

PUBLIC
SERVICE
COMMISSION

Office of Inspector General

2013-2014

ANNUAL
REPORT



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

2013-2014 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 2013-2014, administrative support was provided to the office by Linda Duggar.

B. SUMMARY OF ACTIVITIES BY CATEGORY

| NUMBER OF COMPLETED PROJECTS | CATEGORY |
|------------------------------|--|
| 8 | Audit Activities |
| 41 | Internal Investigations |
| 16 | Other Accountability Activities |
| 1 | External Audit and Review Coordination |
| 66 | TOTAL PROJECTS |

1. Audit Activities

During Fiscal Year 2013-2014, the Office of Inspector General (OIG) conducted eight 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 review of performance measures and data to be included in the Commission's Long Range Program Plan (LRPP) for FY 2014-15 through 2018-19. OIG provided comments and suggested revisions to improve the validity and reliability of the information presented.

The second audit activity was a consultation review of staffing issues for Bureau of Safety field staff in the Division of Engineering. The scope of the review was to assess plans for rotation of gas inspection staff among regulated utilities to improve management controls and reduce risks of bias or inconsistent inspections. Objectives included assessment of plan assumptions and cost estimates, along with consideration of alternatives to current staffing rotation proposals. OIG assessed the validity of estimates and data in the current proposal, identified critical factors to consider in implementation, and offered options to improve controls and reduce costs.

The third activity was an audit of electric reliability activities conducted by the Division of Engineering. Objectives included assessment of performance measures and data, evaluation of program reports and work products, and review of processes for resolution of consumer complaints. OIG made four findings and had eight recommendations for improved efficiency and effectiveness. Management generally agreed to implement the recommended changes.

Four of the audit activities involved follow up of recommendations from prior audits and reviews. OIG conducted prior consultation engagements of the Commission's Imaging Center and Records Management Practices, and an audit of the Office of the Commission Clerk. In addition, the Auditor General had completed an operational audit of the Commission. These reviews assessed the status of efforts to implement the recommendations made.

The eighth audit 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 eight 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 41 internal investigations during FY 2013-2014. 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 five cases, consumers alleged inappropriate handling by Commission staff of their complaints filed against regulated companies. 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. In one case, OIG did suggest improved routing of calls between divisions to ensure consumer concerns are promptly addressed.
- **Consumer complaints against utility companies:** In 27 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 Commission staff through resolution. In each case, Commission staff handled the complaints appropriately.

- **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 six cases investigated during the period, OIG obtained necessary court documents and other information and determined that no falsification had occurred in three cases, one was inconclusive, and two were substantiated.
- **Alleged threatening statement by employee:** A complaint was received by the Commission alleging that an employee posted threatening language on Facebook during work hours. OIG determined that Commission computer system controls would block the activity alleged, and the dispute was determined to not involve Commission resources or employment.
- **Alleged travel improprieties:** Management requested investigation of alleged excessive travel costs and improper conduct by a field staffer. OIG did not substantiate fraud or violation of Commission procedures by the employee, but did recommend improved management controls to help ensure appropriate monitoring of travel expenditures and procedures.
- **Criminal records review:** OIG assisted in obtaining and review of criminal record information relevant to consumer complaints regarding a regulated utility. No improprieties were found.

3. Other Accountability Activities

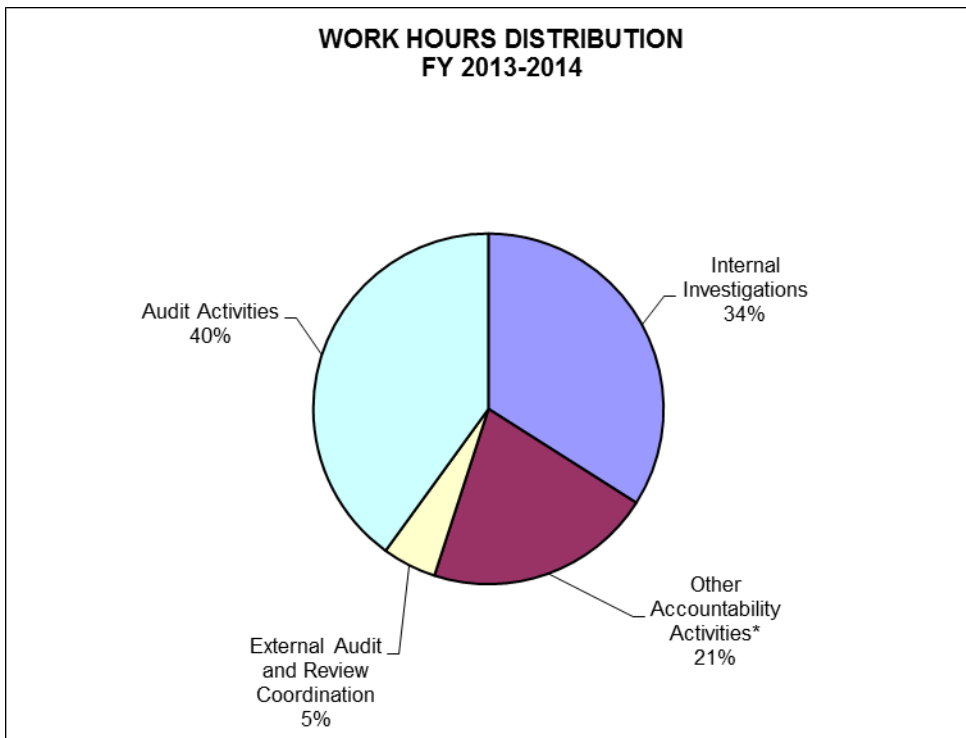
Other accountability activities can include technical assistance provided to management, analyses of operational issues not conducted under audit standards, or responses to inquiries from consumers or external entities. The office conducted 16 such activities during the fiscal year to provide information 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 coordinated one of these activities, which was an information technology survey conducted by the Auditor General.

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 2013-2014 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 2013-2014, 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.