

State of Florida

PUBLIC
SERVICE
COMMISSION



Office of Inspector General
2012-2013

ANNUAL
REPORT

Steven J. Stolting, Inspector General
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**Florida Public Service Commission
Office of Inspector General**

2012-2013 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 2012-2013, administrative support was provided to the office by Linda Duggar.

B. SUMMARY OF ACTIVITIES BY CATEGORY

NUMBER OF COMPLETED PROJECTS	CATEGORY
4	Audit Activities
28	Internal Investigations
18	Other Accountability Activities
3	External Audit and Review Coordination
53	TOTAL PROJECTS

1. Audit Activities

During Fiscal Year 2012-2013, 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, follow-up monitoring of the status of corrective actions recommended in prior internal audits, or risk assessment and audit work plan development.

The first audit activity was a consultation engagement assessing records retention and management practices within the Commission. We found that generally the Commission has an effective and efficient records program, and we made seven findings and offered nine recommendations for improvement. Management generally agreed with the suggested changes.

The second audit activity was a consultation engagement assessing efficiency and effectiveness of services offered by the Commission's Imaging Center. We found that Center management has been proactive in cutting costs and improving services, and we made four recommendations for additional measures. Management generally agreed to implement the recommendations.

The third audit activity was a six-month follow up on an audit of the Office of Commission Clerk issued by OIG in May of 2012. We found that, while only two of the seven recommendations had been fully implemented, management had made significant efforts to address the remaining areas, and identified specific steps to be taken in the near future. OIG will conduct additional follow-up monitoring as warranted.

The fourth activity was the annual risk assessment and audit work plan development process required under Section 20.055, Florida Statutes. This included interviews and surveys of Commission management, and review of Commission planning and performance documents and data. The plan identified seven potential audit topics for the three-year planning period, along with participation in Enterprise Audit projects coordinated by the Office of the Chief Inspector General and consultation engagements as requested by management.

2. Internal Investigations

The Office of Inspector General conducted 28 internal investigations during FY 2012-2013. 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/about/inspectorgeneral/ContactIG.aspx>). These are summarized as follows:

- **Alleged failure of the Commission to address consumer complaints against regulated companies:** In four cases, consumers alleged inappropriate handling by Commission staff of their complaints filed against regulated companies. In each case, OIG evaluated the complaint 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 that Commission staff had addressed the complaints properly and in compliance with procedures.
- **Consumer complaints against utility companies:** In 12 cases, consumers filed complaints with OIG regarding actions of utility companies. OIG assessed these complaints and coordinated with Commission staff to ensure appropriate resolution. In some cases, these were determined to be nonjurisdictional to the Commission and were referred to relevant agencies, while in others OIG monitored the actions of staff through resolution. These were all determined to be addressed appropriately.
- **Alleged illegal gifts to Commission employee by regulated company:** A complaint alleged that an energy company had provided meals and other gifts to a Commission gas system inspector in violation of statute and Commission policy. OIG investigated and determined that the allegations were substantiated. The employee resigned from the Commission.
- **Alleged threatening statement by employee:** An employee was overheard making a statement that could be perceived as threatening physical violence. OIG assisted management in assessing the risk and recommended counseling the employee regarding appropriate workplace conduct.

- **Employee arrests:** Three employees were arrested in separate incidents during the report period. OIG gathered information regarding the incidents and monitored the criminal justice process until resolution. OIG also consulted with management regarding disciplinary or other warranted actions.
- **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 occurring during the period, OIG obtained necessary court documentation and determined that no falsification had occurred.
- **Alleged illegal Commission actions:** A complainant alleged that actions in a rate case by the Commission violated due process and legal requirements. OIG evaluated the allegations and determined that the proper forum for those concerns would be appeal of the Commission's determinations to a court of appropriate jurisdiction.
- **Alleged false information provided to the Commission by a regulated company:** A complaint alleged that a regulated water company provided false and inconsistent financial and regulatory information to the Commission and the Department of Environmental Protection (DEP). OIG assisted management in evaluation of the information and determined that no issues jurisdictional to the Commission were presented. The complaint was referred to DEP for further review and action.
- **Alleged failure to notify management of liability in vehicle accident:** A Commission employee was involved in a vehicle accident which was properly reported to management. However, management subsequently became aware that the employee was found to be at fault in the accident, although no citation was issued. OIG could not substantiate that the employee was aware of this finding, or that he intentionally withheld information from management.
- **Allegedly improper Commission actions:** In two cases, consumers alleged improper acts by the Commission that were detrimental to consumers. OIG determined that the allegations did not constitute misconduct and provided the information to management for their information.

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 18 such activities during the fiscal year to provide information and assistance to management and ensure that operational issues were addressed. More significant activities included assessment of measures and data to be

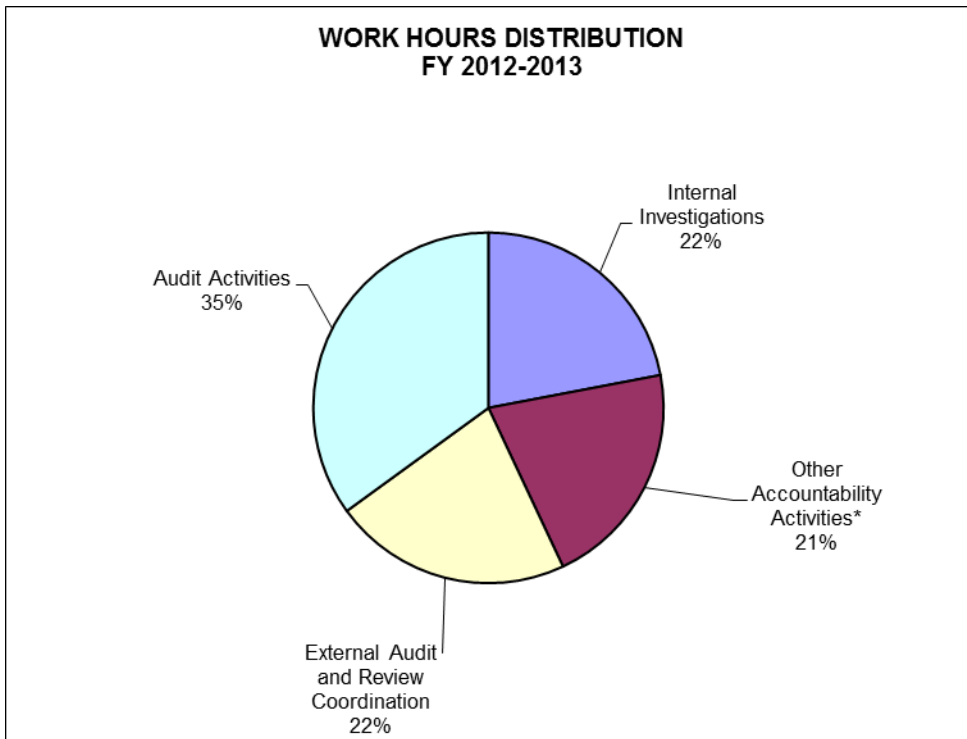
included in the Commission's Long-Range Program Plan (LRPP) to improve the validity and reliability of the information presented, referral of complaints and inquiries not jurisdictional to the OIG, and update of the Commission's Continuity of Operations Plan (COOP).

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 conducted three of these activities. The first was an operational audit of the Commission by the Auditor General issued in January 2013 which resulted in four findings and associated recommendations, primarily in administrative areas. The second was a multi-agency audit of Public Assistance Eligibility Determination Processes by the Auditor General, issued in March 2013, which included the Lifeline Program administered by the Commission to assist low income individuals in obtaining telephone service. There were no findings specific to the Commission. The third was an audit by the United States Department of Transportation of federal oversight of state gas pipeline safety inspection programs. There were no findings specific to the Commission's program.

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 2012-2013 identified no significant recommendations that have not been addressed.

3. Performance Measures Activities

The annual report also should describe activities relating to the development, assessment, and validation of performance measures. During FY 2012-2013, 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 for inclusion in the Long-Range Program Plan (LRPP) prior to submission of the LRPP to the Governor and Legislature.