

ETHICS PROGRAM INSPECTION RESULTS

Agency:	Tennessee Valley Authority		
Report No:	15-211	Date:	March 24, 2015
Review Period:	January- December 2013		

1.0 AGENCY DATA		
	EMPLOYEES	Data
1.1	Number of full-time agency employees, as reported in the most recent Annual Questionnaire	12,332
1.2	Number of agency SGEs, as reported in the most recent Annual Questionnaire	9
1.3	Number of PAS public financial disclosure reports required to be filed, as reported in the most recent Annual Questionnaire	1
1.4	Number of non-PAS public financial disclosure reports required to be filed, as reported in the most recent Annual Questionnaire	144
1.5	Number of confidential financial disclosure reports required to be filed by employees, as reported in the most recent Annual Questionnaire	2,080
	ETHICS PROGRAM	Data
1.6	Name of DAEO	Ralph E. Rodgers
1.7	Title of DAEO	Executive Vice President and General Counsel
1.8	Grade level of DAEO	Officer/Executive
1.9	Name of ADAEO	Mark S. Calvert
1.10	Title of ADAEO	Senior Attorney
1.11	Grade level of ADAEO	Senior Management
1.12	Name of the primary, day-to-day ethics program administrator	Jan E. Brown
1.13	Title of the primary, day-to-day ethics program administrator	Manager, Ethics & Employee Concerns
1.14	Grade level of the primary, day-to-day ethics program administrator	Senior Management
1.15	Current number of full-time ethics officials	1
1.16	Current number of part-time ethics officials	7
1.17	Average FTE value of a part-time ethics official(s) (For example, if part-time ethics officials at the agency generally devote 10 hours per week to ethics work, the average FTE value is 25%.)	25%
1.18	Number of reporting levels between the ethics office/program and the agency head	1

2.0 LEADERSHIP			
	COMPLIANCE REQUIREMENT	Yes	No
2.1	OGE has received an up-to-date designation from the agency head naming the DAEO. <i>See</i> 5 C.F.R. § 2638.202(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2.2	OGE has received an up-to-date designation from the agency head naming the ADAEO. <i>See</i> 5 C.F.R. § 2638.202(c)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

3.0 ETHICS AGREEMENTS			
	COMPLIANCE REQUIREMENT	Yes	No
3.1	All officials currently in PAS positions have complied with their ethics agreements. <i>See</i> 5 C.F.R. § 2634.804. (□ Not Applicable: see OGE comment section below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.2	All officials currently in PAS positions complied with their ethics agreements in a timely fashion. <i>See</i> 5 C.F.R. § 2634.804. (□ Not Applicable: see OGE comment section below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

ETHICS PROGRAM INSPECTION RESULTS			
Agency:	Tennessee Valley Authority		
Report No:	15-211	Date:	March 24, 2015
Review Period:	January- December 2013		

3.3	For all officials currently in PAS positions, the agency notified OGE of ethics agreement compliance in a timely fashion. <i>See</i> DO-09-015. (<input type="checkbox"/> Not Applicable: see OGE comment section below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.4	For all officials currently in PAS positions, the agency maintains documentation of actions taken to comply with ethics agreements. <i>See</i> 5 C.F.R. § 2634.804. (<input type="checkbox"/> Not Applicable: see OGE comment section below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.5	All PAS officials' ethics agreements are maintained with their financial disclosure reports. <i>See</i> 5 C.F.R. § 2634.805. (<input type="checkbox"/> Not Applicable: see OGE comment section below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

4.0	PUBLIC FINANCIAL DISCLOSURE (OGE Form 278, OGE Form 278-T)	
	COMPLIANCE REQUIREMENT	Yes No
4.1	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C app. IV, § 402(d)(1).	
4.1.1	• Collection of public financial disclosure reports	<input checked="" type="checkbox"/> <input type="checkbox"/>
4.1.2	• Review/evaluation of public financial disclosure reports	<input checked="" type="checkbox"/> <input type="checkbox"/>
4.1.3	• Public availability of public financial disclosure reports	<input checked="" type="checkbox"/> <input type="checkbox"/>
4.2	The agency can demonstrate that late filing fees are collected or, where appropriate, waivers are issued when public filers do not timely file financial disclosure reports.	<input checked="" type="checkbox"/> <input type="checkbox"/>
4.3	Public financial disclosure records are securely maintained. <i>See</i> OGE/GOVT-1.	<input checked="" type="checkbox"/> <input type="checkbox"/>
4.4	Public financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.603(g)(1).	<input checked="" type="checkbox"/> <input type="checkbox"/>
4.5	Agency ethics officials respond promptly to requests by OGE for additional information regarding PAS annual and termination public financial disclosure reports. <i>See</i> 5 U.S.C app. IV, § 402(d)(1). <i>See</i> 5 C.F.R. § 2638.203(b)(14). (<input checked="" type="checkbox"/> Not Applicable: see OGE comment section below)	<input type="checkbox"/> <input type="checkbox"/>
	DATA ANALYSIS	%
4.6	Percentage of sampled non-PAS new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(b).	67%
4.7	Percentage of sampled non-PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	100%
4.8	Percentage of sampled non-PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	100%
4.9	Percentage of sampled non-PAS public financial disclosure reports certified within 60 days of receipt (or later when additional information was being sought or remedial action was being taken). <i>See</i> PA-11-04.	27%
4.10	Percentage of sampled PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	100%
4.11	Percentage of sampled PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	N/A
4.12	Percentage of sampled PAS annual and termination reports certified within 60 days of receipt (unless additional information was being sought or remedial action was being taken). <i>See</i> 5 C.F.R. § 2634.605(a).	100%

5.0	CONFIDENTIAL FINANCIAL DISCLOSURE	
	COMPLIANCE REQUIREMENT	Yes No
5.1	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C app. IV, § 402(d)(1).	
5.1.1	1. Collection of confidential financial disclosure reports	<input checked="" type="checkbox"/> <input type="checkbox"/>
5.1.2	2. Review/evaluation of confidential financial disclosure reports	<input checked="" type="checkbox"/> <input type="checkbox"/>
5.2	Confidential financial disclosure records financial disclosure records are securely maintained. <i>See</i> OGE/GOVT-2.	<input checked="" type="checkbox"/> <input type="checkbox"/>
5.3	The agency's OGE-approved alternative confidential financial disclosure system complies with plans approved by OGE. <i>See</i> 5 C.F.R. § 2634.905(a). (<input checked="" type="checkbox"/> Not Applicable: see OGE comment section below)	<input type="checkbox"/> <input type="checkbox"/>

ETHICS PROGRAM INSPECTION RESULTS			
Agency:	Tennessee Valley Authority		
Report No:	15-211	Date:	March 24, 2015
Review Period:	January- December 2013		

5.4	Confidential financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.604.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS		%	
5.5	Percentage of sampled confidential new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(b).	25%	
5.6	Percentage of sampled confidential annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(a).	95%	
5.7	Percentage of sampled confidential financial disclosure reports certified within 60 days of receipt (or later when additional information was being sought or remedial action was being taken). <i>See</i> 5 C.F.R. §§ 2634.605(a), 2634.909(a).	5%	

6.0 INITIAL ETHICS ORIENTATION			
COMPLIANCE REQUIREMENT		Yes	No
6.1	All initial ethics orientation material contains: <i>See</i> 5 C.F.R. § 2638.703(a) and (b).		
6.1.1	3. Current contact information of relevant ethics official(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.1.2	4. Copy of the Standards of Ethical Conduct and any agency supplemental standards to keep or review; or 5. Summaries of the Standards, any agency supplemental standards, and 14 Principles for employees to keep	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.2	The agency can demonstrate that it has an effective process to ensure that new employees receive initial ethics orientations. <i>See</i> 5 C.F.R. § 2638.703(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS		%	
6.3	Percentage of new agency employees who received initial ethics orientation within 90 days. <i>See</i> 5 C.F.R. § 2638.703.	100%	

7.0 ANNUAL ETHICS TRAINING			
COMPLIANCE REQUIREMENT		Yes	No
7.1	All annual ethics training material contains: <i>See</i> 5 C.F.R. § 2638.704(b).		
7.1.1	6. Current contact information of relevant ethics official(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.1.2	7. Review of the criminal conflict of interest statutes	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.1.3	8. Review of the Standards of Ethical Conduct	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.1.4	9. Review of the 14 Principles	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.1.5	10. Review of any agency supplemental standards (<input type="checkbox"/> Not Applicable: see OGE comment section below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.2	The agency can demonstrate that it has an effective process to ensure that covered employees receive annual ethics training. <i>See</i> 5 C.F.R. § 2638.704(c) and 705(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS		%	
7.3	Public financial disclosure filers who completed annual ethics training. <i>See</i> 5 C.F.R. § 2638.704(a).	100%	
7.4	Confidential financial disclosure filers who completed annual ethics training. <i>See</i> 5 C.F.R. § 2638.705(a)(3).	100%	

8.0 ETHICS ADVICE AND COUNSEL			
COMPLIANCE REQUIREMENT		Yes	No
8.1	Based on a sample collected by OGE, guidance provided by agency ethics officials to employees appears to be consistent with applicable laws and regulations. (<input type="checkbox"/> Not Applicable: see OGE comment section below)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

ETHICS PROGRAM INSPECTION RESULTS

Agency:	Tennessee Valley Authority		
Report No:	15-211	Date:	March 24, 2015
Review Period:	January- December 2013		

RECOMMENDATIONS

#	Element	RECOMMENDATION	Compliance Due
1	4.6	<p><u>CONCERN:</u> Only 67% of sampled non-PAS public new entrant public financial disclosure reports were filed timely.</p> <p><u>RECOMMENDATION:</u> Ensure public financial disclosure reports are filed timely.</p> <p><u>AGENCY RESPONSE:</u> TVA's Ethics program has modified its internal process for notifying new OGE Form 278 filers. Upon receiving notification of a new OGE Form 278 entrant, TVA's Ethics program (within 1 business day)</p> <ol style="list-style-type: none"> sends the new entrant an invitation via FDonline to complete the OGE Form 278 within 30 days; sends email notification to new entrant with a request to schedule a face-to-face new executive ethics briefing; and forwards a copy of the FDonline invitation to Human Resources (HR) in an effort to get their assistance with reinforcing the timeliness requirement. <p>In addition, FDonline (e-filing system used by TVA) includes a tracking tool that sends individual reminders to filers of upcoming deadlines as well as reminders if filers do not submit their forms by the identified deadline.</p> <p>Also, TVA's Ethics program has provided HR with a 2-page document explaining the financial reporting requirements for employees required to file the OGE Form 278. (See attached document.)</p> <p><u>OGE COMMENT:</u> OGE will follow up with TVA in 6 months to assess the effectiveness of the new procedures.</p>	9/20/15
2	4.9	<p><u>CONCERN:</u> Only 27% of sampled non-PAS public financial disclosure reports were certified within 60 days of receipt.</p> <p><u>RECOMMENDATION:</u> Certify financial disclosure reports timely.</p> <p><u>AGENCY RESPONSE:</u> TVA's Ethics program has modified its internal process for reviewing and certifying financial disclosure reports. The Ethics Paralegal is responsible for performing the substantive review, asking follow-up questions if necessary, and intermediately approving the form. Each week, the Ethics Paralegal sends a notification email to the ADAEO if there are outstanding OGE Form 278s requiring certification. The ADAEO reviews and certifies the forms within 10 business days of notification.</p> <p><u>OGE COMMENT:</u> OGE will follow up with TVA in 6 months to assess the effectiveness of the new procedures.</p>	7/15/15
3	5.5	<p><u>CONCERN:</u> Only 25% of sampled new entrant confidential financial disclosure reports were filed timely.</p> <p><u>RECOMMENDATION:</u> Ensure confidential financial disclosure reports are filed timely.</p> <p><u>AGENCY RESPONSE:</u> TVA's Ethics program has modified its internal process for notifying new OGE Form 450 filers. Upon receiving notification of a new OGE Form 450 entrant, TVA's Ethics program (within 1 business day) sends the new entrant an invitation via FDonline to complete the OGE Form 450 within 30 days.</p> <p>Starting with the 2014 filing cycle, TVA's Ethics program provides HR and TVA management with a list of all employees who have not submitted their reports by the due date. The employees also receive</p>	9/20/15

ETHICS PROGRAM INSPECTION RESULTS

Agency:	Tennessee Valley Authority		
Report No:	15-211	Date:	March 24, 2015
Review Period:	January- December 2013		

		<p><i>reminders via FDOonline every 7 days of the requirement to submit their reports.</i></p> <p><i>The Ethics program is currently collaborating with the HR Systems Administration team to develop monthly reports that will identify new entrants required to file OGE Form 278s and OGE Form 450s in addition to those individuals required to complete OGE Form 278 termination reports.</i></p> <p><u>OGE COMMENT:</u> OGE will follow up with TVA in 6 months to assess the effectiveness of the new procedures.</p>	
4	5.7	<p><u>CONCERN:</u> Only 5% of sampled confidential financial disclosure reports were certified within 60 days of receipt.</p> <p><u>RECOMMENDATION:</u> Certify financial disclosure reports timely.</p> <p><u>AGENCY RESPONSE:</u> <i>TVA's Ethics program has modified its internal process for reviewing and certifying financial disclosure reports. The Ethics Paralegal is responsible for performing the substantive review, asking follow-up questions if necessary, and intermediately approving the form. Each week, the Ethics Paralegal sends a notification email to the Manager, Ethics & Employee Concerns if there are outstanding OGE Form 450s requiring certification. The Manager reviews and certifies the forms within 10 business days of notification.</i></p> <p><i>For the 2014 filing cycle, 1,433 of the 2,062 required annual reports have been approved and certified within 60 days of receipt.</i></p> <p><u>OGE COMMENT:</u> OGE will follow up with TVA in 6 months to assess the effectiveness of the new procedures.</p>	4/15/15

ETHICS PROGRAM INSPECTION RESULTS			
Agency:	Tennessee Valley Authority		
Report No:	15-211	Date:	March 24, 2015
Review Period:	January- December 2013		

COMMENTS

OGE Comments

4.5 During 2013, OGE did not request any additional information regarding PAS financial disclosure reports.

4.6 In 2013, it was TVA's policy that an Ethics Official would first meet with a new entrant filer and then an e-mail would be sent through FDOonline requesting that the filer submit the public financial disclosure report. In the Spring of 2014, TVA changed the policy. E-mail requests are now sent to new entrants as soon as the ethics office is notified by Human Resources that an employee has been hired or promoted into TVA's Officer/Executive (OE) pay band. All new entrants filed their reports within 30 days of receiving an FDOonline email request.

4.9 According to TVA, 76% of the sampled reports were "intermediately approved or followed up on" within 60 days of submission.

4.11 No PAS Termination Reports were required to be filed in 2013.

5.3 TVA does not use an OGE approved alternative confidential disclosure system.

5.5 TVA stated that a report is generated once a month to identify employees who move into or out of the Senior Management pay band. E-mails are sent through FDOonline once a month to new entrants requesting that they submit a new entrant confidential financial disclosure report. According to TVA, 73% of the new entrant reports OGE sampled were submitted within 30 days of the date filers received the FDOonline email request.

5.7 In 2013, it was TVA's procedure to require Human Resources to perform an intermediate review. Once the intermediate review was completed, the Ethics Paralegal performed a substantive review and then the reports were certified by the ADAEO. The workload of the Human Resources office made this process impractical. Beginning with the annual filing cycle in January 2014, the Ethics Paralegal was given the responsibility for the intermediate review and the substantive review. The Manager, Ethics & Employee Concerns, now has responsibility for certifying the reports.

7.1.2 According to the Manager, Ethics & Employee Concerns, the 2013 annual training only addressed two of the criminal statutes: 18 U.S.C. §§ 207 and 208. The ethics intranet site has since been updated to address all of the criminal statutes and employees were told to review the material in 2014.

7.1.3 The Manager, Ethics & Employee Concerns stated that the 2013 annual training contained a link to the TVA Code of Conduct and that the TVA Code of Conduct addressed the Standards. OGE reviewers examined TVA's Code of Conduct and determined that the Code of Conduct addresses only some of the Standards. The ethics intranet site was updated to address all of the Standards and employees were told to review the material in 2014.

7.1.4 According to the Manager, Ethics & Employee Concerns, the 14 Principles were not part of the 2013 annual training. The ethics official stated that the 14 Principles were provided to all TVA employees in a quarterly communication from the DAEO in July 2014.

***TVA's Response:** The Ethics program will work with TVA's internal training staff to revise the annual training to ensure it captures all of the required elements listed in 5 C.F.R. § 2638.704. In addition, TVA's Code of Conduct is scheduled to be updated in 2015 and the updated version will address all of the 14 Principles.*

7.2 According to the Manager, Ethics & Employee Concerns, TVA transitioned to two computer systems that affected the ability to track and follow up on annual ethics training. TVA transitioned to a new HR system which affected the ability to run reports on the status of ethics training completion and also transitioned to a new learning management system which is where the agency's training is hosted. During the transition, there were problems that affected TVA's filers' ability to complete training prior to December 31, 2013 and the ethics office's ability to track training and follow-up. These problems have since been resolved and TVA can effectively ensure training has been completed.

Agency Comments

TVA was given the opportunity to review a draft version of this report. The agency's comments are included in the Agency Response section of each recommendation.