



*Executive Policy*  
**Fraud Risk Management**

**Policy Statement**

TVA is committed to proactively combating fraud through involving all levels of the agency in setting an antifraud tone that permeates the organizational culture in order to better perform our responsibilities to TVA stakeholders.

**Policy Intent**

This policy establishes TVA's approach to accessing, preventing, detecting, responding to, and monitoring potential fraud. The overall intention of the Fraud Risk Management (FRM) policy is to provide comprehensive guidance for driving an anti-fraud culture and creating a structure to manage fraud risks in accordance with the Fraud Reduction and Data Analytics Act (Public law 114-186).

This policy adheres to the following guiding principles of integrated fraud risk management in support of a strong fraud risk management system:

Integrity

TVA conducts its business according to the highest ethical standards and seeks to earn the trust of others through words and actions that are open, honest, and respectful.

Comprehensive

Enterprise wide fraud risk assessments are conducted to identify specific potential schemes and events that could lead to fraudulent activity.

Proactive

The results of TVA's monitoring activities, evaluations, and risk assessments will be used to improve prevention, detection, and response to fraudulent activities.

Confidential

All information received will be treated confidentially and will not be disclosed or discussed with anyone other than those who have legitimate need to know.

Tone

TVA's Senior Level Management is responsible for combating fraud and involving all levels of the agency to set a tone to prevent and detect potential fraud.

Accountability

TVA encourages employees to actively speak up and challenge inappropriate behavior without fear of retaliation. Individuals must be committed and responsible for identifying and immediately communicating events that are, or that may lead to, fraudulent activities.

Educate

TVA conducts fraud awareness activities and trainings with its employees that highlight roles, responsibilities, and how to report an issue or concern.

To effectively carryout the guiding principles, TVA follows the subsequent high-level fraud risk approach:

Assess

Plan cross functional fraud risk assessments at all levels of TVA to determine a fraud risk profile

Internal Controls

Design and implement specific control activities including: policies, procedures, techniques, and mechanisms to prevent and detect potential fraud.

Respond

Facilitate the dissemination of information to the Office of the Inspector General and Internal TVA Stakeholders for investigation of potential fraud activities

Evaluate & Monitor

Evaluate outcomes using a risk-based approach and adapt activities to improve fraud risk management

**Applicability**

This policy applies to all TVA employees and supplemental personnel.

**Applicable Requirements**

All applicable federal laws and regulations requiring the management of fraud risks including:

- Fraud Reduction and Data Analytics Act of 2015 (Public Law 114-186)
- TVA's No Fear Executive Policy (TVA-POL-11.005)
- TVA Code of Conduct
- Standards of Ethical Conduct for Executive Branch Employees (5 C.F.R. Section 2635)

**Implementation**

This policy is implemented through the Fraud Risk Management System Framework, and any supporting standard programs and processes (SPPs) and/or implementing documents deemed necessary by the Chief Executive Officer (CEO), Designated Agency Ethics Official, Executive Risk Committee (ERC), or the Chief Risk Officer.

Policy Executive Sponsor: \_\_\_\_\_

  
John M. Thomas, III  
EVP and CFO

Date: \_\_\_\_\_

6/9/17

Policy Executive Owner: \_\_\_\_\_

  
William D. Johnson  
President and CEO

Date: \_\_\_\_\_

6/9/17