

risk exposure because the program had been consistently underfunded and identified risks excluded underutilized properties, which posed additional risk of liability from potential contamination or compromises to public safety. This resulted in additional focus on those properties and improvements to the system which will provide better management of TVA's portfolio of properties.

➤ **Cost and schedule**

performance on the WBN Unit 2 construction project –

This 2012 review identified serious weaknesses in oversight of the project that were hampering construction performance. The OIG recommendations resulted in better estimates of cost and schedule and better project oversight. This work was significant because it identified serious problems much earlier than they would have otherwise been discovered, thereby allowing the company to save money by getting the project on track and addressing the construction delays identified.

➤ **TVA's counterparty credit**

risk – We found the process lacked a consistent, risk-based approach to managing credit and performance risk. Proper management of this risk is

important to reducing TVA's exposure to possible financial and operational losses.

Deterrent to Misconduct and Fraud—Another important way our office helps TVA is to provide deterrence to employee misconduct and potential fraud, including third party fraud by contractors. One deterrent can be the prosecution of those that defraud TVA. In the past five years, our investigations have resulted in 35 indictments, 37 convictions, and 6 pre-trial diversions. Other activities that also help deter or identify misconduct or fraud earlier include:

➤ **Debarments** – In 2010, TVA and the OIG worked collaboratively to develop a suspension and debarment process for contractors that defraud TVA. That same year, Holtec International, Inc. (Holtec), a dry cask storage system supplier for TVA nuclear plants, became the first contractor to be debarred in TVA history. Holtec's debarment lasted sixty days. Also, Holtec agreed to pay a \$2 million administrative fee and submit to a year-long monitoring program for its operations.

➤ **Fraud Risk Assessments** – In 2004, the OIG kicked off a TVA-wide initiative to help groups identify fraud risks for their

area. The assessments which are performed in conjunction with TVA business organizations identify (1) types of fraud that can occur, (2) the likelihood and significance of fraud occurring, (3) controls in place to prevent fraud, and (4) remediation needed to improve fraud prevention controls. While the primary purpose of the assessments is to reduce risks for TVA, the collateral benefit is the trust that is built between the OIG staff and TVA employees. Since the program inception, our office has performed more than 30 assessments.

➤ **Fraud Awareness Briefings** –

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

➤ **EmPowerline** –

Our hotline provides a mechanism for people to anonymously report misconduct and fraud to the OIG. Over the past five years, we have received 1,429 reports. Addressing the information received can lead to an investigation, audit, or management action which results in saving TVA money or identifying misconduct or fraud.