

TVA RESTRICTED INFORMATION



Memorandum from the Office of the Inspector General

May 19, 2021

Robert Martin Deacy, Sr.

████████████████████
EMPLOYEE MISCONDUCT – CONFLICT OF INTEREST
OIG FILE NO. 19-0170

The Office of the Inspector General (OIG) investigated potential conflicts of interest associated with former TVA employee, ██████████. ██████████ is currently employed by TVA vendor ██████████. The investigation identified potential concerns relating to ██████████ negotiating employment with ██████████ while approving ██████████ invoices as a TVA employee and continuing to do so on TVA's behalf once he began working for ██████████.

Federal criminal statutes, such as 18 U.S.C. § 207 and § 208, address conflict of interest violations. For example, 18 U.S.C. § 208 generally prohibits a federal employee from participating personally and substantially in a particular matter in which, to his knowledge, he, his spouse, minor child, general partner, organization in which he is serving as officer, director, trustee, general partner or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest. This matter was presented to the Middle District of Tennessee United States Attorney's Office where it was declined for prosecution.

Various internal TVA policies such as TVA's Invoice Review and Approval policy (TVA-SPP-04.004) and applicable Code of Federal Regulations (CFR), such as 5 CFR 2635.502 – Personal and Business Relationships, were considered for potential violations of federal code and TVA policy. The evidence substantiated that ██████████ negotiated and accepted employment with ██████████ while working as a TVA employee that performed the Field Invoice Approver (FIA) role under various ██████████ contracts. Further, his actions were inconsistent with guidance in the TVA Code of Conduct.

██████████ has an extensive work history as an employee and contractor with TVA starting in 1977. In his final role as a TVA annual employee, ██████████ held the position of TVA Manager ██████████. Between 2010 and his retirement from TVA in 2019, ██████████ approved 681 invoices under ██████████ contracts totaling \$7,126,581 in TVA payments. Prior to his retirement, TVA requested ██████████ continue working on various projects as a contractor until completion. On November 26, 2018, TVA management received ██████████ proposal to hire ██████████ which TVA management subsequently approved. Accordingly, while still a TVA employee, ██████████ received an employment offer from ██████████ dated November 27, 2018, which he accepted and signed. On Friday January 5, 2019, ██████████ retired from annual TVA service. He returned to TVA on Monday January 7, 2019 as a contract employee of ██████████. ██████████ acknowledged he was aware there are TVA rules associated with these situations, but since TVA management approved ██████████ hiring him, he believed there was no issue and did not request TVA Ethics staff review his transition.

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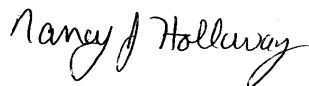
Our investigation established that after signing [REDACTED] employment offer, [REDACTED] continued to approve [REDACTED] invoices, up to and after retiring from TVA. Between his first day with [REDACTED] until April 10, 2019, [REDACTED] approved 21 [REDACTED] invoices totaling \$213,943 in TVA payments under [REDACTED] contracts 7455 and 13191, both of which were contracts he approved invoices under while a TVA employee. Of these 21 invoices, six included [REDACTED] own costs, specifically \$14,768 in labor, \$359 in incremental fee, and \$142 in expenses. Following OIG inquiry into this matter, TVA management opted to transfer [REDACTED] invoice approval responsibility to another individual.

During the course of our investigation, potential opportunities to mitigate risks were identified. Specifically, it was noted that as a managed-task [REDACTED] employee, [REDACTED] labor incurs higher markups and at-risk fee. Had he returned to TVA under a contract with a vendor that provided staff augmentation services, TVA would not have incurred the higher cost. Additionally, after retiring from TVA, [REDACTED] continued to perform similar duties to when he was employed with TVA, such as approving invoices for various TVA vendors and reviewing/approving project change request forms. By performing these roles, [REDACTED] could potentially have access to the business sensitive information of vendors in direct competition with [REDACTED] employer without TVA management knowledge.

Further, [REDACTED] did not engage with TVA Ethics while in his previous role as a TVA employee such that appropriate ethics and disclosure issues could have been considered. TVA should consider reviewing current controls regarding potential conflicts of interest with former TVA employees to determine if opportunities exist to further reduce risk.

The OIG appreciates the assistance of TVA management regarding this matter. Please inform us within 30 days of your determination and of any action taken such as recoveries back to TVA and improvements made to TVA policies or procedures as a result of this investigation. In addition, if you decide to take documented action, we request you send a copy of the relevant information to this office for our file.

This memorandum has been designated "TVA Restricted" in accordance with TVA SPP 12.002, TVA Information Management Policy. Accordingly, it should not be disclosed further without the prior approval of the Inspector General or his designee. In addition, no redacted version of this memorandum should be distributed without notification to the Inspector General of the redactions that have been made.



Nancy J. Holloway
Assistant Inspector General
(Investigations)

[REDACTED]
cc: Janda E. Brown
Laura J. Campbell
Harvey R. Collins
David Fountain
Jill M. Matthews
Michael Scott Turnbow