

PUBLIC
SERVICE
COMMISSION

Office of Inspector General

2015-2016

ANNUAL
REPORT



Steven J. Stolting, Inspector General
September 15, 2016

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STATE OF FLORIDA



STEVEN J. STOLTING
INSPECTOR GENERAL
(850) 413-6071

Public Service Commission

September 15, 2016

Julie I. Brown, Chairman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Chairman Brown:

I am pleased to submit the Annual Report of the Office of Inspector General for the fiscal year ending June 30, 2016. Pursuant to Section 20.055(8), Florida Statutes, this report to the agency head summarizes the activities of the office during the preceding fiscal year in areas such as audit, internal investigation, external audit coordination, and performance measures review.

Along with this report, I would like to express my appreciation for your support of this office and of accountability and oversight within the Commission.

Sincerely,

A handwritten signature in blue ink that reads "Steven J. Stolting".

Steven J. Stolting
Inspector General

SJS:ld

cc: Commissioner Lisa Polak Edgar
Commissioner Art Graham
Commissioner Ronald A. Brisé
Commissioner Jimmy Patronis
Braulio L. Baez, Executive Director
Mark Futrell, Deputy Executive Director, Technical
Apryl C. Lynn, Deputy Executive Director, Administrative
Keith C. Hetrick, General Counsel

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**Florida Public Service Commission
Office of Inspector General**

2015-2016 ANNUAL REPORT

A. INTRODUCTION

1. Background

The Office of Inspector General is statutorily established in each state agency to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government.

Section 20.055, Florida Statutes, assigns the Inspector General duties in the areas of audit, investigation, and other accountability activities. Specific responsibilities include assessing agency performance measures and data, conducting activities to promote economy and efficiency, and coordinating efforts to prevent or detect fraud or abuse in agency programs and operations.

The Inspector General is also charged with keeping the agency head informed regarding identified deficiencies in the agency and the progress of corrective actions to address those deficiencies. As part of this responsibility, by September 30th of each year the Inspector General is required to provide the agency head with an annual report summarizing the activities of the office during the preceding fiscal year.

2. Staffing and Organization

The Office of Inspector General consists of two staff members, the Inspector General and an Administrative Assistant. Consistent with statutory requirements, the Inspector General reports directly to the Chairman of the Commission. The current Inspector General, Steven J. Stolting, has served since January 2003. During Fiscal Year 2015-2016, administrative support was provided to the office by Linda Duggar.

B. SUMMARY OF ACTIVITIES BY CATEGORY

NUMBER OF COMPLETED PROJECTS	CATEGORY
3	Audit Activities
5	Internal Investigations
45	Other Accountability Activities
4	External Audit and Review Coordination
57	TOTAL PROJECTS

1. Audit Activities

During Fiscal Year 2015-2016, the Office of Inspector General (OIG) conducted three audit-related activities under the *International Standards for the Professional Practice of Internal Auditing (Red Book)*. Audit activities can consist of audits or consultations conducted by OIG under audit standards, follow-up monitoring of the status of corrective actions recommended in prior audits, or risk assessment and audit work plan development.

The first audit activity involved conducting the risk assessment and audit work plan update required by Section 20.055(6)(i), Florida Statutes. The updated audit work plan for FY 2015-16 through FY 2017-18 was issued on November 4, 2015.

The second activity was a six-month follow-up on recommendations provided to management in OIG's *Audit of Confidential Documents Processes*. We found that corrective actions on each recommendation from the report had been completed or were in progress and would require additional time to fully implement.

The final audit activity was the *Audit of the Certification Process for Water and Wastewater Utilities* in the Division of Engineering (AUD #15/16-23). The report included four audit findings and seven recommendations for improving efficiency and effectiveness of this process. Management agreed with the recommendations, and OIG will monitor corrective actions six months after issuance of the report.

2. Internal Investigations

The Office of Inspector General concluded 5 internal investigations during FY 2015-2016. Investigations are generally initiated in response to internal requests from management, external complaints received from consumers, or referral from other agencies such as the Office of the Governor. Some may also result from complaints received through the OIG website complaint form: <http://www.floridapsc.com/ConsumerAssistance/ContactInspectorGeneral>. These are summarized as follows:

- **Alleged failure of the Commission to address a consumer complaint:** A consumer alleged inappropriate handling by Commission staff of his complaint filed against a regulated company. OIG evaluated the complaint to ensure that it was addressed properly and in compliance with law, rules, and procedures, and found no violations or misconduct by Commission staff.
- **Alleged employment application falsification:** Commission procedure provides that all applicants for employment undergo a criminal records background check. Where that check indicates information which appears to conflict with that provided on the employment application, OIG investigates the discrepancy to determine if falsification may have occurred. In this case, OIG obtained court documents and other information and determined that no falsification had occurred.
- **Alleged employee workplace mistreatment:** An employee complained of inappropriate actions by another employee. OIG investigated and found the concerns to be substantiated, and management counseled the employee involved.
- **Alleged misconduct by employee of regulated utility:** A complaint alleged that a utility employee used his position to exercise favoritism. The Commission requested information from the subject utility and concluded that the complaint was unsubstantiated.
- **Computer virus:** OIG participated in an investigation of a malware incident on the Commission computer network. Corrective actions were taken to ensure information technology resources and information were protected.

3. Other Accountability Activities

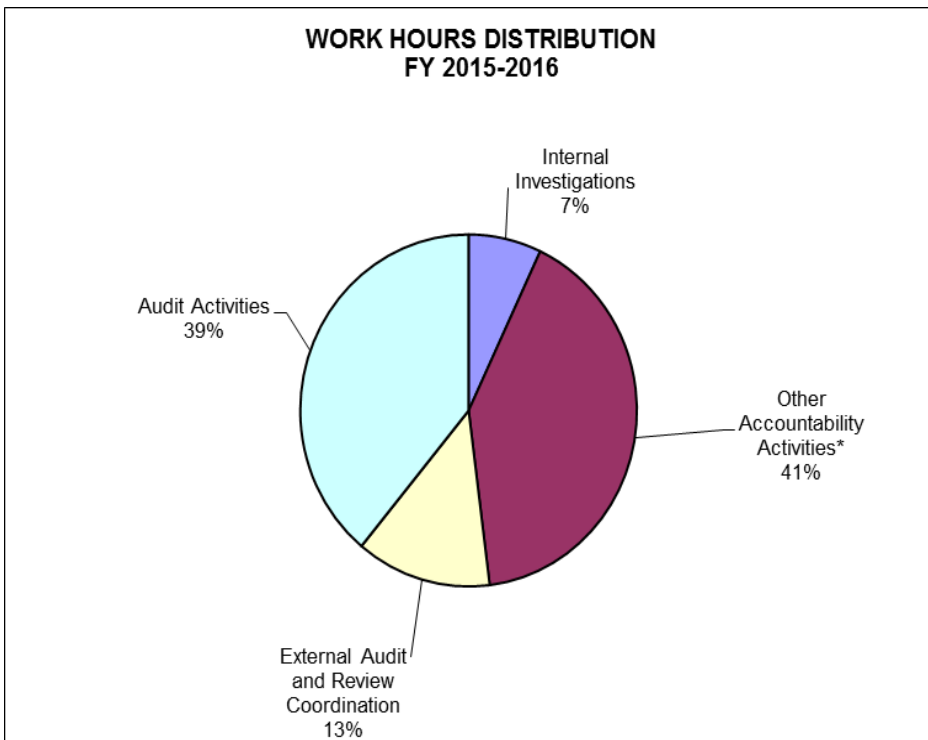
Other accountability activities can include technical assistance provided to management, analyses of operational issues not conducted under audit standards, or responses to inquiries and complaints from consumers or external entities. The office conducted 45 such activities during the fiscal year to provide information and assistance to management and ensure that operational issues were addressed.

4. External Audit and Review Coordination

Pursuant to statute, OIG coordinates activities pertaining to audits or reviews of the Commission by the Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), and other external entities. During the fiscal year, OIG coordinated four of these activities. The first was coordinating an operational audit of the Commission by the Auditor General, issued in October 2015 [*Nuclear Power Plant Cost Recovery, Florida Energy Efficiency and Conservation Act, and Selected Administrative Activities (Report No. 2016-022)*]. OIG then conducted a six-month follow-up on the status of the audit recommendations as required by law, and reported to management and the Legislature. OIG also assisted with Commission responses to an information technology survey by the Auditor General and a loss prevention review by the Department of Financial Services.

C. WORK HOURS DISTRIBUTION BY CATEGORY

The following data displays the distribution of project-related work time across the workload categories and is intended to indicate efforts to maintain balance among audit, investigative, and other accountability activities, as required under Section 20.055(2) (i), Florida Statutes.



* "Other Accountability Activities" can include technical assistance to management, analysis of operational issues not conducted under audit standards, or responses to inquiries from consumers or external entities.

D. STATUTORY ANNUAL REPORT ELEMENTS

Section 20.055(8) (c), Florida Statutes, requires the Inspector General to include in the annual report specific elements as follows:

1. A description of activities relating to the development, assessment, and validation of performance measures.

During FY 2015-2016, the Office of Inspector General incorporated steps in each relevant audit or consultation project to evaluate data and performance measure information within the scope of that review. We also reviewed and provided comments for measures and data developed by Commission staff for inclusion in the Long-Range Program Plan (LRPP) prior to submission of the LRPP to the Governor and Legislature.

2. A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period.

No such abuses or deficiencies were identified during the reporting period.

3. A description of the recommendations for corrective action made by the inspector general during the reporting period with respect to significant problems, abuses, or deficiencies identified.

No recommendations meeting these criteria were identified.

4. The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.

Monitoring activities during FY 2015-2016 identified no significant recommendations that have not been addressed.

5. A summary of each audit and investigation completed during the reporting period.

See Sections B.1. and B.2. above.