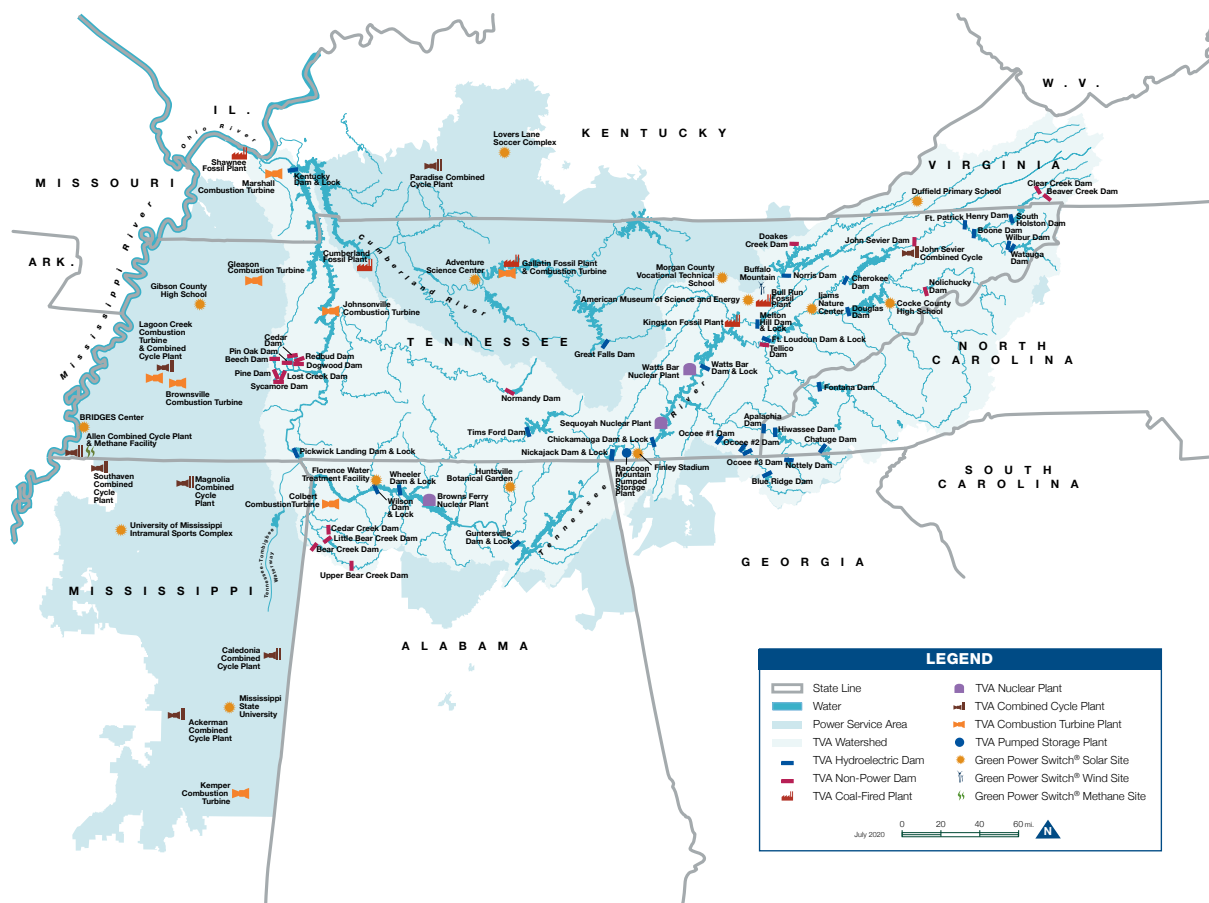


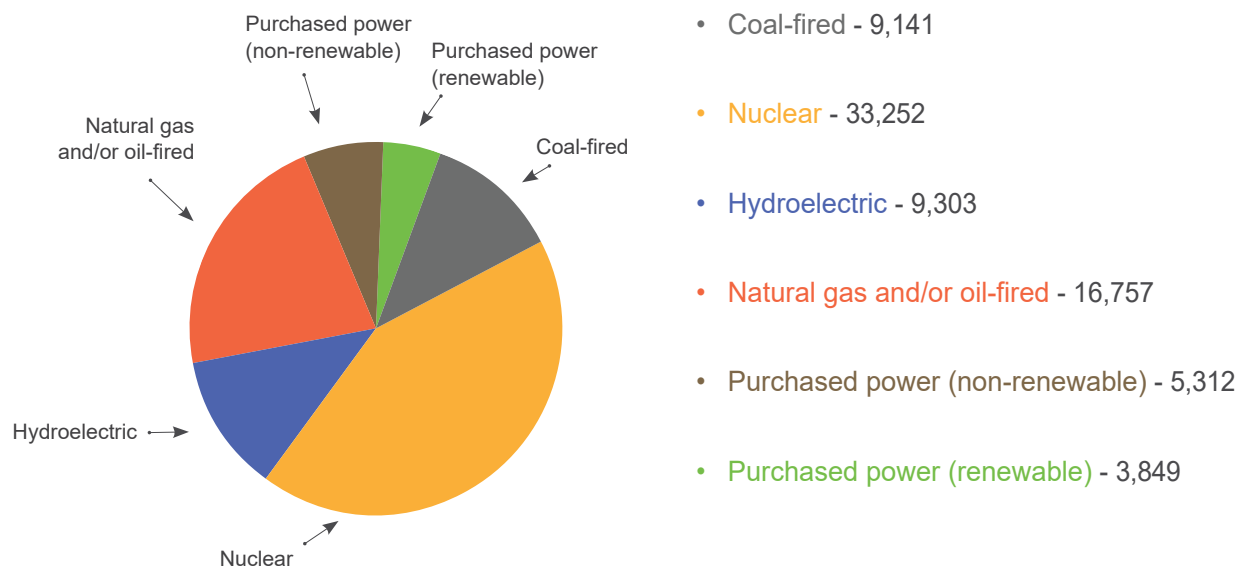


Office of the Inspector General
TENNESSEE VALLEY AUTHORITY
Semiannual Report
October 1, 2020 - March 31, 2021





Power Supply from TVA-Operated Generation Facilities and Purchased Power Six Months Ended March 31, 2021¹ (in millions of kilowatt hours)



¹ For additional detail, see TVA's 10-Q for the quarter ended March 31, 2021.

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MESSAGE FROM THE DEPUTY INSPECTOR GENERAL



I am pleased to present our report for the period October 1, 2020, to March 31, 2021. The global pandemic continues to provide challenges to us, the Tennessee Valley Authority (TVA), the people of the Tennessee Valley, and our country. Our dedicated professionals continue to meet these challenges head on and find ways to continue to deliver results for the people of the Valley.

In this semiannual period, our audit, evaluation, and investigative activities identified more than \$7.1 million in questioned costs, funds put to better use, recoveries, projected savings and waste, and opportunities for TVA to improve its programs and operations. Below are highlights of our work this period.

- Two contract preaward examinations identified nearly \$3.5 million of potential savings opportunities for TVA to negotiate.
- An audit of TVA's process for onboarding Information Technology (IT) contractors identified opportunities to align policies between business units and improve the conduct of background investigations to comply with TVA policy.
- An evaluation of the maintenance of coal combustion residual storage facilities determined, in general, TVA performed required inspections and completed maintenance to address issues identified during the inspections. However, we also identified improvement opportunities.
- An evaluation determined TVA's Generation Projects organization was not effectively managing the turnover of projects to Power Operations because of misaligned processes and inconsistent application of processes.
- An evaluation of TVA's response to the coronavirus (COVID-19) found actions taken related to staffing, employee safety, and telework were reasonable. However, we also identified opportunities for improvement related to various COVID-19 issues.
- An organizational effectiveness evaluation of the Sequoyah Nuclear Plant (SQN) Radiation Protection (RP) group identified certain behavioral attributes and operational factors that had a positive impact on SQN RP's effectiveness. However, we also identified behavioral and operational risks that could impact SQN RP's effectiveness and ability to execute its responsibilities.
- Results from investigations include more than \$3.6 million in restitution to TVA and others, costs avoided by TVA, and waste identified; significant process improvements; prosecutive action on two temporary living allowance cases; and continued prosecution of an environmental case.

On December 31, 2020, and January 5, 2021, Brian Noland and Beth Harwell, respectively, were sworn in as members of the TVA Board of Directors (Board). We welcome Directors Harwell and Noland to TVA and look forward to a productive working relationship with both.



Chickamauga Dam

Finally, I want to thank our Office of the Inspector General (OIG) team for their sustained perseverance in these challenging times. The team's unwavering commitment to our mission has been evident in how they continue to adjust so we can deliver meaningful results. We also extend our appreciation to the dedication of the TVA Board, management, and employees who have also persevered, adapted, and delivered on TVA's broad mission during these difficult times. We share a purpose and a commitment—making TVA better for the people of the Tennessee Valley.

Jill M. Matthews
Jill M. Matthews

Deputy Inspector General Performing the
Duties of the Inspector General

EXECUTIVE OVERVIEW



Over these six months, nonessential TVA and TVA OIG employees remained in mandatory telework as the world has maintained caution during the COVID-19 pandemic. This dramatic work change has both presented challenges and opportunities as we performed our audits, evaluations, and investigative work. We have reprioritized our plans, modified our approaches, implemented and learned new technologies, and adjusted our “normal” to maintain momentum in reporting on opportunities for TVA to improve effectiveness and efficiency and prevent and detect fraud, waste, and abuse. Despite all of these necessary changes, TVA has continued to reap the benefit of independent oversight provided by our office to improve processes and programs, recover funds, and improve cybersecurity.

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 eight audits and examinations, which identified \$22,545 in questioned costs for TVA to recover and nearly \$3.5 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 two preaward examinations of cost proposals submitted by companies proposing to provide engineering, design, and construction support services to TVA. Our examinations identified nearly \$3.5 million of potential savings opportunities for TVA to negotiate. We also completed one compliance audit of a contract with expenditures totaling \$212.4 million for nonnuclear modification, outage and supplemental maintenance, and technical support services at TVA generating plants and other sites. This audit identified potential overbillings of \$22,545. The Contract Audits section begins on page 15 of this report.

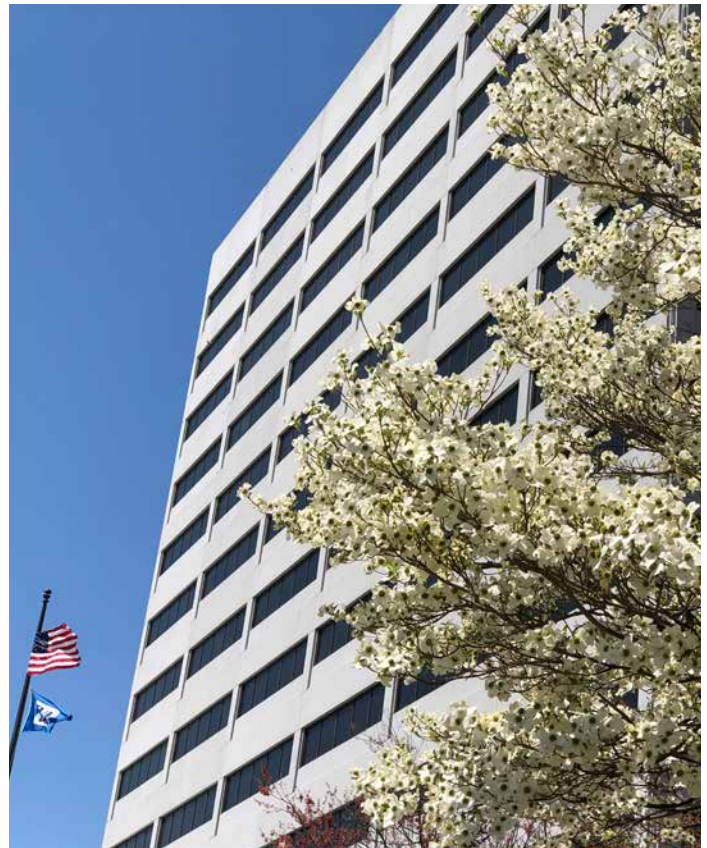
Financial and Operational Audits

With a focus on financial reporting, compliance with applicable laws and regulations, and TVA operations, we completed audits of travel expenses reimbursed within 50 miles of an official station and TVA purchasing card (P-Card) usage. In addition to our audit work, we (1) assessed TVA's Compliance with Executive Order 13950, *Combating Race and Sex Stereotyping*, (2) monitored the

audit of TVA's Fiscal Year (FY) 2020 financial statements by an external auditor, and (3) applied agreed-upon procedures related to TVA's 2020 Winning Performance (WP) measures. The Financial and Operational Audits section begins on page 15 of this report.

IT Audits

IT Audits completed audits of TVA's (1) IT security practices as required by the Federal Information Security Modernization Act (FISMA) of 2014 and (2) IT contractor access. The IT Audits section begins on page 20 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 three evaluations and four organizational effectiveness reviews, all of which identified opportunities for improvement.

Evaluations

The Evaluations group completed three evaluations during this semiannual period. These included evaluations of the maintenance of coal combustion residual storage facilities, the turnover of projects to TVA's Power Operations, and TVA's response to COVID-19. The Evaluations section begins on page 22 of this report.

Organizational Effectiveness

This group completed evaluations of four TVA organizations to assess behavioral and operational factors that could impact their organizational effectiveness. The organizational effectiveness reviews included evaluations of SQN RP and three business units in TVA's Commercial Energy Solutions group. The Organizational Effectiveness section begins on page 24 of this report.

INVESTIGATIONS

This reporting period, we opened 75 cases and closed 90. Our investigative results include more than \$3.6 million in restitution to TVA and others, costs avoided by TVA, and waste identified; significant process improvements; prosecutive action on two temporary living allowance cases; and continued prosecution of an environmental case. The Investigations section begins on page 28 of this report.

STATISTICAL HIGHLIGHTS

October 1, 2020 – March 31, 2021

Audit Reports Issued	8
Evaluations Completed	7
Questioned Costs	\$22,545
Questioned Costs Agreed to by TVA	\$22,545
Questioned Costs Recovered by TVA	\$607,312
Funds to be Put to Better Use	\$3,455,000
Savings Realized by TVA	\$5,779,000
Investigations Opened	75
Investigations Closed	90
Recoveries/Fees	\$2,056,407
Projected Savings to TVA	\$1,144,089
Waste/Other Monetary Loss	\$429,414
Criminal Forfeitures Ordered	\$0
Criminal Actions	3
Administrative Actions (Number of Subjects)	9

ORGANIZATION

Jill M. Matthews
Deputy Inspector General
Performing the Duties of
the Inspector General

LEGAL COUNSEL

W. David Winstead
Legal Counsel

Jeffrey T. McKenzie
Deputy Legal Counsel/
Whistleblower Protection
Coordinator

INVESTIGATIONS

Nancy J. Holloway
Assistant Inspector General,
Investigations

James E. Hunter
Special Agent in Charge

Meagan Sands
Special Agent in Charge

L. Suzanne Allin
Manager,
Investigative Analytics and
Services

AUDITS & EVALUATIONS

David P. Wheeler
Assistant Inspector General, Audits & Evaluations

Curtis C. Hudson
Deputy Assistant Inspector
General, Audits

Chad B. Bube
Director,
Contract Audits

Sarah E. Huffman
Director,
IT Audits

Rick C. Underwood
Director, Financial &
Operational Audits

Gregory R. Stinson
Deputy Assistant Inspector
General, Evaluations

Lisa H. Hammer
Director,
Organizational Effectiveness

E. David Willis
Director,
Evaluations

ADMINISTRATION

Terri Beatty
Director,
Organizational Effectiveness
& IT Services

Kris D. Keen
Manager,
IT Services

Beth D. Ritter
Manager, Human Resources
& Resource Management

David S. Shields
Manager,
Audit and Evaluation Quality

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 has served us well since the scope of COVID-19 restrictions became clear early in 2020.

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 March 31, 2021, the OIG had a total staff of 103 employees.

ADMINISTRATION

The Administration team works closely with the Inspector General (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 12 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
- Cybersecurity
- 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 the TVA 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 Council of the Inspectors General on Integrity and Efficiency (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 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

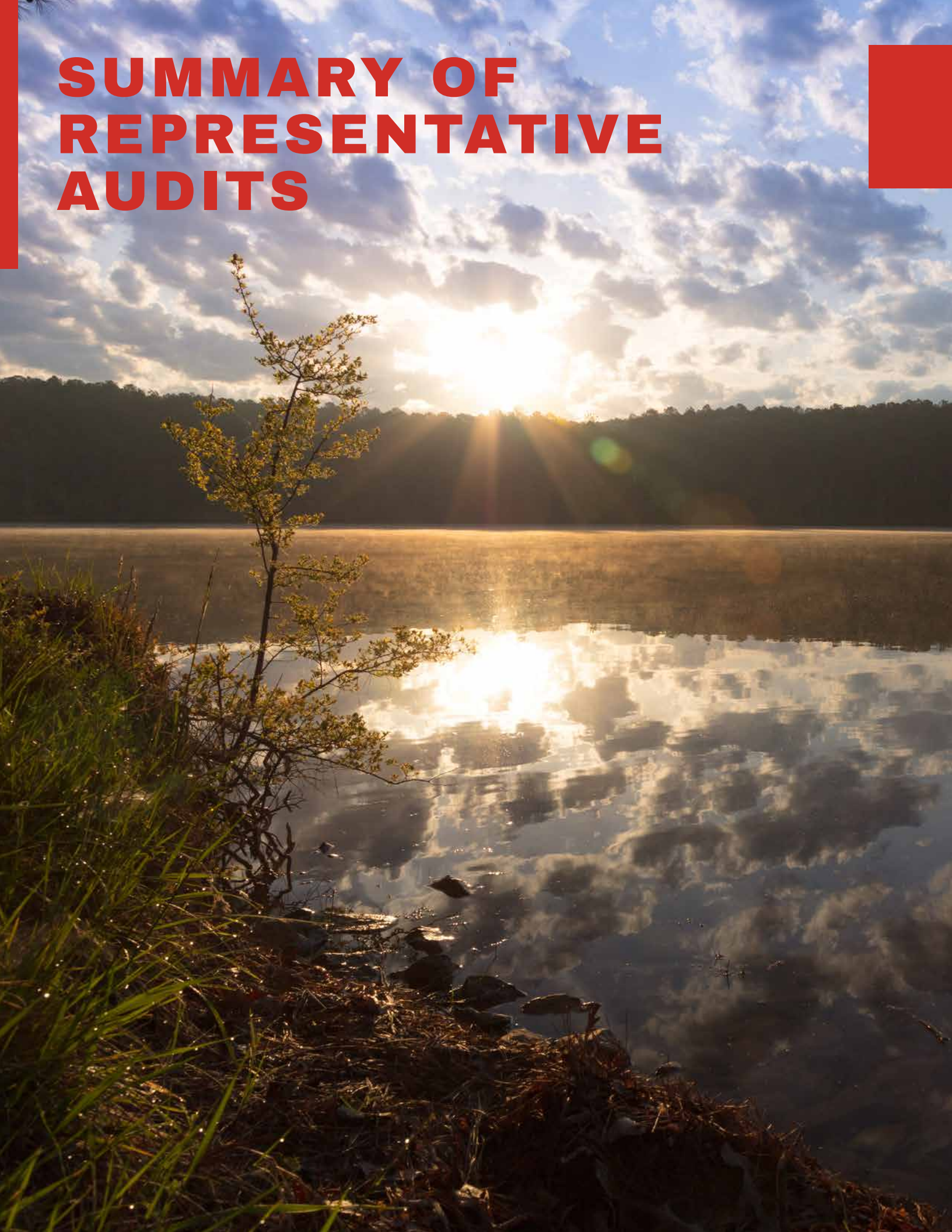
Employee Misconduct

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 eight audits and examinations. This work identified \$22,545 in questioned costs for TVA to recover and nearly \$3.5 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 two preaward examinations of cost proposals submitted by companies proposing to provide engineering, design, and construction support services to TVA. Our examinations identified nearly \$3.5 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 one compliance audit of a contract for nonnuclear modification, outage and supplemental maintenance, and technical support services at TVA generating plants and other sites. We audited approximately \$212.4 million in costs billed to TVA by the contractor for calendar year 2019. We determined the costs billed by the contractor generally complied with the contract terms except for \$22,545 in potential duplicated daily craft labor billings. The contractor agreed to provide a credit to TVA for the duplicate billings.

FINANCIAL AND OPERATIONAL AUDITS

During this semiannual period, Financial and Operational Audits completed audits of travel expenses reimbursed within 50 miles of an official station and TVA P-Card usage. In addition to our audit work, we (1) assessed

TVA's Compliance with Executive Order 13950, *Combating Race and Sex Stereotyping*, (2) monitored the audit of TVA's FY 2020 financial statements by an external auditor, and (3) applied agreed-upon procedures related to TVA's 2020 WP measures.

Travel Expenses Reimbursed Within 50 Miles of Official Station

We included an audit of TVA's travel expenses reimbursed within 50 miles of an official station in our annual plan because of issues of noncompliance with TVA policies and procedures identified during our audit of TVA executive travel.¹ Our audit objective was to determine if travel expenses reimbursed within 50 miles of an official station comply with *Federal Travel Regulation* and TVA policies and procedures. Our audit scope included approximately \$500,000 of travel expenses within 50 miles of a TVA employee's official duty station occurring from October 1, 2018, through March 26, 2020. In summary, we found:

- TVA's approval process did not ensure expenses for travel within 50 miles of an official station complied with TVA's *Travel* policy. Specifically, we found employees were reimbursed through TVA's Expense Reimbursement System (ERS) without preauthorization and/or documentation required. In addition, some of these reimbursements were not coded as business meeting or mission operational expenses and did not have the required documented approval as required by the *Travel* policy.

¹ Audit Report 2018-15573, *Executive Travel*, September 11, 2019.

- TVA entered into a Memorandum of Understanding with the International Brotherhood of Electrical Workers that states TVA will pay a reduced per diem for lodging, meals, and incidentals to employees who are assigned to a board town,² which is 40 miles or more from their home of record or abode, and who utilize temporary accommodations. TVA does not have documented procedures to ensure flat-rate-travel reimbursements are being verified appropriately or reimbursed properly. As a result, six employees improperly received flat-rate, per diem reimbursements totaling over \$50,000 for travel within 40 miles of their official station.
- TVA's human resources system had incorrect official stations shown for 25 of 74 employees included in our samples. We noted the *Travel* policy provides limited guidance addressing the assignment and review of official stations.

TVA's Corporate Accounting management agreed with our recommendations to update the *Travel* policy to address the issues identified and to reinforce the policy for travel reimbursements within 50 miles of an official station to approving officials and approval delegates. TVA's Human Resources management agreed with our recommendation to correct assignment of official stations in the human resources system and develop specific guidance on assigning and periodically reviewing official stations.

Purchasing Card Usage

We included an audit of TVA's P-Card usage in our annual plan based on (1) findings from several OIG audits³ that indicated potential issues and/or misuse of P-Cards and (2) the findings and recommendations of the CIGIE, *Report on the Government Purchase Card Initiative*. Our audit objective was to determine if TVA personnel complied

with TVA's P-Card policies and procedures. Our audit scope included approximately \$79.8 million in transactions from October 1, 2017, through September 30, 2019.

Our audit found multiple instances where TVA personnel did not comply with requirements in TVA's P-Card policies and procedures. Specifically, we found the following areas of noncompliance with policy requirements:

- Some approving officials were not performing their review duties properly.
 - Approximately \$847,000 of P-Card statements were not approved.
 - Approximately \$48 million, or 60 percent, of approved statements were not approved in a timely manner.
- Split transactions occurred.
- Disallowed and questionable (nonbusiness expense) transactions occurred.
- Only 25 percent of TVA's cardholders and approving officials completed the required annual P-Card training at least once between October 1, 2017, and September 30, 2019.
- Periodic audits of P-Card transactions by Supply Chain were not performed.
- Certain potentially fraudulent transactions by one cardholder had not been identified due to inadequate reviews of the cardholder statements. OIG Investigations subsequently found evidence the cardholder had used the P-Card to make several monthly rental payments to the apartment complex where the cardholder lived.

² According to TVA Labor Relations, board town refers to the closest town that provides lodging and meals for those in travel status in relation to the area where work is being performed.

³ Audit Report 2014-15228, *TVA Corporate Card*, December 10, 2015.

Audit Report 2016-15424, *Tax Payments Made on TVA Credit Cards*, March 30, 2017.

Audit Report 2018-15573, *Executive Travel*, September 11, 2019.

Audit Report 2019-15624, *Employee Recognition Expenditures*, September 17, 2019.



Lagoon Creek Gas Plant



DIAGRAM OF TVA WATER CONTROL SYSTEM

26 dams are operated as a unit. Reservoir levels are balanced against power needs and flood dangers. An inexhaustible natural resource is put to use.

In addition, we found P-Cards were being used without determining if sources the Supply Chain and Financial Services policies and procedures rank ahead of the P-Card in its hierarchy were available.

TVA's Corporate Accounting and Supply Chain management agreed with our recommendations to strengthen controls and help improve compliance with the P-Card policies by (1) implementing additional procedures and monitoring activities and (2) clarifying and updating the policies and related training.

Review and Assessment of TVA Compliance With Executive Order 13950 on Combating Race and Sex Stereotyping

At the request of the TVA Board, we reviewed and assessed TVA's compliance with the requirements of Executive Order 13950, Combating Race and Sex Stereotyping, as of December 14, 2020. Our review found TVA had complied with those requirements of the Executive Order applicable to TVA.

Oversight of the FY 2020 Financial Statement Audit

TVA contracted with the independent public accounting firm of Ernst & Young LLP to audit TVA's consolidated balance sheet as of September 30, 2020, and the related consolidated statements of operations, comprehensive income (loss), changes in proprietary capital, and cash flows for the year then ended. This also included the audit of TVA's internal control over financial reporting as of fiscal year-end. Additionally, the firm also reviewed TVA's FY 2020 interim financial information filed on Form 10-Q with the Securities and Exchange Commission. The contract required the work be performed in accordance with *Government Auditing Standards*. Our monitoring of their work disclosed no instances where the firm did not comply, in all material respects, with these standards.

Agreed-Upon Procedures for TVA FY 2019 Performance Measures

TVA's WP Incentive Plan is a performance management program designed to promote teamwork, focus on continued high performance, and motivate and reward employees for achieving strategic objectives and critical success factors. We applied agreed-upon procedures requested and agreed to by TVA management solely to assist management in determining the validity of the WP/Executive Annual Incentive Plan measures for FY ended September 30, 2020. In summary, we found:

- The FY 2020 WP goals for the Enterprise measures were properly approved. There was one change form, approved on February 28, 2020, that affected one measure.
- The FY 2020 goals (target) for the corporate multiplier measures were properly approved.
- The actual FY to-date results for the Enterprise measures agreed with the underlying support, without exception.
- The actual FY to-date results for the corporate multiplier measures agreed with the underlying support, without exception.
- The FY 2020 WP payout percentage provided by the Benchmarking and Enterprise Performance organization on November 3, 2020, was mathematically accurate and agreed with the OIG's recalculation.

IT AUDITS

During this semiannual period, IT Audits completed audits of TVA's (1) IT security practices as required by the FISMA of 2014 and (2) IT contractor access.

Federal Information Security Modernization Act

The FISMA of 2014 requires each agency's IG to conduct an annual independent evaluation to determine the effectiveness of the information security program (ISP) and practices of its respective agency. The FY 2020 IG FISMA metrics recommend a majority of the functions be at a maturity level 4 (managed and measurable) or higher to be considered effective. Based on our analysis of the metrics and associated maturity levels defined within the FY 2020 IG FISMA metrics, we found TVA's ISP was operating in an effective manner. TVA management agreed with our recommendations to make improvements in the ISP in the areas of configuration management, identity and access management, and contingency planning.

IT Contractor Access

We audited TVA's onboarding actions completed for all active IT contractors as of March 26, 2020, including background investigations and cybersecurity awareness training requirements to determine if IT contractors were granted logical access in accordance with TVA policy. TVA IT and TVA Police require contractors have various levels of background investigations completed for logical access to different classifications of information. We found that (1) TVA policy does not align between business units, (2) the majority of Tier 1 IT contractor suitability background investigations were not in accordance with TVA policy, and (3) the majority of IT contractor higher level background investigations were not in accordance with TVA policy. In addition, we found all the IT contractors with logical access included in our population of 326 had taken annual cybersecurity awareness training in accordance with TVA policy. TVA management agreed with our recommendations to address the issues related to background investigations.





Wilbur Dam

SUMMARY OF REPRESENTATIVE EVALUATIONS



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

EVALUATIONS

During this semiannual reporting period, the Evaluations department completed evaluations of (1) the maintenance of coal combustion residual (CCR) storage facilities, (2) the turnover of projects to TVA's Power Operations (PO), and (3) TVA's response to COVID-19.

Maintenance of Coal Combustion Residual Storage Facilities

Following a 2008 ash spill at Kingston Fossil Plant, TVA's OIG, in conjunction with Marshall Miller & Associates (an engineering consultant), performed an inspection that determined there was poor maintenance of CCR storage facilities, such as not addressing erosion, standing water, and piping issues. Additionally, the inspection found there was no formalized training for personnel who inspected the dikes. Due to past issues identified related to maintenance of CCR storage facilities, we performed an evaluation of required maintenance at TVA's CCR storage facilities. The objective of the evaluation was to determine if TVA performed required maintenance of CCR storage facilities. The scope of the evaluation was maintenance needs identified during required inspections in FYs 2018 and 2019 at Bull Run, John Sevier, and Paradise Fossil Plants.

We determined, in general, TVA performed required inspections and completed maintenance to address issues identified during the inspections. However, we determined some inspection reports had incorrect or missing information. We also identified opportunities for improvement related to policies for maintenance and inspection of CCR storage facilities, inspection plan requirements, and training requirements. TVA management provided actions planned or taken to address our recommendations related to (1) the accuracy and completeness of inspection reports and (2) CCR policies, inspection plans, and training requirements.

Turnover of Projects to Power Operations

TVA's Generation Projects and Fleet Services organization supports the execution of TVA's strategic asset plan and outage plans through projects and services, including capital projects for the PO organization to support equipment reliability at TVA's coal, gas, and hydro plants.

Due to the importance of effective project management to TVA's mission and potential issues identified during Organizational Effectiveness evaluations, we performed an evaluation of project turnover to PO. The objective of our evaluation was to determine if TVA is effectively managing the turnover of projects to PO. The scope of our evaluation included capital projects for PO's generation assets managed by the Generation Projects group.

We determined TVA is not effectively managing the turnover of projects to PO because the project turnover processes were not aligned and the inconsistencies led to project issues related to (1) turnover and customer acceptance, (2) completion of the design change notice, and (3) project closure. In addition, we identified opportunities for improvement related to (1) time frames for completion of the design change notice process and (2) project ownership. TVA management provided actions to address our recommendations related to the inconsistencies in the project turnover process and other opportunities for improvement.

TVA's Response to COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. TVA began taking steps to keep employees and their families' safe, while also ensuring the agency could fulfill its mission of service. Due to the ongoing pandemic and its impact

on TVA's workforce related to mandatory telework and staffing, we initiated an evaluation to assess TVA's response to COVID-19. Our scope included actions taken by TVA related to staffing, employee safety, telework, and lessons learned.

We determined most actions taken by TVA in response to COVID-19 related to staffing, employee safety, and telework were reasonable. Specifically, (1) TVA's policies align with the Centers for Disease Control and Prevention and federal guidelines, (2) TVA took actions to document and communicate lessons learned, and (3) feedback from employees and management was positive regarding changes made in response to COVID-19 on employees and their work. However, we also identified (1) potentially misleading marketing language used to promote unproven technology to combat COVID-19; (2) opportunities for improvement related to extended telework, mask usage at TVA facilities, and information management practices; and (3) some required elements not present in the Continuity of Operations Plan for TVA's River Forecast Center. TVA management provided actions planned or already taken to address our recommendations related to marketing language, opportunities for improvement, and required elements of the Continuity of Operations Plan.

ORGANIZATIONAL EFFECTIVENESS

During this semiannual reporting period, the Organizational Effectiveness group completed evaluations of four TVA business units to assess behavioral and operational factors that could impact the organizational effectiveness of the business units. The organizational effectiveness evaluations included SQN RP and three groups within Commercial Energy Solutions: Pricing, Structuring, Analysis/Contracts (P&C); Energy Services and Programs (ES&P); and Origination and Renewables (O&R).

Sequoyah Nuclear Plant Radiation Protection

SQN 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. 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 certain behavioral attributes that had a positive impact on SQN RP; however, we also identified behavioral risks that could, if not addressed, impact SQN RP's effectiveness and its continued ability to meet its responsibilities in support of SQN's mission. Specifically, we identified behavioral risks related to (1) relationships between individuals and (2) interactions with certain management. In addition, while we identified certain positive operational factors, we also identified operational risks that could hinder SQN RP's ability to execute its responsibilities and support Nuclear's vision and core principles. These risks related to (1) sampling for tritium and (2) training.

TVA provided actions planned and taken to address our recommendations related to relationships with individuals and management and training. With regard to sampling for tritium, a separate evaluation was initiated to determine if TVA Nuclear is taking appropriate steps before releasing potentially contaminated liquids from its nuclear sites.

Commercial Energy Solutions

Commercial Energy Solutions is a business unit under TVA's Financial Services organization. During this semiannual period, we evaluated the organizational effectiveness of three of Commercial Energy Solutions' four departments: P&C, ES&P, and O&R.

- **Pricing, Structuring, Analysis/Contracts**

P&C has a vision to "design, deliver, and manage pricing, contracts, and analysis that generate value for our customers." P&C's core commitments are to develop effective rates and pricing, perform analysis that guides business decisions, and develop and administer contracts with TVA customers. We identified behaviors that had a positive impact on P&C, including positive interactions with management and team members. However, we also identified behavioral risks in two groups related to accountability and reporting concerns or offering a differing opinion with management. In addition, we identified risks to operations that could hinder P&C's effectiveness related to collaboration with business partners and resource needs.



Sequoyah Nuclear Plant

TVA provided actions planned and taken to address our recommendations related to interactions with various management personnel, collaboration with business partners, and resource needs.

- **Energy Services and Programs**

ES&P is responsible for the development and execution of energy programs and services to make life better for the people of the Valley. ES&P develops TVA's strategy, policy, and portfolio of initiatives for the management of TVA's energy efficiency, demand response,⁴ and electrification⁵ resources to meet identified system needs or targets set by the TVA Board. Further, ES&P's role supports TVA's 2019 Integrated Resource Plan that identified the need for energy efficiency savings and demand response.

We identified behaviors that had a positive impact on ES&P, including relationships with team members and most management. However, we also identified a behavioral risk related to relationships with management in one group. In addition, we identified risks to operations related to interactions with business partners, frequency of program changes, and resource concerns in two groups that could hinder ES&P's effectiveness.

TVA provided actions planned and taken to address our recommendations related to relationships with management, interactions with ES&P business partners, program changes, and resource concerns.

- **Origination and Renewables**

O&R is focused on provision of lower cost and reliable power and delivery of energy solutions to promote economic development. O&R is tasked with developing a utility scale solar portfolio,⁶ leading the

renewable energy efforts for TVA, and advancing toward O&R's vision of attracting, retaining, and growing business and industry. These efforts include meeting system and customer needs through negotiation and comprehensive management of renewable, purchased power, fiber,⁷ and new commercial solutions.

During the course of our evaluation, we identified behaviors that had a positive impact on O&R, including interactions with team members and leadership. While O&R met targets for a majority of their metrics and furthered initiatives within the organization, we also identified risks to business operations and achievement of O&R initiatives, including educational needs, such as the need for training and the lack of documented processes and procedures, technology needs, and insufficient staffing for the future within and outside O&R. In addition, business partners discussed areas for improvement, including collaboration and O&R strategy.

TVA management provided actions planned and taken to address our recommendations related to training, technology concerns, staffing, and collaboration with O&R business partners.

⁴ Demand response lowers rates through payment to industrial consumers for reducing demand during times of system need.

⁵ Electrification promotes smart energy technologies to generate efficient load and lower carbon footprints for consumers while increasing revenue for TVA and local power companies.

⁶ A utility scale solar portfolio is a group of facilities that generate solar power and supply the power to the grid.

⁷ TVA owns and operates a fiber network for connecting operational assets. TVA leases its surplus fiber.



SUMMARY OF REPRESENTATIVE INVESTIGATIONS



This reporting period, we opened 75 cases and closed 90. Our investigative results include more than \$3.6 million in restitution to TVA and others, costs avoided by TVA, and waste identified; significant process improvements; prosecutive action on two temporary living allowance cases; and continued prosecution of an environmental case. Highlights of this reporting period follow.

Working With Management to Make TVA Better

TVA took significant action on two matters brought forward by the OIG.

Workplace Relationships

Over time, the OIG has received and referred to TVA several concerns regarding intimate relationships and favoritism between managers and subordinates. As this is not typically a matter for investigation, we referred the concerns to TVA's Ethics & Compliance group to notify the appropriate manager(s) of the allegations and to request a response. Although the concerns were addressed one by one following our referrals, the aggregate of the complaints indicated a significant issue. We forwarded a concern naming numerous individuals allegedly involved in personal relationships/favoritism to TVA management for disposition. TVA senior management formed a team and used a third-party company to benchmark other utilities' and companies' handling of relationships in the workplace.

As a result, during October 2020, TVA announced a new policy on workplace romantic relationships would go into effect January 1, 2021. The policy specifies reporting requirements and behavioral expectations surrounding romantic workplace relationships. Additionally, training in the policy was mandated for all contractors and employees to be completed before December 15, 2020.

Post-TVA Employment Ethics Issues

We investigated an allegation, forwarded to us by TVA Ethics & Compliance, that an employee, who had entered into a No Fault Separation Agreement with TVA but was still employed by TVA, violated federal ethics laws by obtaining outside employment with a TVA contractor. The investigation revealed that the employee obtained outside

employment only after TVA eliminated his position and he began a 90-day severance period, during which TVA told him he could pursue employment with any outside company. There was no evidence the employee attempted to influence any official action at TVA during this period.

The employee did not comply with several legal and regulatory requirements, however, such as filing a statement notifying TVA's Designated Agency Ethics Official (DAEO) of his negotiation for outside employment. Additionally, the employee did not file a recusal statement, obtain a written waiver for outside employment, or qualify for a regulatory exemption from these requirements. The evidence shows the employee worked solely with TVA Human Resources during the termination process and did not receive advice from the DAEO regarding these requirements.

The OIG issued a report with our findings and, because of the complexity of post-employment restrictions addressed in federal ethics laws, we recommended in the report that TVA Human Resources consult with the DAEO to ensure TVA employees received detailed guidance on how these intricate rules affect them. The seriousness of federal ethics laws is evident in the fact that violators can be subject to federal criminal prosecution. Prosecution was declined in this matter.

TVA management responded to our report by revising the No Fault Separation Agreement process to minimize risks of noncompliance with federal ethics rules. Going forward, TVA's Director of Ethics & Compliance will receive advanced notification of all No Fault Separation Agreements provided to senior employees, as defined by the U.S. Office of Government Ethics. Upon notification, a member of the Ethics & Compliance team will contact the employee and provide consultation

on specific requirements related to post-employment obligations. Additionally, TVA's No Fault Separation Agreement now includes the employee's affirmation that he/she has received and read a copy of the Summary of Post-Employment Restrictions document, which outlines post-employment guidelines all former TVA employees must follow. TVA's Employee Checkout Sheet has been updated to reflect that employees have received and read post-employment restrictions as well.

Former Contractor Employee to Pay TVA \$90,300

The OIG has completed an investigation of a former contractor employee's alleged falsification of documents to receive temporary living allowance (TLA). Our investigation substantiated the allegation. As a result, on January 19, 2021, the former fossil plant contractor entered into a pretrial diversion agreement with the U.S. Attorney's Office, Middle District of Tennessee. Terms of the agreement include (1) providing full restitution to TVA for funds he received under false pretenses and (2) not returning to TVA employment in any capacity.

The former contractor acknowledged his intentional falsification of documents supporting his eligibility to receive \$90,300 in TLA during the period January 2015 to November 2017.

If the individual successfully completes his diversion program and fulfills all terms and conditions of the agreement, the matter will be closed and no charges will be filed. If it is determined he has violated the terms of the agreement, he is subject to further prosecution, and any admissions made in the agreement may be used against him in subsequent prosecution.

Purchasing Card Investigation Yields Reimbursement

TVA's P-Card Usage policy establishes a Purchasing Card Program, which provides TVA organizations with a mechanism to make small-dollar purchases for materials and services when it is determined to be the best procurement method. Related TVA policies stipulate

purchases that violate TVA's ethical conduct standards—personal purchases—are explicitly prohibited on a TVA P-Card. Annual training for all P-Card holders and approving officials is required.

During an OIG audit, questionable charges were found on a TVA P-Card, and the matter was referred to OIG Investigations. Investigative activity revealed that from August 2017 through September 2019, on nine separate occasions, an employee's P-Card was used to make unauthorized rental payments to the apartment complex where she resided. These payments totaled \$8,734. The employee had reimbursed TVA \$1,941 for two of the payments, explaining to her approving official that her use of the card for rent was inadvertent due to having a personal credit card and the P-Card in the same wallet. She later reiterated this explanation to OIG investigators; however, existing apartment complex records indicated she provided TVA's corporate address with P-Card submissions for payment and her personal address when using personal funds.

In addition, it was found that the employee had only taken TVA's required annual P-Card training once, despite having worked at TVA a number of years, and that training occurred after our investigation was in progress. Her approving official had taken the training during 2016, then again during the course of our investigation. Neither took the required annual training during the period the employee used the card for rental payments.

We issued a Report of Administrative Inquiry to management with our findings. As a result, the employee resigned in lieu of termination, and a future employment restriction has been placed in her TVA record. At the close of her termination, she had fully reimbursed TVA. Management also took active measures to reduce risks in this area by ensuring all department employees had completed required P-Card training. Other related TVA-wide process improvements, including policy clarifications and updated training, were made as a result of an OIG audit of the same organization. Prosecution was declined in this case in favor of administrative remedies available to TVA.



Cumberland Fossil Plant

Contractor Overbilling Identified

The OIG received allegations of possible overbillings associated with the services of a vendor at TVA's Kingston Fossil Plant (KIF) and Cumberland Fossil Plant (CUF). Additionally, the OIG received allegations of possible environmental violations and retaliation concerns specifically associated with projects at KIF, CUF, and TVA's Bull Run Fossil Plant.

The investigation did not substantiate the alleged environmental violations. The investigation established TVA and the vendor entered into contract in 2018 whereby the vendor was to provide equipment, chemicals, labor, and washing services for the treatment of nonchemical outage wash wastewater from plant components at four TVA fossil plants. Specifically, the vendor was to treat the wastewater created by washing air preheaters and precipitators of various units at each plant. In total, TVA paid the vendor \$1,049,229 for services at KIF and \$1,120,587 for services at CUF.

The investigation identified a discrepancy regarding required deliverables, specifically differing views between TVA and the vendor regarding water volume specifications. Ultimately, the vendor delivered a report to TVA as required; however, they did not perform all wash services at KIF and CUF due to the confusion pertaining to these. Despite this, the vendor invoiced TVA for an additional \$429,414 in materials, services, etc., at these two locations. The investigation found these invoices conflicted with the Performance Guarantee and Work Scope sections of the respective contract where it indicates that if such shortfalls occur, the additional equipment, chemicals, labor, etc., shall be provided at no additional cost to TVA.

The results of this investigation were reported to TVA. In their response, TVA management maintained that adequate processes and controls were in place, though acknowledged error in communication by TVA personnel resulting in the related issues. As a result, TVA will take management action by communicating lessons learned to staff and forgo recovery of the specified funds. TVA OIG statistically identified \$429,414 as waste/lost opportunity in this matter.

Multiagency Investigation Results in Waste Recycling Company Officials' Prosecution and Restitution

Prosecution continues in a case involving 5R Processors, Ltd. (5R) and several 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 aged computer monitors that contained lead.

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. 5R was to use 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.

Investigation revealed 5R stopped shipping the lead-containing glass to be recycled and, instead, concealed it at various sites, creating an environmental hazard.

The U.S. Attorney's Office, Western District of Wisconsin, has variously charged four former officers, related to attempting to conceal illegal storage and transport of the crushed leaded glass by activities, including the following:

- 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 Wisconsin warehouse and not disclosing the existence of this warehouse, or its contents, to state regulators or auditors with a nationwide recycling certification program known as R2;
- 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 state regulators with inaccurate inventory and shipping records for the leaded glass.

Prosecutive activities to-date include the following:

- James Moss, former 5R President, pled guilty to a two-count information charging him with conspiracy to violate the Resource Conservation and Recovery Act (RCRA) and conspiracy to evade payment of employment taxes.⁸

Mr. Moss was sentenced to serve 18 months of imprisonment followed by three years of probation.

Mr. Moss was ordered, joint-and-several with other defendants in this matter (as applicable), to make \$1,955,566 restitution to the Wisconsin Department of Natural Resources, \$858,101 restitution to the Internal Revenue Service, and \$1,113,789 restitution to Paint Oak, LLC, the owner of the property formerly rented by 5R.⁹ Paint Oak was selected as a 2020 Governor's Environmental Stewardship Award Winner for its extensive efforts to remediate the property.

- Bonnie Dennee, former 5R Vice President, pled guilty to a one-count information charging her with conspiracy to violate RCRA.

Ms. Dennee was sentenced to serve five months of imprisonment followed by three years of probation. She was additionally ordered to pay, joint-and-several, the amounts cited above to the Wisconsin Department of Natural Resources and to Paint Oak.

- Kevin Shibilski, former 5R Chief Executive Officer, has been charged on a 10-count indictment in this matter. The indictment alleges he illegally stored and disposed of broken and crushed glass from CRTs that was hazardous due to lead-toxicity at 5R's Wisconsin and Tennessee locations.

The indictment also charges Mr. Shibilski with eight counts of wire fraud by taking in over \$5.76 million from clients but failing to recycle over 8.3 million pounds of their crushed glass from CRTs that had lead in them and instead stockpiling it at 5R Processors' warehouses in Wisconsin and Tennessee. The final count of the indictment alleges Mr. Shibilski conspired to defraud the United States by the nonpayment and evasion of more than \$850,000 in employment and income taxes for 5R Processors and those acting on its behalf.

This investigation was 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.

⁸ Tax-related aspects of this case are outside TVA OIG's purview and, therefore, did not involve investigative activity by our agency.

⁹ TVA OIG has claimed this amount statistically as costs-avoided/projected savings to TVA as TVA could have been liable for remediation conducted by Paint Oak, absent this investigation.

LEGISLATION AND REGULATIONS



In this section of our semiannual report, it is our intent to address only current and pending legislation, which 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.



APPENDICES



INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

REPORTING	REQUIREMENT	PAGE OR APPENDIX
Section 4(a)(2)	Review of legislation and regulations	34-35
Section 5(a)(1)	Significant problems, abuses, and deficiencies	14-33
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	14-33
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	14-33
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 MARCH 31, 2021

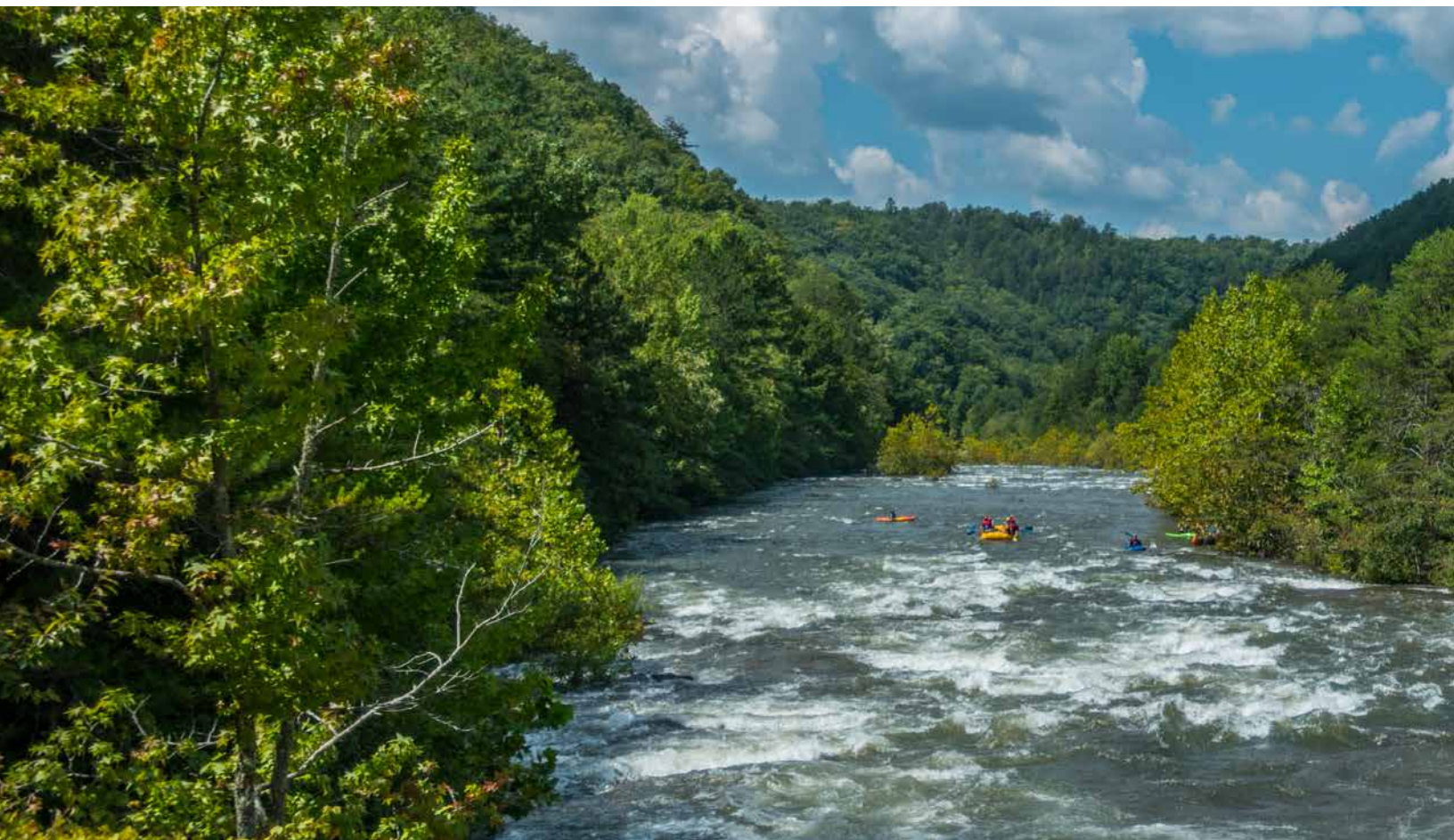
Report Number and Date	Title	Questioned Costs	Unsupported Costs	Funds Put To Better Use
CONTRACT AUDITS				
2020-15737 11/17/2020	Proposal for Engineering Services	\$0	\$0	\$2,917,000
2020-15748 12/01/2020	Proposal for Engineering Services	0	0	538,000
2020-15722 03/04/2021	G•UB•MK Constructors - Contract No. 11514	22,545	0	0
FINANCIAL AND OPERATIONAL AUDITS				
2020-15726 10/22/2020	Travel Expenses Reimbursed Within 50 Miles of Official Station	\$0	\$0	\$0
2020-15753 11/16/2020	Agreed-Upon Procedures for TVA Fiscal Year 2020 Performance Measures	0	0	0
2020-15694 11/24/2020	Purchasing Card Usage	0	0	0
INFORMATION TECHNOLOGY AUDITS				
2020-15721 10/21/2020	IT Contractor Access	\$0	\$0	\$0
2020-15709 12/21/2020	2020 Federal Information Security Modernization Act	0	0	0
TOTAL AUDITS (8)		\$22,545	\$0	\$3,455,000

APPENDIX 2

OIG EVALUATION REPORTS • ISSUED DURING THE SIX-MONTH PERIOD ENDED MARCH 31, 2021 (CONTINUED)

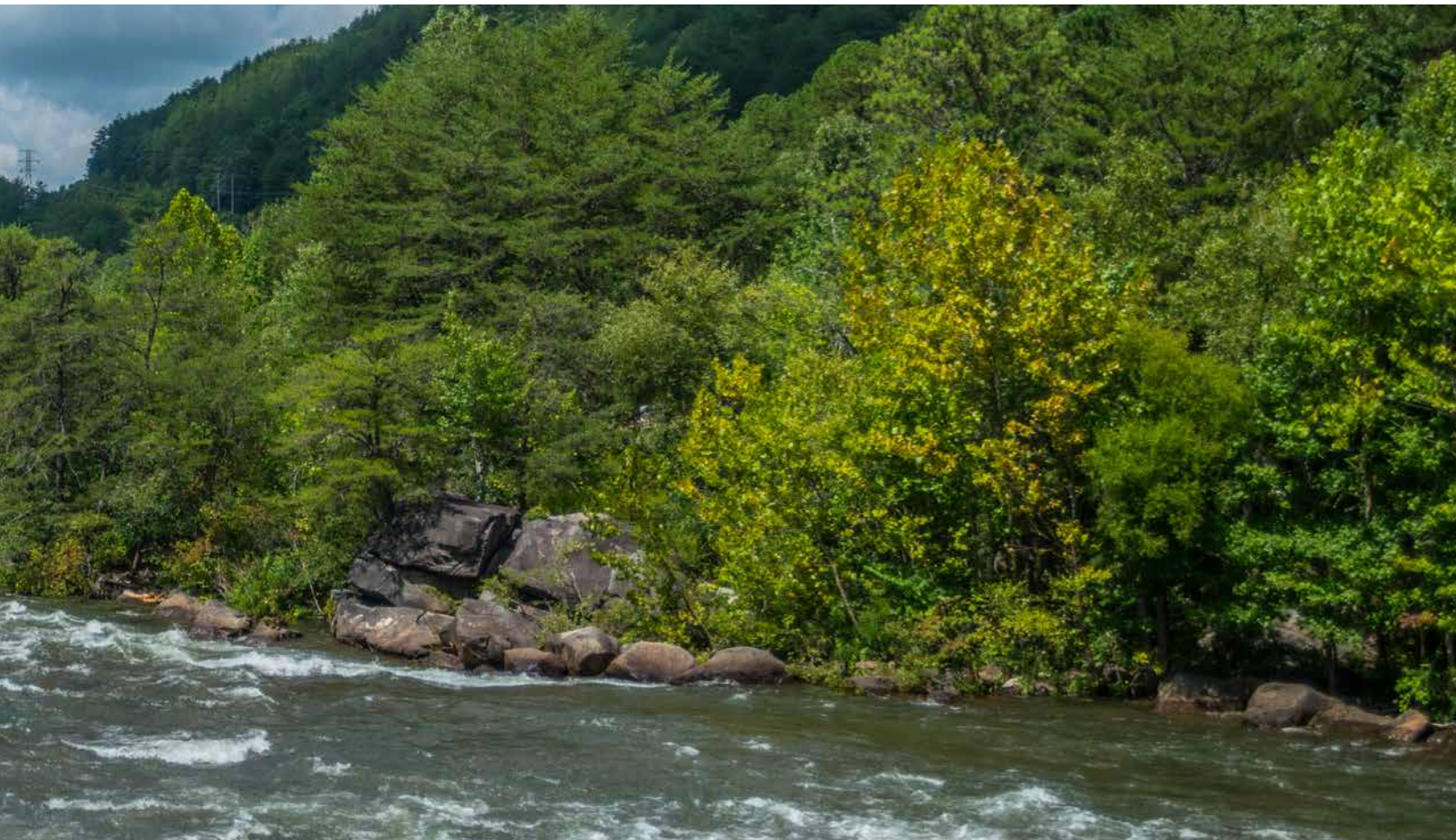
Report Number and Date	Title	Questioned Costs	Unsupported Costs	Funds Put To Better Use
EVALUATIONS				
2019-15661 11/16/2020	Maintenance of Coal Combustion Residual Storage Facilities	\$0	\$0	\$0
2019-15684 12/10/2020	Turnover of Projects to Power Operations	0	0	0
2020-15757 12/16/2020	TVA's Response to COVID-19	0	0	0
ORGANIZATIONAL EFFECTIVENESS				
2020-15743 12/10/2020	Organizational Effectiveness - Sequoyah Nuclear Radiation Protection	0	0	0
2020-15762-02 12/16/2020	Organizational Effectiveness - Commercial Energy Solutions: Origination & Renewables	0	0	0
2020-15762-03 01/22/2021	Organizational Effectiveness - Commercial Energy Solutions: Energy Services & Programs	0	0	0
2020-15762-01 01/25/2021	Organizational Effectiveness - Commercial Energy Solutions: Pricing, Structuring, Analysis/Contracts	0	0	0
TOTAL EVALUATIONS (7)		\$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>.



**OIG SPECIAL PROJECT • ISSUED DURING THE SIX-MONTH PERIOD ENDED MARCH 31, 2021
(CONTINUED)**

Report Number and Date	Title	Questioned Costs	Unsupported Costs	Funds Put To Better Use
SPECIAL PROJECT				
2021-15781 12/15/2020	Review and Assessment of TVA Compliance with Executive Order 13950 on Combating Race and Sex Stereotyping	\$0	\$0	\$0
TOTAL SPECIAL PROJECT (1)		\$0	\$0	\$0



APPENDIX 3

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	1	\$22,545	\$0
Subtotal (A+B)	1	\$22,545	\$0
C. For which a management decision was made during the reporting period	1	\$22,545	\$0
1. Dollar value of disallowed costs	1	\$22,545	\$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

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

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	3	\$13,680,000
B. Which were issued during the reporting period	2	\$3,455,000
Subtotal (A+B)	5	\$17,135,000
C. For which a management decision was made during the reporting period	5	\$17,135,000
1. Dollar value of recommendations agreed to by management	5	\$17,135,000
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	0	\$0

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

APPENDIX 4

RECOMMENDATIONS INCLUDED IN A PREVIOUS SEMIANNUAL REPORT AND AWAITING IMPLEMENTATION

At the end of the semiannual period, final corrective action was not complete on 61 recommendations associated with ten audit and nine 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 Cybersecurity 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.
2019-15619 04/29/2020	Insider Threat Program TVA agreed to (1) implement a formal positive reward program for employees practicing good security and (2) identify personnel with access to high-risk systems and (a) develop a process to monitor terminated personnel in accordance with industry best practices and other requirements and (b) create a baseline of normal user activity. TVA expects to complete final action by March 10, 2022.
2019-15650 06/04/2020	Morsey Constructors, LLC - Contract No. 9275 TVA agreed to (1) recover (a) overbilled equipment and labor costs and (b) ineligible and unsupported travel costs and (2) resolve identified underbillings. TVA expects to complete final action by June 4, 2021.
2018-15599 07/13/2020	Trans Ash, Inc. - Contract No. 10059 TVA agreed to (1) recover overbilled or ineligible (a) fees on subcontractors, (b) labor costs, (c) lump sum billings, and (d) temporary living allowance; (2) implement better accounting practices for Equipment Support Services equipment costs; (3) strive to utilize cost-reimbursable pricing for projects that are either not competed or have potential for scope changes; (4) update the contract's (a) noncraft labor compensation terms and (b) Order of Precedence clause; (5) establish policies for the retention and transfer of contract documentation; and (6) work with Trans Ash, Inc., to ensure that it has systems necessary to create an electronic billing file in the format stipulated by the contract. TVA expects to complete final action by August 13, 2021.
2020-15717 08/20/2020	Management of Mac® Desktops and Laptops TVA agreed to (1) update Mac® device inventory for completeness and accuracy and (2) establish and implement system baselines for Mac® desktops and laptops. TVA expects to complete final action by September 10, 2021.
2019-15632 08/26/2020	Thalle Construction Company, Inc. - Contract No. 10061 TVA agreed to (1) pursue recovery of (a) \$78,414 in ineligible costs and overstated target cost estimate cost savings and (b) \$70,751 in overbilled equipment costs; (2) strive to utilize cost-reimbursable pricing terms for projects that are either not competed or have potential for scope changes; (3) review the contract with their Office of the General Counsel (OGC) to determine any needed changes (a) to clarify reimbursement for payroll tax and insurance costs, (b) around markup rates, and (c) to the Order of Precedence clause for clarity; (4) work with the contractor to update their system to meet contractual requirements around electronic billing format and frequency; and (5) work with OGC to make any changes to the contract deemed appropriate to protect TVA's interests. TVA expects to complete final action by August 26, 2021.
2020-15738 08/28/2020	Proposal for Engineering Services TVA agreed to (1) include the OIG recommended total labor markup rate in the executed contract and (2) implement a standardized proposal template for all projects. TVA expects to complete final action by August 28, 2021.
2020-15724 09/17/2020	Contractor's Use of TVA's Equipment Support Services' Heavy Equipment TVA agreed to (1) implement a standardized process that better ensures TVA's contractors do not bill TVA for Equipment Support Services' equipment on cost-reimbursable tasks and (2) request contractor pricing on future fixed price/fixed unit rate projects that includes both using Equipment Support Services' equipment and not using it. TVA expects to complete final action by September 17, 2021.

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

Audit Report Number and Date	Report Title and Actions Agreed to by Management to Resolve Recommendations
2020-15706 09/22/2020	<p>Economic Development Loan Program</p> <p>TVA agreed to (1) implement safeguards that will not allow the loan process to move past the expiration dates for credit analysis and loan commitments and (2) update TVA-SPP 24.015, <i>Economic Development Loan Programs</i>, with loan guidelines. TVA expects to complete final action by October 31, 2021.</p>
2020-15728 09/28/2020	<p>Emergency Preparedness - Active Shooter</p> <p>TVA agreed to (1) look at the feasibility of requiring all TVA employees to complete the Active Threat Awareness Training Program and (2) provide active threat reference materials in a single, easily accessible document and communicate pertinent information to all employees on a periodic basis in various forms. TVA expects to complete final action by September 28, 2021.</p>
Evaluation Report Number and Date	Report Title and Actions Agreed to by Management to Resolve Recommendations
2019-15644 07/13/2020	<p>Nuclear Arc Flash Protection</p> <p>TVA agreed to (1) evaluate available engineering and administrative controls and create implementation plans for chosen options specific to each site and (2) ensure documentation is completed and retained in accordance with TVA-TSP-18.1022 for jobs involving arc flash potential. TVA expects to complete final action by October 29, 2021.</p>
2019-15642 07/15/2020	<p>Power Operations Arc Flash Protection</p> <p>TVA agreed to (1) implement a plan to perform an arc flash hazard analysis for the required 5-year baseline, (2) implement a control to ensure arc flash hazard analyses contain all updated calculations, (3) add steps in the Power Operations Arc Flash Program procedure to ensure arc flash analysis, once approved, will be added to Enterprise Content Management, (4) add language in the Power Operations Arc Flash Program procedure directing the method and proper timeliness of the placement of arc flash labels at the plants, (5) add attributes in their work order assessment process to ensure job safety analyses and pre-job briefings are included when they are required for electrical work involving potential arc flash, and (6) implement preventive maintenance at plants to inventory arc flash personal protective equipment. TVA expects to complete final action by September 30, 2022.</p>
2019-15570 08/13/2020	<p>Organizational Effectiveness - Watts Bar Nuclear (WBN) Plant Site Security</p> <p>TVA agreed to (1) assess and improve communication and information sharing as needed, (2) address safety related concerns as funding permits, (3) evaluate and address staffing concerns, (4) evaluate appropriate actions to control access to a file containing performance data for internal reporting, and (5) take actions to improve communication and trust with support organizations. TVA expects to complete final action by August 13, 2021.</p>
2019-15663 08/28/2020	<p>Historic Preservation Reviews</p> <p>TVA agreed to (1) take actions to track the time and cost of Section 106 reviews and annually update guidance time frames as appropriate, (2) meet with the Enterprise Project Management Office to discuss project prioritization, (3) clarify roles and responsibilities of Transmission Project Environmental Support group and Cultural Compliance, (4) review workload along with staffing needs for both annual and staff augmentation employees, and (5) continue to load Transmission legacy data into an existing database. TVA expects to complete final action by December 31, 2021.</p>

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
	Organizational Effectiveness - WBN Chemistry
2020-15719 09/03/2020	TVA agreed to (1) address concerns associated with WBN Chemistry management, including communication, trust, and accountability; (2) improve working relationships at all levels of the WBN Chemistry department; (3) work with Human Resources to fill one open vacancy that exists; and (4) address concerns related to the technical training program. TVA expects to complete final action by September 3, 2021.
	Organizational Effectiveness - Enterprise Planning
2020-15729 09/17/2020	TVA's Enterprise Planning agreed to continue to seek opportunities to engage and collaborate with their business partners as well as provide further explanations about their processes. TVA expects to complete final action by September 17, 2021.
	Organizational Effectiveness - Treasury
2020-15741 09/22/2020	TVA agreed to assess ways to ensure Treasury employees have a balanced workload. TVA expects to complete final action by August 2, 2021.
	Gas Plant Overtime
2019-15685 09/24/2020	TVA agreed to (1) conduct a business case analysis to determine if hiring additional employees would be less costly than paying overtime and (2) continue to execute the Power Operations Performance Improvement Strategy to enhance operability at the gas plants. TVA expects to complete final action by September 24, 2021.
	Coal Plant Overtime
2019-15686 09/24/2020	TVA agreed to reevaluate the staffing plan to determine if adjustments need to be made in order to address understaffing at coal plants. TVA expects to complete final action by September 24, 2021.

INVESTIGATIVE REFERRALS AND PROSECUTIVE RESULTS

Referrals	
Reports Issued to TVA Management	7
Subjects Referred to U.S. Attorneys	4
Subjects Referred to State/Local Authorities	0
Results	
Subjects Indicted/Informations Filed	1
Subjects Convicted	1
Pretrial Diversions	1
Federal Referrals Declined	2
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
19-0297	<p>An employee violated federal ethics laws by obtaining outside employment with a TVA contractor while still employed with TVA.</p> <p>Substantiated in part. The employee, who had entered into a No Fault Separation Agreement with TVA, obtained outside employment only after TVA eliminated his position and he began a 90-day severance period, during which TVA told him he could pursue employment with any outside company. The employee, however, did not comply with several legal and regulatory requirements during this interim period.</p> <p>We reported our findings in a Report of Administrative Inquiry; and, as a result, TVA management revised its No Fault Separation Agreement process and Employee Checkout List to minimize risks of noncompliance with federal ethics rules. (See "Post-TVA Employment Ethics Issues," on page 29 of this report for more information.)</p>
21-0015	<p>A job applicant falsified his application to qualify for a position on which his stepfather was the hiring official. The stepfather hired his stepson and became his stepson's supervisor as well.</p> <p>Substantiated. Though the allegations were reported during this semiannual period, the activity in question occurred during 2012 and previously was investigated by Human Resources. The hiring official was the individual's stepfather, who served as his manager for approximately one year after he was hired. Based on the time elapsed and the lack of existing documentation, our case was closed.</p>

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.

APPENDIX 7

PREVIOUSLY UNDISCLOSED INVESTIGATIONS INVOLVING SENIOR AGENCY OFFICIALS

Case No.	Allegation and Disposition
19-0161	TVA is in violation of U.S. Environmental Protection Agency (EPA) regulations at three facilities under the supervision of two upper-level managers, who have cautioned employees to be silent and to feign ignorance regarding the violations. Unsubstantiated (EPA violations and chilling effect).
20-0213	Senior managers approved ineligible TVA credit card charges for recreational group activities, questionable electronics, and clothing. Unsubstantiated.
20-0216	A manager fraudulently earned a college degree by having an employee take classes for him during work hours. The manager also harasses both TVA and contractor employees. Unsubstantiated.
20-0229	With their manager's knowledge and consent, employees and contractor employees are receiving inflated wages by mischaracterizing pay rates. Unsubstantiated.
21-0033	A manager conceals workplace injuries by using a leave-code designated for COVID-19. He bullies and intimidates employees as well. 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

	MAR 31, 2021	SEPT 30, 2020	MAR 31, 2020	SEPT 30, 2019	MAR 31, 2019
AUDITS					
AUDIT STATISTICS					
Carried Forward	15	18	16	16 ¹	17
Started	14	17	11	7	12
Canceled	(0) ²	(0)	(0)	(0)	(0) ³
Completed	(8)	(20)	(9)	(8)	(13)
In Progress at End of Reporting Period	20	15	18	16	16
AUDIT RESULTS (Thousands)					
Questioned Costs	\$23	\$10,876	\$1,084	\$11,686	\$0
Disallowed by TVA	\$23	\$5,024	\$1,084	\$11,686	\$0
Recovered by TVA	\$607 ⁴	\$74	\$0	\$109	\$189
Funds to Be Put to Better Use	\$3,455	\$21,932	\$849	\$0	\$3,305
Agreed to by TVA	\$17,135 ⁵	\$8,252	\$849	\$239 ⁶	\$20,554
Realized by TVA	\$5,779	\$2,931	\$246	\$7,439 ⁷	\$1,830
OTHER AUDIT-RELATED PROJECTS					
Completed	6	7	5	8	5
Cost Savings Identified/Realized	\$0	\$0	\$0	\$0	\$0
EVALUATIONS					
Completed	7	14	10	19	4
Cost Savings Identified/Realized (Thousands)	\$0	\$0	\$0	\$0	\$0
SPECIAL PROJECTS					
Completed	1	0	1	1	0
INVESTIGATIONS*					
INVESTIGATION CASELOAD					
Opened	75	63	95	101	78
Closed	90	92	96	83	96
In Progress at End of Reporting Period	87	106	137	140	123
INVESTIGATIVE RESULTS (Thousands)					
Recoveries	\$2,056.1	\$4.2	\$93.4	\$569.3	\$.87
Projected Savings	\$1,144.1	\$0	\$0	\$0	\$0
Fines/Penalties/Fees	\$0.3	\$0	\$0.1	\$0.1	\$0.3
Waste/Other Monetary Loss	\$429.4	\$0	\$62.4	\$1,511	\$0
Forfeiture(s) Ordered - Criminal	\$0	\$0	\$0	\$87.6	\$0
Forfeiture(s) Ordered - Civil	\$0	\$0	\$0	\$0	\$0
MANAGEMENT ACTIONS					
Disciplinary Actions Taken (Number of Subjects)	9	3	2	3	6
Counseling/Management Techniques Employed (Number of Cases)	13	12	13	15	15
Debarments	0	0	0	0	0
PROSECUTIVE ACTIVITIES (Number of Subjects)					
Referred to U.S. Attorneys	4	8	7	9	2
Referred to State/Local Authorities	0	2	4	1	2
Indicted/Information Filed	1	3	4	1	1
Convicted	1	1	2	1	2
Pretrial Diversions	1	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 Includes amounts agreed to in a prior period.

⁵ Ibid.

⁶ Amount agreed to was identified in prior period audit.

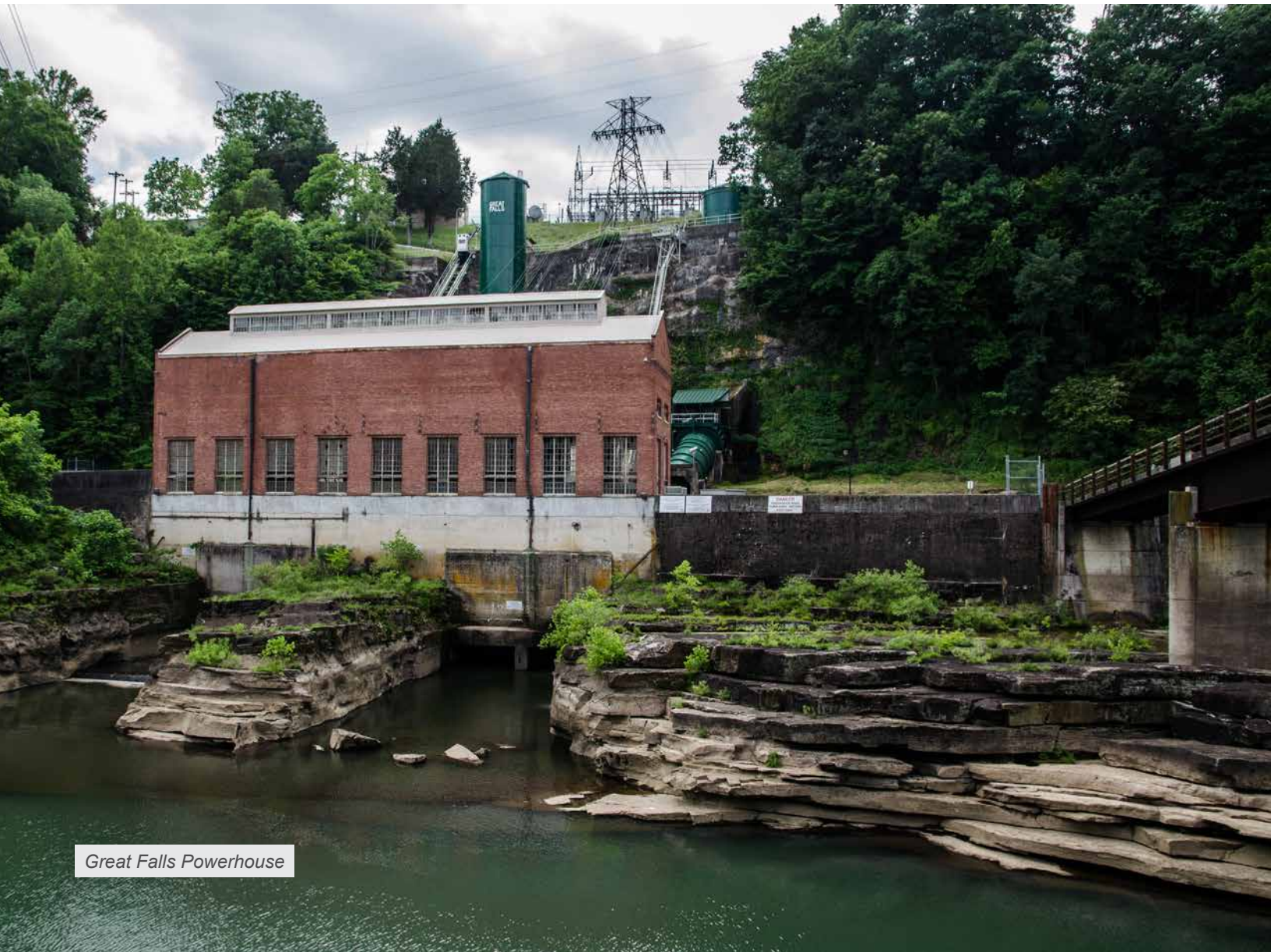
⁷ Includes amounts agreed to in a prior period.

⁸ 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.



Great Falls Powerhouse

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.

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.



ABBREVIATIONS & ACRONYMS

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

5R	5R Processors, Ltd.
Board	TVA Board of Directors
CCR	Coal Combustion Residual
CID	Criminal Investigation Division
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COVID-19	Coronavirus
CRTs	Cathode Ray Tubes
CUF	Cumberland Fossil Plant
DAEO	Designated Agency Ethics Official
ERS	Expense Reimbursement System
ES&P	Energy Services and Programs
FISMA	Federal Information Security Modernization Act
FY	Fiscal Year
IG	Inspector General
ISP	Information Security Program
IT	Information Technology
KIF	Kingston Fossil Plant
OIG	Office of the Inspector General
O&R	Origination and Renewables
P&C	Pricing, Structuring, Analysis/Contracts
P-Card	Purchasing Card
PO	Power Operations
RCRA	Resource Conservation and Recovery Act
RP	Radiation Protection
SQN	Sequoyah Nuclear Plant
TLA	Temporary Living Allowance
TVA	Tennessee Valley Authority
WP	Winning Performance



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.

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
TENNESSEE VALLEY AUTHORITY
Semiannual Report
October 1, 2020 - March 31, 2021

