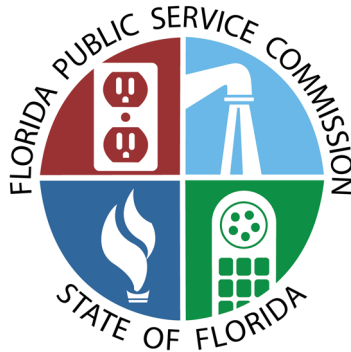


**OFFICE OF INSPECTOR GENERAL
FLORIDA PUBLIC SERVICE COMMISSION**



**ANNUAL AND LONG-TERM AUDIT WORK PLAN
Fiscal Years 2021-2022 through 2023-2024**

June 30, 2021

We are pleased to present the Florida Public Service Commission (Commission) Office of Inspector General (OIG) Annual and Long-Term Audit Work Plan for Fiscal Year (FY) 2021-2022. Section 20.055(6)(i), Florida Statutes, requires the OIG to develop annual and long-term audit work plans based on the results of periodic risk assessments. This work plan is intended to be a guide to direct the activities of the OIG and may be modified during the year to address changing conditions, priorities, and risks.

Methodology

This work plan was developed as a result of a risk assessment process which included surveys and interviews with Commission management, a review of relevant documents, and consideration of uncompleted projects from the prior audit work plan. Proposed audit projects were presented to the audit committee and a draft plan was developed for approval by the Chairman.

Resource Allocation

The OIG consists of two staff members, the Inspector General and an Inspector Specialist. The Inspector General is responsible for carrying out audit, investigative, and other responsibilities as required by Florida Statutes. The Inspector Specialist is responsible for administrative support of OIG office functions, the quality assurance and improvement program, and also assists on select audit and investigative activities. Based on projected hours allocated to general administrative tasks, professional development, and indirect activities, the total OIG hours available for audit services, investigative functions, and other required activities are estimated to be approximately 2,640 hours, of which approximately 1,200 are allocated for audit projects in FY 2021-2022.

The plan includes the following projects for the upcoming three-year period:

Annual Audit Plan – FY 2021-2022

- **PHMSA Federal Grant Activities:** Carry Forward from FY 2020-2021. During FY 2016-2017, the Commission began participating in a federal grant to reimburse up to 80% of the costs for the gas safety program through the Federal Pipeline and Hazardous Materials Safety Administration (PHMSA). While monitoring of the state safety program for compliance with federal requirements has occurred annually prior to this funding, fiscal audits by PHMSA will also be required every three years beginning in FY 2020-2021. Findings resulting from both of these reviews could affect the Commission's eligibility for the federal grant award or its amount. OIG assessment at an appropriate time could help identify and address risks associated with potential noncompliance. (Carry Forward – 100 hours)
- **Commission Compliance with Florida Cybersecurity Standards:** Evaluate the Commission's compliance with the Florida Cybersecurity Standards (FCS) outlined in 60GG-2, Florida Administrative Code, which are Identify, Protect, Detect, Respond, and Recover. This review would include an assessment of the Commission's conformance with the five components of the FCS to determine areas needing improvement, with a primary focus in the three areas identified as the highest concern by IT. (400 hours)
- **Review of Commission Contracts:** Conduct a risk-based compliance audit of all Commission contracts having an execution date within fiscal years 2018-2019, 2019-2020, and 2020-2021, to evaluate and identify potential trends in vendor preference. Based on the information obtained from the Florida Accountability Contract Tracking System (FACTS) for the three-year period, approximately five contracts were identified that meet the criteria for this audit. (200 hours)
- **Review of Online Confidential Documents Exhibit:** Consulting review of the Online Confidential Documents Exhibit. The OIG will provide consulting hours to the Office of Commission Clerk and Information Technology Services for the purpose of providing input in the areas of security and audit functionality of the system. The final product will be a consulting memo summarizing OIG involvement and recommendations. (100 hours)
- **Continuity of Operations Plan (COOP) Review:** Review of the Commission's COOP and Pandemic response plan, which may also include Information Technology response. The OIG would make recommendations based on lessons learned during the Commission's response to COVID-19. (200 hours)
- **Review of Commission APM Process:** Review of the Commission's revision process for the Administrative Procedures Manual (APM) and Standard Operating Procedures (SOP), and make recommendations for process improvement. (200 hours)

Long-Term Audit Plan – FY 2022-2023 and FY 2023-2024

- **Records Retention and Disposal:** Records management has been an area of prior review by the OIG, and the Commission has implemented significant changes in how electronic documents are maintained and disposed. This audit will assess these new processes after several years of operation to determine whether they are efficient, effective, and compliant with legal requirements. (400 hours)

- **Review of Commission's Audit Process:** The Bureau of Auditing conducts financial, compliance, billing, and verification audits and reviews. The primary engagements conducted include examinations of utility financial and operating records to verify supporting documentation for statements or filings made by regulated companies; financial audits of rate increases through rate cases or annual cost recovery clauses; and Regulatory Assessment Fee (RAF) audits. The OIG would conduct a review of the audit process and make recommendations for process improvement. (400 hours)
- **Review of Commission Ethics Program:** Review of the Commission's ethics training program, resources, and frequency of Ethics trainings offered to Commission Staff. This review would include a review of the Ethics requirements to assure the Commission is in compliance with all required annual training. (200 hours)
- **Review of Electric and Gas Safety Inspection Process:** Review of electric and gas safety inspection functions and processes, including management controls designed to ensure the integrity and objectivity of inspections. The primary focus of this engagement would be to assure sufficient controls are in place to assure field staff who conduct safety inspections and interact closely with regulated entities maintain their independence and objectivity. (300 hours)

Assurance and Consulting Audit Services

The OIG performs audits in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. Under these standards, the OIG may perform both assurance and consulting audit services. *Assurance services* involve the internal auditor's objective assessment of evidence to provide conclusions regarding an entity, operation, function, process, system, or other subject matter. *Consulting services* are advisory in nature and are generally performed at the specific request of an engagement client.

Consultation topics may include some of the proposed audits listed above if it is determined to be more appropriate, cost-effective, and complies with the intent of consulting services as defined by the *Standards*. In addition, areas for consultation review may be directed by the Chairman or suggested by management during the work plan period.

Other Activities

The OIG is also responsible for several recurring activities as required by Florida Statutes. These responsibilities include, but are not limited to:

- Conducting an annual risk assessment,
- Developing an annual and long-term audit plan,
- Reviewing the Commission's performance measures, and
- Preparing the OIG annual report.

In addition to providing internal audit services, the OIG will continue to provide internal investigation support to the Commission, coordinate external audits affecting the Commission, and conduct other accountability activities as required or requested by management.

The Annual and Long-Term Audit Work Plan is respectfully submitted by:

Ashley N. Clark

Ashley N. Clark, Inspector General

June 30, 2021

Date

The Annual and Long-Term Audit Work Plan is APPROVED.

Gary F. Clark

Gary F. Clark, Chairman

July 6, 2021

Date