNSUPPORTED COSTS • AUDITS

Audit Reports	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the period	0	\$0	\$0
B. Which were issued during the reporting period	5	\$10,876,251	\$40,324
Subtotal (A+B)	5	\$10,876,251	\$40,324
C. For which a management decision was made during the reporting period	5	\$10,876,251	\$40,324
1. Dollar value of disallowed costs	5	\$5,023,635	\$40,324
2. Dollar value of costs not disallowed	3 ¹	\$5,852,616	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0	\$0

TABLE I • TOTAL QUESTIONED AND UNSUPPORTED COSTS • EVALUATIONS

Evaluation Reports	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the period	0	\$0	\$0
B. Which were issued during the reporting period	0	\$0	\$0
Subtotal (A+B)	0	\$0	\$0
C. For which a management decision was made during the reporting period	0	\$0	\$0
1. Dollar value of disallowed costs	0	\$0	\$0
2. Dollar value of costs not disallowed	0	\$0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0	\$0

¹ The total number of reports for which management decision was made during the period differs from the sum of C(1) and C(2) when the same report(s) contain both recommendations agreed to by management and others not agreed to by management.

APPENDIX 3

TABLE II • FUNDS TO BE PUT TO BETTER USE • AUDITS

Audit Reports	Number of Reports	Funds To Be Put To Better Use
A. For which no management decision has been made by the commencement of the period	0	\$0
B. Which were issued during the reporting period	5	\$21,932,000
Subtotal (A+B)	5	\$21,932,000
C. For which a management decision was made during the reporting period	2	\$8,252,000
1. Dollar value of recommendations agreed to by management	2	\$8,252,000
2. Dollar value of recommendations not agreed to by management	0	\$0
D. For which no management decision has been made by the end of the reporting period	3	\$13,680,000

TABLE II • FUNDS TO BE PUT TO BETTER USE • EVALUATIONS

Evaluation Reports	Number of Reports	Funds To Be Put To Better Use
A. For which no management decision has been made by the commencement of the period	0	\$0
B. Which were issued during the reporting period	0	\$0
Subtotal (A+B)	0	\$0
C. For which a management decision was made during the reporting period	0	\$0
1. Dollar value of recommendations agreed to by management	0	\$0
2. Dollar value of recommendations not agreed to by management	0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0

RECOMMENDATIONS INCLUDED IN A PREVIOUS SEMIANNUAL REPORT AND AWAITING IMPLEMENTATION

At the end of the semiannual period, final corrective action was not complete on 23 recommendations associated with six audit and three evaluation reports issued in a prior period. Presented below for each audit and evaluation are the report number, date, and title, along with a brief description of action management agreed to take to resolve the open recommendation, including the date management expects to complete final action.

Audit Report Number and Date	Report Title and Actions Agreed to by Management to Resolve Recommendations
2018-15530 09/24/2019	Hydro Generation Cyber Security Controls TVA agreed to complete the implementation of their modernization project to eliminate a potential single point of failure. TVA expects to complete final action by January 31, 2023.
2019-15630 12/02/2019	Day & Zimmermann NPS - Contract No. 11515 TVA agreed to (1) review current contract language to determine if additional language needs to be included for the walkout time policy and (2) work with Day & Zimmerman NPS to determine if the intent of the walkout time process at Watts Bar Nuclear Plant is being met. TVA expects to complete final action by December 2, 2020.
2018-15539 01/09/2020	Enercon Services, Inc. - Contract No. 7757 TVA agreed to enter into negotiations to recover volume rebates not received, unsupported travel costs, and overbilled fee payments. TVA stated it will (1) strive to utilize cost-reimbursable pricing terms for projects that are either not competed or have potential for scope changes to prevent the payment of excessive fixed prices for projects, (2) review the fee evaluation process and enforce the responsibilities and requirements currently in place, (3) enforce the fixed-price proposal requirements to ensure the contractor proposes the (a) appropriate labor categories for the requested task and (b) correct fee, and (4) determine if additional volume rebates are obtainable. TVA expects to complete final action by January 9, 2021.
2019-15653 02/12/2020	2019 Federal Information Security Modernization Act TVA agreed to (1) ensure individuals are properly screened prior to granting access to TVA systems, (2) include supply chain risks in contingency planning policies and procedures, (3) evaluate automated testing for critical systems identified as appropriate, and (4) develop performance measures on the effectiveness of recovery activities. TVA expects to complete final action by December 4, 2020.
2019-15621 02/21/2020	TVA Network User Phishing Awareness TVA agreed to review and update the content and delivery of end user phishing training to reflect industry best practices. TVA expects to complete final action by March 4, 2021.
2020-15704 03/23/2020	Thalle Construction Company, Inc. - Project Change Request TVA agreed to seek recovery of amounts related to cost overruns and unallowable fees and markups. TVA expects to complete final action by March 23, 2021.

APPENDIX 4

RECOMMENDATIONS INCLUDED IN A PREVIOUS SEMIANNUAL REPORT AND AWAITING IMPLEMENTATION (CONTINUED)

Evaluation Report Number and Date	Report Title and Actions Agreed to by Management to Resolve Recommendations
2018-15572 07/17/2019	Organizational Effectiveness - Nuclear Security TVA Nuclear Security agreed to complete standardization of key fleet procedures. TVA expects to complete final action by January 31, 2021.
2019-15633 01/14/2020	Compliance with H-1B Visa Regulations TVA agreed to (1) identify opportunities to improve the accuracy of information provided for the H-1B Visa population of contractors, employees, and persons of interest and (2) work with labor suppliers annually to affirm they understand their responsibility to maintain their employees' eligibility to work in the United States. TVA expects to complete final action by January 15, 2021.
2019-15627-03 01/23/2020	Organizational Effectiveness - Hydro Generation - Central Region TVA agreed to (1) increase the number of Code of Excellence ambassadors in the region, (2) address safety concerns with appropriate repairs and capital projects, and (3) assess the effectiveness of the Technician II training program. TVA expects to complete final action by September 30, 2021.



INVESTIGATIVE REFERRALS AND PROSECUTIVE RESULTS

Referrals	
Reports Issued to TVA Management	11
Subjects Referred to U.S. Attorneys	8
Subjects Referred to State/Local Authorities	2
Results	
Subjects Indicted/Informations Filed	3
Subjects Convicted	1
Pretrial Diversions	0
Federal Referrals Declined	14
State/Local Referrals Declined	1

Metrics: Reports issued to TVA management are comprised of formal written reports and, when appropriate, e-mailed summaries conveying the findings of a completed investigation.

The number of indictments does not include sealed indictments or superseding indictments of the same individual already reported in this or a prior semiannual report.

These numbers may include task force activities and joint investigations with other agencies.



APPENDIX 6

SUBSTANTIATED INVESTIGATIONS INVOLVING SENIOR AGENCY OFFICIALS

Case No.	Allegation and Disposition
19-0213	A supervisor was paid overtime, including for his commute, without management approval. An OIG report was issued, and management took corrective action. (Please see full account at "Former Supervisor's Overtime Payments," page 44.)
20-0164	A manager altered a documented TVA Nuclear procedure without approval from the procedure's author as required. During the manager's OIG interview, he acknowledged the violation. After the interview, he self-reported the incident through the nuclear Corrective Action Program (CAP) at the investigating agent's suggestion. Based on the violation, the incident/corrective action report was flagged by the U.S. Nuclear Regulatory Commission (NRC). The NRC has since confirmed that TVA effectively resolved this incident as a result of its entry into the CAP.

Metrics: This appendix describes closed, substantiated investigations involving subjects specified by the IG Empowerment Act (salaried at 120 percent of GS-15 Level One). TVA does not operate on the GS scale, so all persons in this salary range, though included here, are not necessarily executive-level employees. Corollary to this, not all persons with substantial managerial duties are included here, based on their salaries.

APPENDIX 7

PREVIOUSLY UNDISCLOSED INVESTIGATIONS INVOLVING SENIOR AGENCY OFFICIALS

Case No.	Allegation and Disposition
18-0065	A TVA project manager circumvented supply chain policy to justify work completed by a favored vendor without the prerequisite purchase order, and he provided the vendor a competitor's pricing specifications to assist in completing the purchase order after the work had been performed. Unsubstantiated.
18-0299	On-the-job injuries were misclassified at a TVA site. Additionally, injured employees at the site were pressured not to seek medical attention and/or received improper medical treatment. Unsubstantiated.
19-0253	A manager hired an employee to ensure processes and procedures within a program were within guidelines then terminated the employee for identifying too many out-of-alignment procedures. Unsubstantiated.
20-0167	With full knowledge of their manager, unqualified/uncertified technicians are signing-off on unconduted calibrations, and their work is not supervised as required. Unsubstantiated.
20-0168	A supervisor is misusing a TVA-assigned vehicle for unofficial, everyday activities such as grocery shopping and personal travel. Unsubstantiated.
20-0169	A manager held a required, after-hours team building exercise involving irresponsible use of alcohol and overpriced meals. Unsubstantiated.
20-0186	A manager engaged in time and attendance misconduct during the agency-wide COVID-19 telework period. Unsubstantiated.

Metrics: This appendix describes any closed investigations, not disclosed to the public, involving subjects specified by the IG Empowerment Act (salaried at 120 percent of GS-15 Level One). TVA does not operate on the GS scale, so all persons in this salary range, though included here, are not necessarily executive-level employees. Corollary to this, not all persons with substantial managerial duties are included here, based on their salaries.

HIGHLIGHTS - STATISTICS

	SEPT 30, 2020	MAR 31, 2020	SEPT 30, 2019	MAR 31, 2019	SEPT 30, 2018
AUDITS					
AUDIT STATISTICS					
Carried Forward	18	16	16 ¹	17	21
Started	17	11	7	12	15
Canceled	(0)	(0)	(0)	(0) ²	(0) ³
Completed	(20)	(9)	(8)	(13)	(18)
In Progress at End of Reporting Period	15	18	16	16	17
AUDIT RESULTS (Thousands)					
Questioned Costs	\$10,876	\$1,084	\$11,686	\$0	\$6,155
Disallowed by TVA	\$5,024	\$1,084	\$11,686	\$0	\$6,155
Recovered by TVA	\$74	\$0	\$109	\$189	\$740
Funds to Be Put to Better Use	\$21,932	\$849	\$0	\$3,305	\$57,413
Agreed to by TVA	\$8,252	\$849	\$239 ⁴	\$20,554	\$47,254
Realized by TVA	\$2,931	\$246	\$7,439 ⁵	\$1,830	\$59,875 ⁶
OTHER AUDIT-RELATED PROJECTS					
Completed	7	5	8	5	9
Cost Savings Identified/Realized	\$0	\$0	\$0	\$0	\$0
EVALUATIONS					
Completed	14	10	19	4	17
Cost Savings Identified/Realized (Thousands)	\$0	\$0	\$0	\$0	(\$104)
SPECIAL PROJECTS					
Completed	0	1	1	0	0
INVESTIGATIONS⁷					
INVESTIGATION CASELOAD					
Opened	63	95	101	78	117
Closed	92	96	83	96	110
In Progress at End of Reporting Period	106	137	140	123	143
INVESTIGATIVE RESULTS (Thousands)					
Recoveries	\$4.2	\$93.4	\$569.3	\$.87	\$86.4
Projected Savings	\$0	\$0	\$0	\$0	\$0
Fines/Penalties/Fees	\$0	\$0.1	\$0.1	\$0.3	\$0.2
Waste/Other Monetary Loss	\$0	\$62.4	\$1,511	\$0	\$30.7
Forfeiture(s) Ordered - Criminal	\$0	\$0	\$87.6	\$0	\$0
Forfeiture(s) Ordered - Civil	\$0	\$0	\$0	\$0	\$0
MANAGEMENT ACTIONS					
Disciplinary Actions Taken (Number of Subjects)	3	2	3	6	10
Counseling/Management Techniques Employed (Number of Cases)	12	13	15	15	20
Debarments	0	0	0	0	0
PROSECUTIVE ACTIVITIES (Number of Subjects)					
Referred to U.S. Attorneys	8	7	9	2	16
Referred to State/Local Authorities	2	4	1	2	0
Indicted/Informations Filed	3	4	1	1	1
Convicted	1	2	1	2	0
Pretrial Diversions	0	0	0	0	0

¹ Does not include one project that was postponed during the period.

² One project was postponed during the period.

³ Ibid.

⁴ Amount agreed to was identified in prior period audit.

⁵ Includes amounts agreed to in a prior period.

⁶ Ibid.

⁷ These numbers may include task force activities and joint investigations with other agencies.

APPENDIX 9

GOVERNMENT CONTRACTOR AUDIT FINDINGS

The National Defense Authorization Act for Fiscal Year 2008, P.L. 110-181, requires each Inspector General appointed under the Inspector General Act of 1978 to submit an appendix on final, completed contract audit reports issued to the contracting activity that contain significant audit findings—unsupported, questioned, or disallowed costs in an amount in excess of \$10 million, or other significant findings—as part of the Semiannual Report to Congress. During this reporting period, the Office of the Inspector General issued no contract review reports under this requirement.



PEER REVIEWS OF THE TVA OIG

Audits Peer Review

Inspector General audit organizations are required to undergo an external peer review of their system of quality control at least once every three years, based on requirements in the *Government Auditing Standards*. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail. The Tennessee Valley Authority (TVA) Office of the Inspector General (OIG) underwent its most recent peer review of its audit organization for the period ended September 30, 2019. This review was performed by the Pension Benefit Guaranty Corporation OIG. The Pension Benefit Guaranty Corporation OIG issued its report, dated March 10, 2020, in which it concluded the system of quality control for the audit organization of TVA OIG in effect for the year ended September 30, 2019, has been suitably designed and complied with to provide TVA OIG with reasonable assurance of performing and reporting in conformity with applicable professional auditing standards in all material respects. Accordingly, the TVA OIG received a rating of pass. There are no outstanding recommendations from this review. The peer review report is posted on our Web site at https://oig.tva.gov/peer_reports.html.

Evaluations Peer Review

Inspector General organizations that conduct evaluations in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* (Blue Book) are required to undergo an external peer review every three years. The TVA OIG recently underwent its first peer review of its evaluation organization. The peer review covered the period ended December 31, 2019, and was led by the Department of Labor OIG. The Department of Labor OIG issued its report, dated May 28, 2020, in which it determined the (1) TVA OIG's internal policies and procedures generally met the seven Blue Book standards addressed in the peer review and (2) TVA OIG reports reviewed met the covered Blue Book standards and complied with TVA OIG's internal policies and procedures. The peer review report is posted on our Web site at https://oig.tva.gov/peer_reports.html.

Investigations Peer Review

Investigative operations undergoes a Quality Assessment Review at least once every three years. The Corporation for National & Community Service (CNCS) OIG completed a Quality Assessment Review of TVA OIG Investigative Operations on May 31, 2019. CNCS OIG found ". . . the system of internal safeguards and management procedures for the investigative function of TVA OIG in effect for the period ending December 31, 2018, was in compliance with the quality standards established by CIGIE and the applicable Attorney General Guidelines. . . ." This confirmation is posted on our Web site at https://oig.tva.gov/reports/2019_Investigations_Peer_Review.pdf.

GLOSSARY



Disallowed Cost

A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the agency.

Final Action

The completion of all management actions, as described in a management decision, with respect to audit findings and recommendations. When management concludes no action is necessary, final action occurs when a management decision is made.

Funds To Be Put To Better Use

Funds which the OIG has disclosed in an audit report that could be used more efficiently by reducing outlays, deobligating program or operational funds, avoiding unnecessary expenditures, or taking other efficiency measures.

Improper Payment

Any payment that should not have been made or was made in an incorrect amount, including an overpayment or underpayment, under statutory, contractual, administrative, or other legally applicable requirements, as defined in the Payment Integrity Information Act of 2019.

Information

A formal accusation of a crime made by a prosecuting officer as distinguished from an indictment presented by a grand jury.

Management Decision

Evaluation by management of the audit findings and recommendations and the issuance of a final decision by management concerning its response to such findings and recommendations.

Questioned Cost

A cost the Inspector General questions because (1) of an alleged violation of a law, regulation, contract, grant, cooperative agreement, or other document governing the expenditure of funds; (2) such cost is not supported by adequate documentation; or (3) the expenditure of funds for the intended purposes was unnecessary or unreasonable.

Unsupported Cost

A cost that is questioned because of the lack of adequate documentation at the time of the audit.



Gallatin Fossil Plant

ABBREVIATIONS & ACRONYMS

THE FOLLOWING ARE ACRONYMS AND ABBREVIATIONS WIDELY USED IN THIS REPORT.

ALARA	As Low As (is) Reasonably Achievable
Blue Book	Quality Standards for Inspection and Evaluation
Board	Board of Directors
CAP	Corrective Action Program
Chemistry	Chemistry/Environmental
CID	Criminal Investigation Division
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CNCS	Corporation for National & Community Service
COVID-19	Coronavirus
CRTs	Contained Cathode Ray Tubes
DHS	Department of Homeland Security
ED	Economic Development
EP	Enterprise Planning
ESS	Equipment Support Services
5R	5R Processors, Ltd.
FO&P	Financial Operations and Performance
FY	Fiscal Year
Hydro	Hydro Generation
IG	Inspector General
IT	Information Technology
ITP	Insider Threat Program
LPC	Local Power Companies
NRC	Nuclear Regulatory Commission
OIG	Office of the Inspector General
O&M	Operations and Maintenance
OSC	U.S. Office of Special Counsel
P-card	Purchasing Card
RP	Radiation Protection
SPP	Standard Programs and Processes
SS	Site Security
TCE	Target Cost Estimate
TOP	TVA Observation Program
TPS&S	Transmission, Power Supply and Support
TVA	Tennessee Valley Authority
U.S.	United States
WBN	Watts Bar Nuclear Plant

TVA OIG VALUES

We are a high performing work team that achieves OIG strategic objectives through operational excellence and modeling our values and behaviors every day.

Independence

Integrity

Accountability

Trusting Relationships

Effective Communications

Continuous Improvement





Office of the Inspector General



400 West Summit Hill Drive
Knoxville, Tennessee 37902

The OIG is an independent organization charged with conducting audits, evaluations, and investigations relating to TVA programs and operations, while keeping the TVA Board and Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations.

The OIG focuses on (1) making TVA's programs and operations more effective and efficient; (2) preventing, identifying, and eliminating waste, fraud, and abuse and violations of laws, rules, or regulations; and (3) promoting integrity in financial reporting.

If you would like to report to the OIG any concerns about fraud, waste, or abuse involving TVA programs or violations of TVA's Code of Conduct, you should contact the OIG EmPowerline, TVA OIG's hotline. The EmPowerline can be reached 24 hours a day, seven days a week, either by a toll-free phone call (1-855-882-8585) or over the Web (www.oigempowerline.com). A third-party contractor will take your call or online concern and immediately forward it to OIG personnel. You may report your concerns anonymously or you may request confidentiality.


Report Concerns to the OIG EmPowerline



EmPowerline®

A hotline for reporting anonymous and confidential concerns

www.oigempowerline.com
Toll-Free 855-882-8585



We investigate fraud, waste, and abuse in TVA programs and operations.
Examples include:

- **Contract Fraud**
- **Environmental Crimes**
- **Healthcare/Prescription Drug Fraud**
- **Employee Misconduct**
- **Conflict of Interest**
- **Workers' Compensation Fraud**

Whistleblower Protection

Educates TVA employees about prohibitions on retaliation for protected disclosures, as well as the rights and remedies of employees who have been subjected to workplace retaliation for making protected disclosures. E-mails may be directed to: whistleblowercoordinator@tvaig.gov.



Office of the Inspector General
TENNESSEE VALLEY AUTHORITY
Semiannual Report
April 1, 2020 - September 30, 2020