Memorandum from the Office of the Inspector General

October 27, 2016

Susan E. Collins, LP 6A-C
Scott D. Self, SP 3A-C

REQUEST FOR MANAGEMENT DECISION – AUDIT 2016-15380 – INFORMATION TECHNOLOGY'S USE OF CONTRACTORS

Attached is the subject final report for your review and management decision. You are responsible for determining the necessary actions to take in response to our findings. Please advise us of your management decision within 60 days from the date of this report.

Information contained in this report may be subject to public disclosure. Please advise us of any sensitive information in this report that you recommend be withheld.

If you have any questions, please contact me at (865) 633-7373 or Rick C. Underwood, Director, Financial and Operational Audits, at (423) 785-4824. We appreciate the courtesy and cooperation received from your staff during the audit.

David P. Wheeler
Assistant Inspector General
(Audits and Evaluations)
ET 3C-K

MMN:BSC
Attachment
cc (Attachment):

TVA Board of Directors
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OIG File No. 2016-15380

Office of the Inspector General

Audit Report

To the Senior Vice President and
Chief Human Resources Officer,
Chief Human Resources Office, and
to the Chief Information Officer,
Information Technology

INFORMATION TECHNOLOGY'S USE OF CONTRACTORS

Audit Team
Melissa M. Neusel
Maria V. Edwards
Ricky L. Taylor
Jennifer R. Torregiano

Audit 2016-15380
October 27, 2016

ABBREVIATIONS

CWM	Contractor Workforce Management
FB	Fully Burdened
HR	Human Resources
IQN	IQNavigator
IT	Information Technology
PLUS	People Lifecycle Unified System
SA	Staff Augmentation
SPP	Standard Programs and Processes
TVA	Tennessee Valley Authority

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APPENDICES

Audit 2016-15380 – Information Technology's Use of Contractors

EXECUTIVE SUMMARY

Why the OIG Did This Audit

As part of our annual audit plan, we performed an audit of Information Technology's (IT) use of contractors as a follow-up of Office of the Inspector General Audit 2014-15242, Tennessee Valley Authority's (TVA) Contractor Workforce Management Process. Our audit objectives were to determine whether IT's use of contractors provides reasonable assurance of (1) a low-cost workforce and (2) knowledge transfer to TVA annual employees once the contractor's temporary assignment is complete. Our audit scope was 207 non-craft staff augmentation (SA) contractors[i] working in IT positions during February 2016 for whom TVA paid about $1.8 million in labor costs and associated labor markups.

What the OIG Found

Overall, we found the majority of the 207 SA contractors had straight-time hourly pay rates less than or equal to TVA's midpoint hourly pay rates and comparable to TVA employees' pay rates for the corresponding job codes. However, we also found:

- TVA management's approval of SA contractors' compensation exceeding the midpoint rate does not take into account the SA contractors' indirect cost markup rates applied to the pay rate.
- IT does not currently have a policy in place requiring knowledge transfer from contractors to TVA employees.
- Manual data entry is required to update minimum and midpoint pay rates from TVA's human resource information system, People Lifecycle Unified System (PLUS), into TVA's contractor system, IQNavigator (IQN).
- IQN compares a contractor's hourly rate change (e.g., pay increase) to the midpoint rate in effect for the job code when the assignment was made, rather than to the current midpoint rate, unless a new assignment is created.

What the OIG Recommends

We recommend TVA's Senior Vice President and Chief Human Resources (HR) Officer, Chief HR Office, in coordination with the Chief Information Officer, IT, take action to:

1. Revise TVA's Standard Programs and Processes 11.106, Contractor Workforce Management, to require approval of a contractor's fully

[i] We excluded contractors working as interns in IT from the scope of our audit.

burdened (FB) rate (pay rate plus all markups) when it exceeds TVA's FB midpoint rate (midpoint pay rate plus fringe benefit markup) for the job code.

2. Implement a comparison of a contractor's hourly pay rate to the current midpoint pay rate and the contractor's FB rate to the current FB midpoint rate for the applicable job code in IQN when either the contractor's hourly rate or the midpoint rate changes.

3. Implement procedure(s) to increase timeliness and resource efficiency and reduce the risk of manual entry errors for minimum and midpoint rate updates in IQN (e.g., automatic updates of minimum and midpoint rates by job codes from PLUS to IQN).

We also recommend TVA's Chief Information Officer, IT, take action to:

4. Implement a policy requiring transfer of knowledge between contractors and TVA employees for systems and applications in development as well as production.

TVA Management's Comments – TVA's Senior Vice President and Chief HR Officer, Chief HR Office, stated alternatives to IQN are currently being considered, and given that it is not known if a long-term relationship with IQN will continue, controls have been implemented to mitigate some of the weaknesses identified in the report. TVA's HR management agreed further improvements can be implemented, and it would be beneficial for leaders to better understand the total cost of their contract workforce as compared to their employee workforce. See Appendix A for TVA's HR management's complete response.

TVA's Chief Information Officer, IT, agreed to develop a policy requiring knowledge transfer for specialized and unique system and application development work and skills not already possessed by TVA's IT staff. See Appendix B for the TVA Chief Information Officer's complete response.

Auditor's Response – TVA's HR management did not address (1) revising TVA's Standard Programs and Processes 11.106, Contractor Workforce Management, to require approval of a contractor's FB rate when it exceeds TVA's FB midpoint rate for the job code, and (2) implementing a comparison of a contractor's hourly pay rate to the current midpoint pay rate and the contractor's FB rate to the current FB midpoint rate for the applicable job code in IQN when either the

contractor's hourly rate or the midpoint rate changes. We agree with TVA's HR management's and Chief Information Officer's other mitigating and planned actions.

BACKGROUND

As part of our annual audit plan, we performed an audit of Information Technology's (IT) use of contractors as a follow-up of Office of the Inspector General Audit 2014-15242, Tennessee Valley Authority's (TVA) Contractor Workforce Management Process, issued September 28, 2015. Under that audit, we reported IT had a large number of staff augmentation (SA) contractors who had been working for TVA for a number of years. We planned this follow-up audit to determine whether IT's use of contractors provides reasonable assurance of (1) a low-cost workforce and (2) knowledge transfer to TVA annual employees once the contractor's temporary assignment is complete.

TVA relies upon a combination of TVA employees and contractors to meet its labor needs. TVA generally defines three types of contractors, and the contractor type is determined based on the contractor's primary assignment:

- SA Contractors – Supplement the TVA workforce and are under the supervision of a TVA hiring manager/supervisor. SA contractors are typically intended to work on short-duration assignments and are used to address temporary peaks, gaps, or specialized needs in the TVA workplace. SA contractors are usually provided to TVA through SA suppliers (which employ the contractors).
- Managed Task Contractors – Managed by a supplier who is providing services to TVA. Assignments usually consist of work with a defined scope, schedule, fixed duration, and/or deliverables as defined by TVA. Managed task contractor assignment typically ends upon completion of the project or task.
- Consultant – An individual or firm that provides assistance[1] to TVA.

On February 29, 2016, TVA had 938 individuals working in IT positions, which included 484 TVA employees and 454 contractors. The contractors consisted of:

- SA contractors – 242 (including interns)
- Managed task contractors – 204
- Consultants – 8

We limited the scope of our audit to 207 non-craft SA contractors[2] working in IT positions during February 2016. The 207 were provided by 10 suppliers that have SA contracts with TVA. When IT identifies a need for a SA contractor, the hiring manager enters the request into IQNavigator (IQN), which serves as the system used to order, hire, and invoice SA contractors. Accordingly, all of the 207 working in IT positions during February 2016 were billed through IQN.

[1] The policy was revised effective March 31, 2016, and "provides assistance" was changed to "provides independent advice and assistance."

[2] We excluded contractors working as interns in IT from the scope of our audit.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine whether IT's use of contractors provides reasonable assurance of (1) a low-cost workforce and (2) knowledge transfer to TVA annual employees once the contractor's temporary assignment is complete. Our audit scope was 207 non-craft SA contractors working in IT positions during February 2016 for whom TVA paid about $1.8 million in labor costs and associated labor markups. To achieve our objectives, we:

- Reviewed (1) TVA's Standard Programs and Processes (SPP) 11.106, Contractor Workforce Management; (2) TVA's Contract Decision Model; and (3) *IQNavigator – Frequently Asked Questions* to gain an understanding of the contracting process and associated data.
- Obtained information from IQN, TVA's contractor system, listing SA contractors that worked in IT positions during February 2016. The information included hourly rates, markup rates, bill rates, job codes, and job descriptions. We also obtained a report from IT personnel listing all SA contractors that worked in IT positions during February 2016. We reconciled these reports and also reviewed People Lifecycle Unified System (PLUS), TVA's human resource information system, to obtain the population of 207 non-craft SA contractors working in IT positions during February 2016.
- Obtained listings of IT job descriptions, job codes, and salary ranges and obtained a report listing all TVA employees and contractors working in IT positions from PLUS.
- Obtained documentation indicating TVA's fringe benefit rate for fiscal year 2016 to calculate the fully burdened (FB) hourly rate for TVA employees.
- Recalculated the 207 SA contractors' billable labor costs, including markup, shown in IQN and compared the payment amounts calculated in IQN to the payments made to the 10 suppliers per TVA's Maximo system[3] to assess reliability of the IQN data.
- Compared each of the 207 SA contractor's straight-time hourly rate and FB straight-time hourly rate to TVA's midpoint rate and FB midpoint rate for the applicable job code to determine which was higher.
- Calculated the average FB straight-time hourly rate by job code for SA contractors and TVA employees. For the job codes where both SA contractors and TVA employees worked, we compared the SA contractors' and TVA employees' average FB straight-time hourly rate to determine which was higher.
- Compared the SA contractors' average FB straight-time hourly rate to TVA's average FB straight-time midpoint rate to determine which was higher.

[3] TVA utilizes several systems to process/approve invoices; however, all invoices are authorized for payment using Maximo (TVA's supply chain system) or ComTrac (TVA's fuel management system). Invoices are exported to Oracle, which processes the payments to TVA's suppliers. Payment information is imported back into Maximo or ComTrac from Oracle.

- Searched TVA policies and procedures to determine requirements for transfer of knowledge from contractors to TVA employees.
- Obtained and reviewed copies of IT supplier contracts for 3 vendors that supplied 80 percent (165 of the 207) of the SA contractors in our population to determine if the contracts required transfer of knowledge.
- Selected a random sample of 10 SA contractors out of our population of 207 and contacted the responsible manager to determine if transfer of knowledge to TVA annual employees was occurring once the contractor's temporary assignment was complete.

Internal controls were not significant to our audit objectives; therefore, internal controls were not tested as part of this audit. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS

Overall, we found the majority of the 207 SA contractors had straight-time hourly pay rates less than or equal to TVA's midpoint hourly pay rates and comparable to TVA employees' pay rates for the corresponding job codes. However, we also found:

- TVA management's approval of SA contractors' compensation exceeding the midpoint rate does not take into account the SA contractors' indirect cost markup rates applied to the pay rate.
- IT does not currently have a policy in place requiring knowledge transfer from contractors to TVA employees.
- Manual data entry is required to update minimum and midpoint pay rates from PLUS into IQN.
- IQN compares a contractor's hourly rate change (e.g., pay increase) to the midpoint rate in effect for the job code when the assignment was made (i.e., contractor start date), rather than to the current midpoint rate, unless a new assignment is created.

The following provides a more detailed discussion of each finding.

SA CONTRACTOR RATES

During February 2016, TVA had 207 SA contractors assigned to IT. For each of the 207, we compared the:

- Straight-time hourly pay rate to TVA's midpoint pay rate of the corresponding TVA job code.
- Labor markup percentage to TVA's 39-percent fringe benefit rate.
- FB straight-time hourly rate[4] to TVA's FB midpoint rate[5] of the corresponding job code.

We found the majority of the 207 had straight-time hourly pay rates less than or equal to TVA's midpoint hourly pay rates and comparable to TVA employee pay rates for the corresponding job codes. We also noted that TVA-SPP-11.106 stated compensation for SA contractors is market priced, and compensation exceeding the TVA midpoint will require approval from a Chief Executive Officer direct report (or designee) through the automated exception approval process in IQN.

Compensation is not defined in the policy. According to TVA management, compensation, with regards to exceeding the midpoint, is the SA contractor's straight-time hourly pay rate compared to the midpoint pay rate of the applicable job code at the time of the SA contractor's assignment. However, the pay rate is only a portion of TVA's cost. TVA management's approval of compensation exceeding the midpoint does not take into account the SA contractor's indirect cost markup rates applied to the pay rate.

We found 23 SA contractors had FB straight-time rates higher than TVA's FB midpoint rates for the corresponding job codes. Of these 23, 12 had straight-time pay rates lower than the TVA midpoint pay rates for the corresponding job codes and did not require an approval from a Chief Executive Officer direct report. However, the markup rates exceeded 39 percent (TVA's fiscal year 2016 fringe benefit rate) for each of the 12 contractors.

For example, as shown in Table 1 on the following page, an SA contractor's pay rate was $1.58 lower than TVA's midpoint pay rate but the SA contractor's FB rate was $2.21 higher than TVA's FB midpoint rate because the markup rate was 47.47 percent.

[4] This is the total of the SA contractor's straight-time hourly pay rate plus applicable markups for payroll taxes, insurance, fringe benefits, overhead, general and administrative expenses, and profit.

[5] This is the total of TVA's midpoint straight-time hourly pay rate plus TVA's 39-percent fringe benefit rate (which also includes payroll taxes and insurance).

Pay Rates vs. FB Rates			
Description	**Contractor Rate**	**TVA Midpoint**	**Difference**
Hourly Pay Rate	$52.00	$53.58	($1.58)
Markup on Pay Rate	47.47%	39.00%	
Total FB Rate	$76.68	$74.47	$2.21

Table 1

In addition, we noted 7 of the 10 vendors that supplied the SA contractors had contracts that contained labor markup rates greater than TVA's 39-percent fringe benefit rate. We determined 113 of the 207 SA contractors reviewed had markup rates that exceeded TVA's 39-percent fringe benefit rate.

One of the recommendations in Audit Report 2014-15242 was for TVA management to consider revising the governing policy for contractors, TVA-SPP-11.106, to better define its intended purpose. TVA management issued a revised version of the policy effective March 31, 2016, and multiple sections of the policy were changed. Section 3.2.1A, Contractor Types, was revised to include the following:

> Managers must consider all aspects of the work to be done in determining whether to use a contractor and the type of contractor to be used. The hiring manager should base the final decision on the overall cost-benefit to TVA.

Accordingly, requiring approval of a contractor's FB rate (pay rate plus all markups) when it exceeds TVA's FB midpoint rate (midpoint pay rate plus fringe benefit markup) for the job code would ensure (1) all compensation paid to the supplier providing the SA contractor is taken into account, and (2) the hiring manager bases the final decision to hire an SA contractor on the overall cost-benefit to TVA.

KNOWLEDGE TRANSFER

IT does not currently have a policy that specifically covers knowledge transfer from contractors to TVA employees. One manager referenced IT-SPP-12.09, Manage Changes, which, if properly used by TVA's IT organization, could result in knowledge transfer from contractor personnel to TVA personnel. However, this policy is only for documentation requirements of systems or applications in production. The policy does not address systems or applications in development (even if the system under development will replace a production system).

We contacted the responsible TVA managers for a sample of 10 SA contractors to discuss transfer of knowledge and were informed it did not make sense to have knowledge transfer for all IT positions. For instance, when a contractor is doing the same work as TVA employees, there is no new knowledge that needs to be transferred (e.g., desktop help). However, when it made sense to have knowledge transfer, we found TVA managers had different processes in place to

accomplish knowledge transfer. Although TVA does not have a standard way of documenting/performing the knowledge transfer, it did appear these TVA managers were working to obtain the knowledge transfer when it made sense to do so.

OTHER ISSUES NOTED

During our audit, we noted (1) manual data entry is required to update job code midpoint rates in IQN, and (2) contractor pay rate changes are not compared to the current midpoint rate in IQN unless a new assignment is created.

Manual Data Entry Required to Update Job Code Midpoint Rates in IQN
IQN is the system used to record SA contractors' rates, hours, and expenses and also calculate payments to suppliers. Each year, the updated minimum and midpoint rates for each job code are pulled from PLUS, manually entered into an Excel spreadsheet, and then uploaded into IQN. According to TVA management, there is no timeframe requirement for updating IQN, but the target is within 1 month of the rate updates. In most cases, IQN had been updated within a week of PLUS being updated.

Each year after the rates have been uploaded into IQN, additional steps are performed to ensure the rates were updated correctly. The rates are downloaded from PLUS, and a report of the active rate cards are downloaded from IQN into Excel spreadsheets. The two spreadsheets are merged into an Excel spreadsheet, and comparisons are performed to (1) verify the rates in PLUS and IQN match and (2) correct any discrepancies found in the IQN rates. TVA management should determine if automating the minimum and midpoint rate update process from PLUS to IQN can be performed to increase timeliness and resource efficiency and reduce the risk of manual entry errors.

Rate Changes Are Not Compared to the Current Midpoint Rate
When a contractor is hired and their assignment made, IQN automated controls compare the contractor's hourly pay rate to the midpoint pay rate for the appropriate job code. If the contractor's hourly pay rate is higher than the midpoint pay rate, IQN automatically routes the contractor's assignment for approval of the pay rate to the TVA manager designated in IQN.

The minimum and midpoint pay rates for job codes are downloaded from PLUS and uploaded into IQN each year. If a contractor's hourly rate changes (e.g., pay increase), another comparison to the midpoint pay rate is performed. However, the new rate is compared to the midpoint pay rate in effect when the contractor's initial assignment was made (i.e., contractor start date), and not to the current midpoint pay rate, unless a new assignment is created. Accordingly, using the current midpoint rate would provide a more valid comparison.

RECOMMENDATIONS

We recommend TVA's Senior Vice President and Chief Human Resources Officer (HR), Chief HR Office, in coordination with the Chief Information Officer, IT, take action to:

1. Revise TVA-SPP-11.106, Contractor Workforce Management, to require approval of a contractor's FB rate (pay rate plus all markups) when it exceeds TVA's FB midpoint rate (midpoint pay rate plus fringe benefit markup) for the job code.

   TVA Management's Comments – TVA's Senior Vice President and Chief HR Officer stated alternatives to IQN are currently being considered, and given that it is not known if a long-term relationship with IQN will continue, controls have been implemented to mitigate some of the weaknesses identified in the report. TVA's HR management agreed it would be beneficial for leaders to better understand the total cost of their contract workforce as compared to their employee workforce. TVA's HR management stated (a) to ensure an accurate comparison, hourly contractor pay rates will continue to be compared to the midpoint of the respective TVA job(s), and (b) the Contractor Workforce Management (CWM) team will meet biannually with business unit leads to discuss the total cost of the contractors in their respective groups at key points in the business planning cycle beginning in February 2017. See Appendix A for TVA's HR management's complete response.

   Auditor's Response – While TVA's HR management agreed it would be beneficial for leaders to better understand the total cost of contract workforce as compared to their employee workforce, TVA's HR management did not address revising TVA-SPP-11.106, Contractor Workforce Management, to require approval of a contractor's FB rate (pay rate plus all markups) when it exceeds TVA's FB midpoint rate (midpoint pay rate plus fringe benefit markup) for the job code. We concur with TVA's HR management's planned actions to have biannual meetings to discuss the total cost of contractors with business unit leads.

2. Implement a comparison of a contractor's hourly pay rate to the current midpoint pay rate and the contractor's FB rate to the current FB midpoint rate for the applicable job code in IQN when either the contractor's hourly rate or the midpoint rate changes.

   TVA Management's Comments – TVA's HR management did not address our recommendation. See Appendix A for TVA's HR management's complete response.

3. Implement procedure(s) to increase timeliness and resource efficiency and reduce the risk of manual entry errors for minimum and midpoint rate updates in IQN (e.g., automatic updates of minimum and midpoint rates by job codes from PLUS to IQN).

TVA Management's Comments – TVA's HR management stated due to the configuration of the IQN system, automating comparisons as the rates change would require a significant change in the administration and end use of IQN. TVA's HR management also stated to further mitigate the risk due to manual entries, an audit process to review rate card updates within the CWM team will be implemented immediately. In addition, the CWM team has a review of all market ranges in IQN on a quarterly basis in place to ensure they are in line with the established TVA market ranges, and where differences are noted, actions are taken to correct rate information and ensure approvals are obtained. See Appendix A for TVA's HR management's complete response.

We also recommend TVA's Chief Information Officer, IT, take action to:

4. Implement a policy requiring transfer of knowledge between contractors and TVA employees for systems and applications in development as well as production.

   TVA Management's Comments – TVA's Chief Information Officer, IT, agreed to develop a policy requiring knowledge transfer for specialized and unique system and application development work and skills not already possessed by TVA's IT staff. See Appendix B for the TVA Chief Information Officer's complete response.

From: Collins, Susan Elizabeth [mailto:secollins@tva.gov]
Sent: Friday, October 21, 2016 8:45 AM
To: Wheeler, David P.
Cc: Tiemeyer, Scott W; Scott, Beau C
Subject: Management Response to OIG Audit 2016-15380

Please see the attached response to OIG Audit 2016-15380. Please let me know if you have any questions.

Thanks,

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OIG Audit 2016-15380
IT's Use of Contractors

TVA Human Resources (HR) management appreciates the recommendations in this review. We agree that further improvements can be implemented. HR management responses to the Office of Inspector General's (OIG) recommendations from audit 2016-15380 IT's Use of Contractors are below.

OIG Recommendation #1: Revise TVA's Standard Programs and Processes 11.106, Contractor Workforce Management, to require approval of a contractor's fully burdened (FB) rate (pay rate plus all markups) when it exceeds TVA's FB midpoint rate (midpoint pay rate plus fringe benefit markup) for the job code.

HR Management Response to Recommendation #1: Management is currently considering alternatives to the IQNavigator (IQN) Vendor Management System. Given that we do not know if we will continue a long term relationship with IQN, we have implemented controls to mitigate some of the weaknesses identified in this report.

All assignments currently require approval from multiple managers and exceptions to work orders or work order amendments require the approval of a CEO Direct or their delegate. As such, TVA management approves the fully burdened rate for contractors when they approve the assignment or amendment in IQN. Although there are multiple levels of review and approval, management agrees that it would be beneficial for leaders to better understand the total cost of their contract workforce as compared to their employee workforce.

Most of the staff augmentation non-craft contracts that TVA uses have a markup rate less than the mark-up for TVA jobs. In order to ensure an accurate comparison, we will continue comparing hourly contractor pay rates to the midpoint of the respective TVA job (s). The Contractor Workforce Management (CWM) team will meet bi-annually with Business Unit leads to discuss the total cost of the contractors in their respective groups at key points in the business planning cycle beginning in February 2017.

OIG Recommendation #2: Implement a comparison of a contractor's hourly pay rate to the current midpoint rate and the contractor's FB rate to the current FB midpoint rate for the applicable job code in IQN when either the contractor's hourly rate or the midpoint rate changes.

HR Management Response to Recommendation #2: Same response as #1

OIG Recommendation #3: Implement procedure(s) to increase timeliness and resource efficiency and reduce the risk of manual entry errors for minimum and midpoint rate updates in IQN (e.g. automatic updates of minimum and midpoint rates by job codes from PLUS to IQN).

October 19, 2016

OIG Audit 2016-15380
IT's Use of Contractors

HR Management Response to Recommendation #3: Management agrees that increasing timeliness and reducing errors is important to accurate and complete financial data, as well as helping TVA ensure we are acquiring contractor resources at the lowest cost.

We have worked with our IT and IQN Support partners to explore the possibility of automating comparisons as these rates change. Due to the configuration of the IQN system, this automation is not feasible since it would require a significant change in the administration and end use of IQN.

In order to further mitigate the risk due to manual entries, we will implement an audit process within the CWM team to review rate card updates beginning immediately.

In addition, the CWM team has in place a review of all market ranges in IQN on a quarterly basis to ensure that they are in line with the established TVA-market ranges. Where differences are noted, they are updated with the correct rate information. If a contractor is on an assignment with a rate card that was updated, the assignment is reviewed to ensure that the approvals received meet the current business process.

October 19, 2016

October 20, 2016

David P. Wheeler, ET 3C-K

RESPONSE TO REQUEST FOR COMMENTS – DRAFT AUDIT 2016-15380 – INFORMATION TECHNOLOGY'S USE OF CONTRACTORS

Our response to your request for comments regarding the findings of the subject draft report is attached. Please let us know if your staff has any concerns with TVA's comments.

We would like to thank Rick Underwood, Melissa Neusel and the audit team for their professionalism and cooperation in conducting this audit. If you have any questions, please contact Krystal Brandenburg at (423) 751-6039.

Scott D. Self
Chief Information Officer
Information Technology
SP 3A-C

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OIG File No. 2016-15380

AUDIT 2016-15380
IT's Use of Contractors
Response to Request for Comments

ATTACHMENT A
Page 1 of 1

Recommendation		Comments
4	Implement a policy requiring transfer of knowledge between contractors and TVA employees for systems and applications in development as well as production.	Management agrees to develop a policy requiring knowledge transfer for specialized and unique system and application development work and skills not already possessed by TVA IT staff.