

State of Florida

PUBLIC
SERVICE
COMMISSION



Office of Inspector General

2008-2009

ANNUAL
REPORT

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

2008-2009 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 as agency head. The current Inspector General, Steven J. Stolting, has served since January 2003. During Fiscal Year 2008-2009, administrative support was provided to the office by Linda Duggar.

B. SUMMARY OF ACTIVITIES BY CATEGORY

NUMBER OF COMPLETED PROJECTS	CATEGORY
4	Audit Activities
36	Internal Investigations
13	Other Accountability Activities (e.g., consulting, performance measures review)
5	External Audits (liaison and support)
58	TOTAL PROJECTS

1. Audit Activities

During Fiscal Year 2008-2009, the Office of Inspector General (OIG) conducted four audit-related activities under the *Standards for the Professional Practice of Internal Auditing (Red Book)*. Audit activities can consist of audits or consultations conducted by OIG, or follow-up monitoring of the status of corrective actions recommended in prior external or internal audits.

The first audit activity was an Information Security Risk Assessment Review requested by the Agency for Enterprise Information Technology (AEIT). It involved review of the Commission's responses to an AEIT Security survey to validate the information provided. OIG issued a written report with fourteen recommendations, which were all implemented by management.

The second audit activity was a statutorily-required six-month follow-up on a February 2008 *Operational Audit of the Commission's Inspection of Regulated Companies and Selected Administrative Actions* issued by the Auditor General. OIG provided a report to the Chairman assessing the status of corrective actions in response to the six recommendations in the audit. We found that the recommendations, pertaining to the Commission's inspection program and administrative activities, had been largely implemented and that all corrective actions should be completed within the near term.

The third audit activity was a statutorily-required six-month follow-up of the status of the Commission's response to three recommendations from an OPPAGA review issued in November 2008 entitled *The PSC and Legislature Could Consider Several Options to*

Enhance Services and Consumer Protection. We reported to the Chairman that one recommendation directed to the Legislature to transfer responsibility for consumer complaints to the Commission had not been implemented, while the remaining two required long-term efforts and were in progress.

The fourth audit activity was a six-month follow-up of OIG's June 2008 *Audit of the Management of Commission Vehicles and Selected Travel Issues*. We reported to the Chairman that management had fully implemented nine of the 14 recommendations to improve efficiency and effectiveness, and the remaining five were in progress and near completion.

2. Internal Investigations

The Office of Inspector General conducted 36 internal investigations during FY 2008-2009. These are summarized as follows:

- **Alleged intimidation by management:** A Commission employee alleged that a manager had exhibited intimidating and inappropriate behavior toward staff. OIG interviewed the employees and managers involved and determined that the allegations were unsubstantiated.
- **Alleged inappropriate e-mail communications by Commission staff to a consumer:** A consumer contacted the Commission, alleging that unnamed Commission staff were sending inappropriate and abusive e-mail communications. OIG coordinated review of Commission computer records and prospective monitoring of systems necessary to identify e-mail directed to the consumer. However, no such e-mails were detected, and the allegations were determined to be unsubstantiated.
- **Employee conflict:** Employees in a Commission office alleged intimidation and inappropriate conduct. OIG investigated the allegations in conjunction with Commission human resources staff and determined that no actionable misconduct had occurred. Recommendations were provided to supervisors to minimize conflict between the employees.
- **Consumer threat against Commission complaint staff:** Commission complaint center staff reported that a consumer had made physical threats against them to other agencies' staff. These concerns were reported to Capitol Police, and evaluation indicated that the threats were not substantiated or credible.
- **Utility employee complaints about company:** Commission staff reported contact by a company employee regarding potential misconduct and the process for reporting concerns to the Commission. Research was conducted regarding legal protections for complainants, and staff communicated with the company employee. No substantiated complaints were identified.

- **Consumer threats against Commissioners:** E-mail threats of violence against Commissioners were received regarding pending utility rate increases. OIG coordinated referral of this information to Capitol Police for their investigation, and proceedings on the Commission calendar that could require additional security measures were identified. No indication was found that these threats were substantiated or credible.
- **Terminated employee security concern:** A former employee terminated under adverse circumstances obtained employment with a contractor serving the Commission facility. OIG, in conjunction with Commission human resources staff, interviewed relevant staff to assess the degree of risk posed by this individual's level of access to Commission facilities. No credible threat was identified, but the contractor was requested to assign the individual to other facilities.
- **Alleged internet abuse by Commission employee:** Information technology staff reported concerns that an employee could be making excessive personal use of Commission internet and visiting prohibited sites based on introduction of viruses on the employee's computer. Investigation found no evidence that these allegations were substantiated, but the employee was counseled regarding appropriate computer use and limits on permitted personal use.
- **Request for sensitive utility information:** The Commission received a request for information on electric utility infrastructure that raised security concerns. OIG coordinated review with the Florida Department of Law Enforcement and determined that the inquiry did not represent a threat. Commission staff then responded to the individual.
- **"Scam" communications to Commission employees:** Commission employees reported receiving communications such as "secret shopper" solicitations that are commonly used in fraud schemes. OIG compiled this information and provided it to the Office of the Attorney General and the Federal Trade Commission for investigation.
- **Consumer complaint regarding the Commission's automated complaint system:** A consumer reported concerns about the information available to the public on the Commission's complaint system regarding regulated companies. He also alleged he had complained previously and received no response. OIG assessed the allegations and found there were no prior complaints, nor was there evidence the system did not provide accurate and complete consumer information.
- **Arrest of Commission employee:** A Commission OPS employee was arrested on multiple charges. OIG obtained the arrest report and other substantiating information, and the employee was terminated.

- **CSIRT incidents:** The Inspector General serves on the Commission's Computer Security Incident Response Team (CSIRT), which investigates alleged information technology security breaches. During the fiscal year, there were two incidents reported of possible attacks on Commission systems. These were investigated in conjunction with Commission information technology staff and measures were instituted to strengthen protections for critical computer systems.
- **Alleged employee conflict:** A Commission employee alleged failure to accommodate medical conditions in the workplace and a hostile work environment. Commission management cited instances of alleged timesheet discrepancies and poor employee productivity. OIG reviewed the allegations and found no substantiation for the employee's allegations. The employee continued to be absent from the workplace and resigned during the pendency of the investigation, which was terminated.
- **Alleged falsification of employment application information:** Commission policies require criminal record checks to be conducted on all prospective employees. Where record information appears to conflict with responses provided on the employment application, OIG conducts an investigation to determine if falsification occurred. OIG investigated five such instances during the fiscal year and found one to be substantiated as falsification. The applicant was eliminated from consideration for employment. In the remaining cases, management then assessed the effect of the documented record on consideration of the applicants.
- **Alleged failure of the Commission to address service complaints against regulated companies:** In 16 cases, consumers alleged Commission inaction or error in addressing complaints against regulated companies. These complaints were received from consumers or referred from management, the Office of the Governor, or other entities. OIG's role in each case was to assess actions taken by Commission staff to ensure that no misconduct occurred and that Commission complaint resolution activities were consistent with rules and procedures. Where warranted, OIG made recommendations to management and provided technical assistance to improve complaint resolution processes, but in none of these cases was it found that employee misconduct or violation of rules or policies occurred.

3. Other Accountability Activities

Other accountability activities can include technical assistance provided to management, analysis of operational issues not conducted under audit standards, or responses to inquiries from consumers or external entities. The office conducted 13 such activities during the fiscal year to provide information and assistance to management and ensure that operational issues were addressed. More significant activities included:

- **Risk assessment and audit work plan:** Review and update of the OIG risk assessment and audit work plan for the office, requiring collection of data and documentation for Commission programs, interviews with management, and a

determination of audit priorities for the upcoming three years;

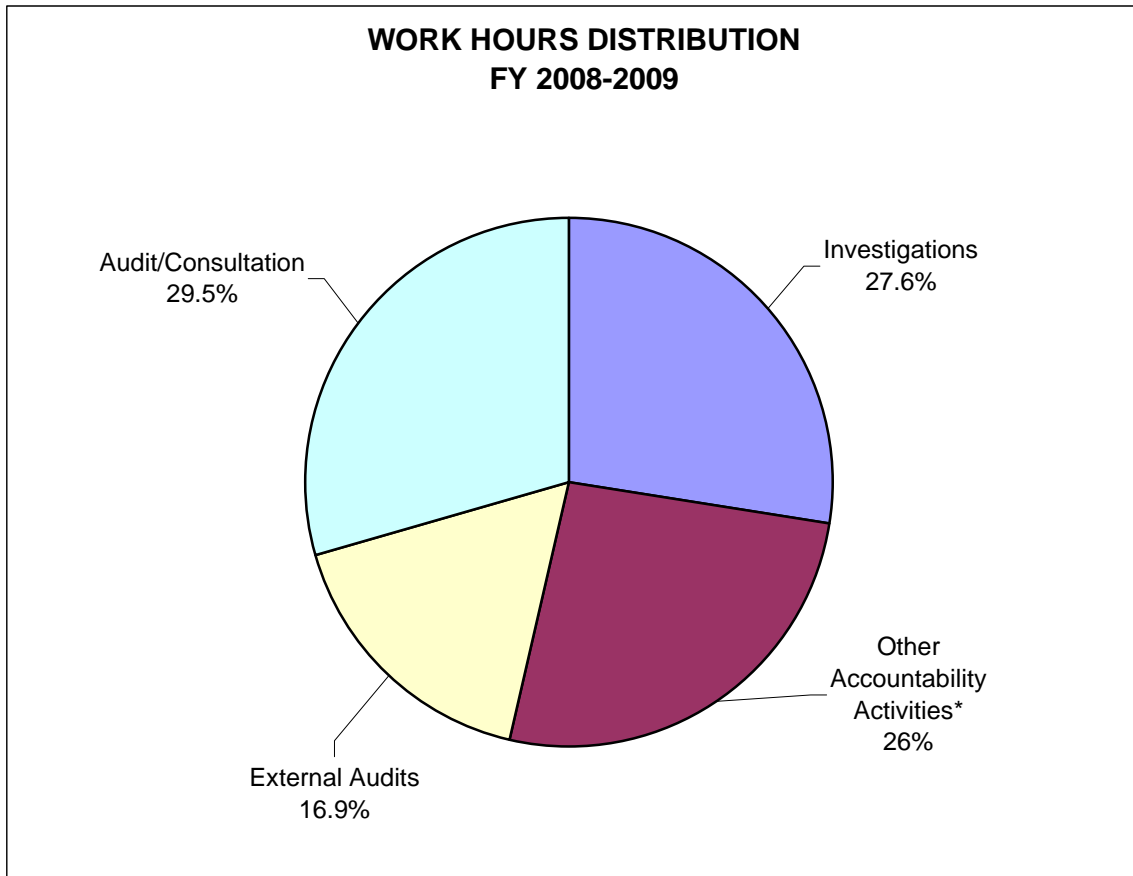
- **Budget exhibits:** Preparation of exhibits for the Legislative Budget Request (LBR) addressing audit findings;
- **LRPP performance measures review:** Review of changes to performance measures or standards for the Commission prior to their submission as part of the Long-Range Program Plan (LRPP) to ensure that measures and data are valid, reliable, and appropriately documented.

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 Commission involvement in five of these external reviews, including a *Quality Assessment Review of the Office of Inspector General's Internal Audit Activity* which found reasonable assurance that the office was in compliance with audit standards and generally complied with statutory requirements.

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, analysis of operational issues not conducted under audit standards, or evaluation of performance measures and data.

D. ADDITIONAL STATUTORY ANNUAL REPORT ELEMENTS

1. Significant Deficiencies Identified

Section 20.055(7), Florida Statutes, requires the Inspector General to include in the annual report a description of any significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities, along with any recommended corrective actions to address those deficiencies. No such deficiencies were identified during the reporting period.

2. Prior Recommendations Status

The annual report is also required to identify significant recommendations from prior annual reports on which corrective action has not been completed. Monitoring activities during FY 2008-2009 identified no significant recommendations that have not been addressed.

3. Performance Measures Activities

The annual report also must describe activities relating to the development, assessment, and validation of performance measures. During FY 2008-2009, the Office of Inspector General reviewed performance measure validity and reliability exhibits to be included in the Long Range Program Plan (LRPP) and submitted recommendations to help ensure the information is accurate and complete, as noted on Page 6.