



Office of the Inspector General

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

Jill M. Matthews

Deputy Inspector General Performing the Duties of the Inspector General

November 18, 2019

The Honorable John L. Ryder
Tennessee Valley Authority Board of Directors
Harris Shelton
40 South Main Street, Suite 2210
Memphis, Tennessee 38103

Dear Mr. Ryder:

2019-15683 – MONITORING OF ERNST & YOUNG LLP'S AUDIT OF THE TENNESSEE VALLEY AUTHORITY FISCAL YEAR 2019 FINANCIAL STATEMENTS

The Tennessee Valley Authority (TVA) contracted with the independent public accounting firm of Ernst & Young LLP (EY) to audit its consolidated financial statements for the fiscal year (FY) ending September 30, 2019. In addition, the contract called for EY to report on TVA's internal control over financial reporting and compliance with laws and regulations as of September 30, 2019, and to perform reviews of TVA's FY 2019 interim financial information filed quarterly on Form 10-Q with the Securities and Exchange Commission. The contract required EY's work be performed in accordance with Public Company Accounting Oversight Board standards and additional standards as set forth in *Government Auditing Standards (GAS)*.

Under the Inspector General Act of 1978, as amended, the Inspector General is responsible for taking appropriate steps to assure any work performed by nonfederal auditors, including EY, complies with standards established by the Comptroller General of the United States for audits of Federal establishments. The Chief Financial Officers Act of 1990 also places responsibilities on the Inspector General regarding TVA's annual financial statement audit. In keeping with these statutory responsibilities, my office reviewed EY's reports and related audit documentation, inquired of its representatives, and performed other procedures as we deemed appropriate in the circumstances.

Our review, as differentiated from an audit of the consolidated financial statements in accordance with *GAS*, was not intended to enable us to express, and we do not express, an opinion on TVA's consolidated financial statements, internal control over financial reporting, or compliance with laws and regulations. EY is responsible for the auditor's reports dated November 14, 2019, and the conclusions expressed in those reports.

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However, our review disclosed no instances where EY did not comply, in all material respects, with GAS.

Sincerely,



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

cc: The Honorable Kenneth E. Allen
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