

PUBLIC
SERVICE
COMMISSION

Office of Inspector General

2014-2015

ANNUAL
REPORT



Steven J. Stolting, Inspector General
September 15, 2015

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STATE OF FLORIDA



STEVEN J. STOLTING
INSPECTOR GENERAL
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Public Service Commission

September 15, 2015

Mr. Art Graham, Chairman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Chairman Graham:

I am pleased to submit the Annual Report of the Office of Inspector General for the fiscal year ended June 30, 2015. 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. Stolling".

Steven J. Stolling
Inspector General

SJS:ld

cc: Commissioner Lisa Polak Edgar
Commissioner Ronald A. Brisé
Commissioner Julie I. Brown
Commissioner Jimmy Patronis
Braulio L. Baez, Executive Director
Lisa S. Harvey, Deputy Executive Director, Technical
Apyrl C. Lynn, Deputy Executive Director, Administrative
Charlie Beck, General Counsel

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

2014-2015 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 2014-2015, administrative support was provided to the office by Linda Duggar.

B. SUMMARY OF ACTIVITIES BY CATEGORY

NUMBER OF COMPLETED PROJECTS	CATEGORY
6	Audit Activities
11	Internal Investigations
64	Other Accountability Activities
2	External Audit and Review Coordination
83	TOTAL PROJECTS

1. Audit Activities

During Fiscal Year 2014-2015, the Office of Inspector General (OIG) conducted six 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 was an *Audit of Confidential Documents Processes* at the Commission. In the course of its regulatory activities, the Commission frequently requires access to documents and other materials which are confidential by law and the property of regulated business entities. The Commission must ensure that this information is appropriately handled and confidentiality is maintained. OIG had three audit findings and made four recommendations to improve management information for this process, increase efficiency and effectiveness of this function, and help ensure that staff are appropriately trained and coordinated to safeguard the information in their custody. Management agreed with the recommendations.

The second audit activity was a Quality Assurance Review (QAR) of the OIG audit function conducted by the Auditor General. The QAR concluded that OIG provided reasonable assurance of conformance with applicable professional audit standards and compliance with laws governing State agency offices of inspector general. There were no adverse findings or recommendations for improvement.

The third 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 2014-15 through FY 2016-17 was issued on September 8, 2014.

The fourth activity consisted of a consultation engagement reviewing measures and data proposed for inclusion in the Long Range Program Plan (LRPP) for FY 2015-16 through 2019-20. Comments and suggestions were provided to Commission planning staff.

The fifth activity was a six-month follow-up on recommendations provided to management in OIG's Audit of Electric Reliability Activities in the Commission's Division of Engineering (AUD #13/14-24, issued July 3, 2014). We found that all eight recommendations had been fully implemented.

The final audit activity was consultation assistance provided to the Commission Chief Information Officer (CIO) for completion of the Agency for State Technology (AST) Risk Assessment document. OIG was responsible for review of responses and supporting documentation to help ensure that the information was valid and complete.

2. Internal Investigations

The Office of Inspector General concluded 11 internal investigations during FY 2014-2015. 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/InspectorGeneral>). These are summarized as follows:

- **Alleged failure of the Commission to address consumer complaints against regulated companies or misconduct by Commission staff:** In five cases, consumers alleged inappropriate handling by Commission staff of their complaints filed against regulated companies or abusive and inappropriate behavior by Commission staff. OIG evaluated the complaints to ensure that Commission staff addressed the consumer complaint properly and in compliance with Commission law, rules, and procedures. OIG then reported any findings to the consumer or referring authorities such as the Office of the Governor and to Commission management. In each case, we found no violations or misconduct by Commission staff.
- **Criminal records checks for job applicants:** 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, procedures require OIG to investigate the discrepancy to determine if falsification may have occurred. In two cases investigated during the period, OIG obtained necessary court documents and other information and determined that no falsification had occurred.
- **Employee arrest:** OIG investigated the circumstances of an employee arrest and tracked it to resolution. No basis was found to initiate Commission disciplinary action.

- **Alleged employee misconduct:** A complaint was filed with OIG alleging that a Commission employee was engaged in conduct unbecoming a state employee by posting inappropriate material to the internet. OIG determined that these allegations were substantiated, and included sale of inappropriate material over the internet. The employee resigned shortly after release of the investigative report.
- **Alleged inappropriate internet use:** An employee was alleged to have made inappropriate use of Commission-provided internet access. Review of computer records and staff interviews substantiated the allegations, and the employee received an oral reprimand.
- **Complaint regarding submitting comments in PSC dockets:** A consumer complaint was received through the OIG website alleging Commission failure to solicit public comments in a docket hearing. OIG found that processes for public comment had not been disseminated, and provided information to complainant. OIG also recommended corrective measures to management to ensure sufficient opportunities for public comment are available and communicated.

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 from consumers or external entities. The office conducted 64 such activities during the fiscal year to provide information and assistance to management and ensure that operational issues were addressed. More significant activities included:

- Development and issuance of an OIG procedures manual, and revision and issuance of the OIG Charter;
- Coordination, referral, and monitoring of significant numbers of consumer complaints received by OIG and determined to not be within OIG jurisdiction;
- Monitoring and evaluation of required testing of the Continuity of Operations Plan (COOP) to help ensure the Commission is prepared to respond to emergency situations; protect essential facilities, equipment, and records; and maintain continuous performance of critical functions;
- Participation in activities of the Computer Security Incident Response Team (CSIRT), which is responsible for review and action when incidents occur which may affect the confidentiality, integrity, or accessibility of the Commission's information technology resources.

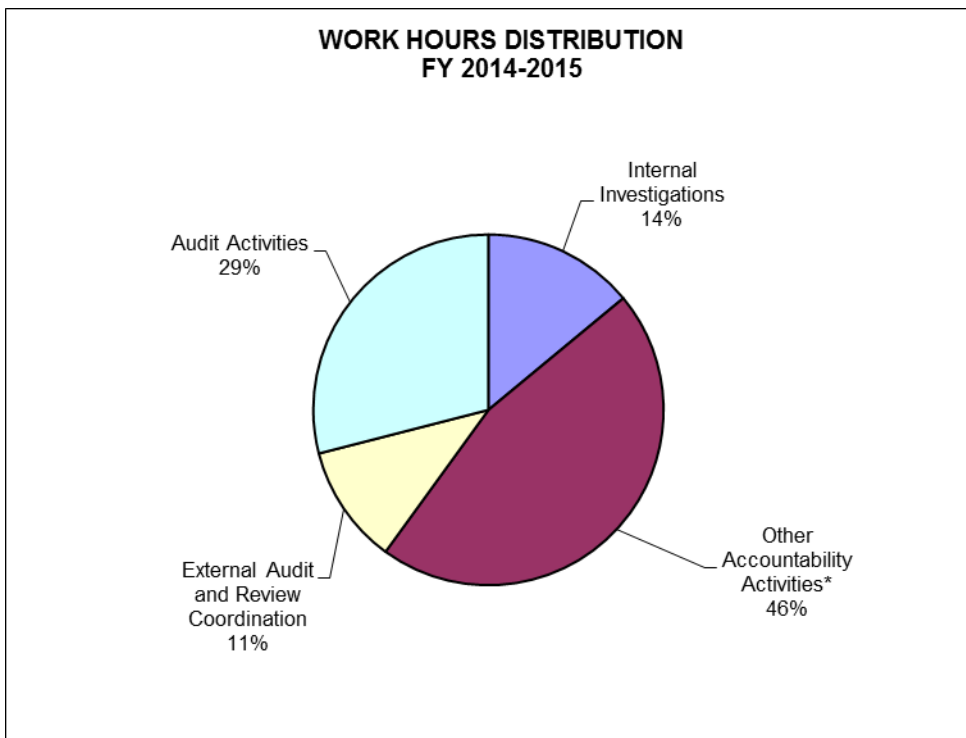
4. External Audit and Review Coordination

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 two of these activities. The first was monitoring completion of Commission

action on an Auditor General recommendation from their operational audit issued in July 2010. OIG determined that all necessary actions had been completed. The second activity was assistance provided to the CIO in responding to an Auditor General survey of the Commission's management, operational, and technical controls over information technology resources.

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 2014-2015, 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 2014-2015 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)