



Memorandum from the Office of the Inspector General

October 22, 2019

Amanda D. Johns

**FINAL REPORT – EVALUATION 2019-15687 – ORGANIZATIONAL EFFECTIVENESS
FOLLOW-UP – HUMAN RESOURCES**

The Office of the Inspector General (OIG) previously conducted an evaluation of Human Resources¹ (HR) to identify strengths and risks that could impact HR's organizational effectiveness. Our report identified several strengths and risks along with recommendations for addressing those risks. In response to that report, Tennessee Valley Authority (TVA) HR management provided their management decision. We subsequently completed a follow-up evaluation² that assessed management's actions to address risks from our initial organizational effectiveness evaluation. Our follow-up evaluation reflected management had taken actions to address several risks outlined in our initial evaluation. However, three recommendations remained unresolved, including (1) differences between Human Resource Generalist (HRG) and Senior HRG roles; (2) execution risks, including role clarity and implementation of a feedback mechanism; and (3) ethical and inclusion concerns. The objective of this follow-up evaluation was to assess actions taken to address concerns identified in the initial organizational effectiveness evaluation. In summary, we determined HR has taken actions to address the remaining risks.

BACKGROUND

As of September 23, 2016, the date we initiated our original review, HR was a business unit under TVA's Chief Human Resources Office (CHRO),³ comprised of Human Resource Business Partnerships, Labor Relations, and Employee Health (EH).⁴ At that time, HR assisted with workforce optimization, furthered fostering an engaged workforce, and built capabilities through activities conducted by its employees. The organization was responsible for developing and implementing HR business solutions for business units across TVA, consulting with and supporting management and employees on all HR- and people-related issues, and providing governance tools and consultation to the HR community, management, and employees.

¹ Evaluation 2016-15445-05, *Human Resources' Organizational Effectiveness*, September 26, 2017.

² Evaluation 2018-15582, *Organizational Effectiveness Follow-Up - Human Resources*, September 27, 2018.

³ Currently, the HR organization has been renamed to Human Resources Business Partnerships and no longer contains Labor Relations or Employee Health.

⁴ According to organizational data dated July 6, 2018, EH was located under Compensation and Benefits, which is another organization reporting to the CHRO. Therefore, we assessed management actions specific to EH in a separate evaluation (Evaluation 2019-15688, *Organizational Effectiveness Follow-Up – Human Resources' Employee Health*).

In our previous organizational effectiveness evaluation of HR, we identified strengths and risks and provided recommendations to address those risks. Specifically, we recommended the Vice President, HR:

1. Address the performance management risks identified in the report to ensure all employees are given an opportunity to have participative and reasonable performance goals.
2. Increase communication around the selection process, including specifying the criteria for promotion to senior HRG and address differences in HRG and senior HRG expectations and responsibilities.
3. Address the concerns regarding training and resources to ensure employees have the necessary tools required to perform their responsibilities.
4. Identify ways to improve applicable managers' leadership skills and ensure each manager is demonstrating TVA's values and competencies.
5. Address execution risks by:
 - a. Continuing to support the HRG transition to a more strategic role by communicating with TVA management regarding HRG expectations.
 - b. Implementing a feedback mechanism for employee feedback regarding HRG support.
 - c. Identifying areas in need of role clarity between HR and other CHRO business units and address expectations of each business unit's role.
 - d. Refining the medical case management process in order to reduce the amount of time spent on administrative tasks and clarifying the role EH plays in leave abuse.⁵
 - e. Continuing with efforts to address the grievance backlog and work with TVA management to address grievances in accordance with collective bargaining agreements.
6. Address the ethical concerns and concerns pertaining to inclusion by:
 - a. Communicating guidelines around rotational management positions to aid in employee's understanding of the purpose of the process.
 - b. Monitoring direct selections and rotational positions to ensure HR is consistently following policies and procedures.
 - c. Continuing dialogue with employees to gather differing opinions and encourage employees to voice their differing opinions without fear and promote inclusive behaviors regardless of location, position, or personal style.

⁵ We excluded this recommendation from this review because it is specific to EH and will be tested in Evaluation 2019-15688.

This report covers our review of HR's actions taken to address the remaining risks from our initial organizational effectiveness evaluation. Please see the Observations section for the risks previously identified and management's actions.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to assess actions taken to address concerns identified in the initial organizational effectiveness evaluation. To achieve our objective, we:

- Reviewed Evaluation 2016-15445-05 to determine the risks previously identified.
- Reviewed HR's management decision dated December 4, 2017, to identify planned and completed actions.
- Reviewed Evaluation 2018-15582 to identify management actions taken since our initial evaluation.
- Developed questions for employees designed to obtain information and perspectives on HR's actions.
- Interviewed 17 individuals who were interviewed as part of the initial evaluation to obtain perspectives on HR management's actions.
- Reviewed data and documentation associated with HR management's actions.

This evaluation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

OBSERVATIONS

In summary, we determined HR has taken actions to address the remaining risks outlined in our initial organizational effectiveness evaluation. See the table on the following page for our observations regarding management's actions.

MANAGEMENT’S ACTIONS AND OUR OBSERVATIONS

Risk	Management’s Actions	OIG’s Observations
<p>Communication Around Selection Criteria and Differences Between HRG and Senior HRG Roles</p>	<p>Management stated they have increased transparency in staffing (including the selection process) by increasing communication on this specific topic. Management further stated they would reevaluate their approach and make any necessary adjustments as they gain clarity on future roles in CHRO through the CHRO evolution.</p>	<p>While the risk related to communication was addressed in Evaluation 2018-15582, <i>Organizational Effectiveness Follow-Up – Human Resources</i>, dated September 27, 2018, management provided Human Resource Business Partnerships’ communications evidencing criteria for promotional opportunities. The criteria included experience level, performance history, and positive perceptions of the business partner(s) they support. We also obtained feedback from HR personnel and determined that most individuals commented positively on the selection process.</p> <p>HR management provided communications that outlined an additional responsibility for Senior HRGs that differentiated that position from the HRG position.</p>
<p>Execution Risks</p>	<p>Management stated that an expected outcome of the broader CHRO evolution will be improved role clarity of the organization as well as individual positions. Management also stated (1) the CHRO evolution will include a customer-centric approach that will include an employee feedback mechanism, and (2) they will continue to address the grievance backlog.</p>	<p>HR management provided documentation evidencing communication of the CHRO strategy, including roles/responsibilities of HR and other organizations within the CHRO organization. In addition, we obtained feedback regarding role clarity from HR personnel. The majority of personnel we interviewed either indicated role clarity as compared to other CHRO organizations had improved or they currently had no issues</p> <p>HR management also provided documentation reflecting opportunities for feedback from both TVA and HR personnel. The majority of HR personnel we interviewed indicated HR had no issues or had improved in obtaining feedback from the business units they support.</p> <p>Management previously took actions to address the grievance backlog as part of Evaluation 2018-15582, <i>Organizational Effectiveness Follow-Up – Human Resources</i>, dated September 27, 2018.</p>
<p>Ethical and Inclusion Concerns</p>	<p>Management stated they are continuing to promote an inclusive environment and address concerns relative to promotions and assignments through increased leadership visibility and connections with the workforce.</p>	<p>We obtained feedback from HR personnel and noted the majority of individuals interviewed believed that ethical and inclusion issues had been addressed or were no longer an issue. HR management also provided documentation evidencing updates to the filling vacant positions procedure and communication of those updates to HR personnel as well as documentation reflecting monitoring of specific positions and communication of open positions and selections within CHRO.</p>

We determined HR has taken actions to address the remaining risks outlined in our initial organizational effectiveness evaluation.

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This report is for your review and information. No response to this report is necessary. If you have any questions or need additional information, please contact Amy R. Rush, Evaluations Manager, at (865) 633-7361 or Lisa H. Hammer, Director, Evaluations – Organizational Effectiveness, at (865) 633-7342. We appreciate the courtesy and cooperation received from your staff during the evaluation.



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ARR:KDS

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