

TVA OIG's AI Compliance Plan for OMB M-25-21

This Compliance Plan describes how the Tennessee Valley Authority Office of the Inspector General (TVA OIG) will achieve and maintain consistency with Office of Management and Budget (OMB) Memorandum M-25-21. The plan organizes actions around the memorandum's core goals—Driving Artificial Intelligence (AI) Innovation, Improving AI Governance, and Fostering Public Trust in Federal Use of AI. It also defines governance structures, agency policies, risk management practices, and transparency commitments.

Driving AI Innovation

Removing Barriers to the Responsible Use of AI

OMB question. *Describe any barriers to your agency's responsible use of AI, and steps taken or planned to mitigate them.*

TVA OIG's AI use begins with M365 Copilot and Copilot built into its applications. The barrier in roll-out has been learning technical requirements to architect the Microsoft environment to ensure data protection. We have addressed this through Microsoft tenant-level data-loss-prevention, and a rigorous testing program performed by a group across all business units to validate the data flows as expected. As we use AI, we will consider additional AI tools the best fit to serve the greatest value given the operational needs of the office.

Sharing and Reuse

OMB question. *Explain how your agency promotes sharing and reuse of AI code, models, and data assets.*

TVA OIG will share lessons learned and reuse government-wide resources. The office participates with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) AI-related communities to learn from peer OIGs and to share implementation experiences. When feasible, TVA OIG will leverage Federal-shared services and reusable components and align with government-wide guidance. Internally, we will share effective prompts across teams.

AI Talent

OMB question. *Describe initiatives to enhance AI talent, and the skillsets needed.*

TVA OIG is developing AI talent through internal training and by funding staff participation in external training to develop operational AI skills led by recognized experts. Internal training covers the office's AI Use Policy and elements of Copilot usage in Microsoft applications, as well as Copilot as an independent AI tool. All employees are required to attend internal AI Policy focused training, and it has been added to new employee onboarding. We have updated our recruitment practices by factoring AI related experience to our hiring selection criteria.

Improving AI Governance

AI Governance Board

OMB question. *Describe your agency's AI governance body, and how it consults externally.*

TVA OIG has established an AI Governance Board chaired by the AI Officer. Membership includes representatives from OIG leadership, IT Services, Information Security, Privacy, Legal, and mission teams (e.g., audits, evaluations, investigations, and administration). The Board sets policy, approves enterprise AI use cases and tools, oversees risk management, and ensures alignment with OMB requirements. It meets at least quarterly or as needed to review new tools and use cases. The AI Officer is a member of CIGIE's AI Sub-Committee and brings back best practices for the Board to consider.

Agency Policies

OMB question. *Describe efforts to update internal AI policies and generative-AI guidance.*

TVA OIG has implemented an AI acceptable-use policy governing AI tools. The policy addresses both allowed and prohibited inputs, data governance, and mandatory output verification. Our AI Use Case assessment embeds elements to determine privacy risk and criteria for high impact use cases. In addition, IT Services has updated technical instructions to guide the review and implementation of any AI tool such that data governance and security are reviewed and ensured before deployment of any use case or AI tool.

AI Use Case Inventory

OMB question. *Describe your process for collecting AI use cases and keeping the inventory complete.*

TVA OIG's Chief AI Officer receives use case proposals and presents them to the AI Governance Board for approval. The intake process uses a standardized assessment template and an approval workflow governed by the AI Governance Board. Once approved, the AI Use Case Inventory is updated and posted on our public Web site as well as on our internal site. When updated, the office is notified of a new use case and/or tool approval. The Use Case Inventory is reviewed at least annually and is updated on the public Web site.

Fostering Public Trust in Federal Use of AI

To foster public trust, TVA OIG will post this Compliance Plan and the AI Use Case Inventory on its external Web site, provide summaries, and publish contact information for questions. TVA OIG will document and disclose, as appropriate, governance processes, risk management practices, and termination decisions related to non-compliant AI uses. TVA OIG will also continue engaging with the OIG community through CIGIE to share lessons learned and implement best practices.

Determinations of Presumed High-Impact AI

OMB question. *Explain your high-impact determination process, and your criteria and process for waivers.*

In accordance with OMB M-25-21, TVA OIG will identify any AI systems that may be reasonably expected to impact the rights or safety of the public and therefore be presumed high impact. For any such uses, TVA OIG will apply the minimum risk management practices specified by OMB, including stricter evaluation, documentation, testing, and oversight. To date, there are no AI assisted productivity uses that make decisions affecting the public's rights or safety. As a result, there are no AI use cases classified as high impact. The Governance Board will reassess this determination as the program evolves.

Implementation and Termination of Non-Compliant AI

OMB question. *Describe how you validate the minimum practices, prevent non-compliant deployment, and terminate non-compliant AI.*

For any high-impact use case, the Office implements and documents all seven OMB M-25-21 minimum practices — pre-deployment testing, an AI impact assessment, ongoing monitoring, operator training, human oversight, remedies/appeals, and end-user feedback — before production use, validated through the Use Case Assessment and Board review. No use case is deployed without a completed Use Case Assessment and Board approval, which is the primary control against non-compliant deployment. A non-compliant or underperforming high-impact use is suspended or retired under a documented discontinuation plan or brought back into compliance through a Plan of Action and Milestones.

Approval

This plan is submitted for approval by the Deputy Inspector General and posted publicly. It is reviewed at least annually and updated as described above.

Deputy Inspector General

Tennessee Valley Authority Office of the Inspector General



September 30, 2026

Jill M. Matthews

Signature

Date

Chair, AI Governance Board / AI Officer

AIG, Administration

Tennessee Valley Authority Office of the Inspector General



September 30, 2026

Terri Beatty

Signature

Date