

PUBLIC  
SERVICE  
COMMISSION

Office of Inspector General

2016-2017

ANNUAL  
REPORT



Steven J. Stolting, Inspector General  
September 14, 2017

COMMISSIONERS:  
JULIE I. BROWN, CHAIRMAN  
ART GRAHAM  
RONALD A. BRISÉ  
DONALD J. POLMANN

STATE OF FLORIDA



STEVEN J. STOLTING  
INSPECTOR GENERAL  
(850) 413-6071

# Public Service Commission

September 14, 2017

Julie I. Brown, Chairman  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Dear Chairman Brown:

I am pleased to submit the Annual Report of the Office of Inspector General for the fiscal year ending June 30, 2017. 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 other accountability activities.

Along with this report, I would like to express my appreciation for your support of this office, and of accountability, integrity, and efficiency within the Commission.

Sincerely,

A handwritten signature in blue ink that reads "Steven J. Stolting".

Steven J. Stolting  
Inspector General

SJS:ld

cc: Commissioner Art Graham  
Commissioner Ronald A. Brisé  
Commissioner Donald J. Polmann  
Braulio L. Baez, Executive Director  
Mark Futrell, Deputy Executive Director, Technical  
Apyrl C. Lynn, Deputy Executive Director, Administrative  
Keith C. Hetrick, General Counsel

TABLE OF CONTENTS

**2016-2017 ANNUAL REPORT..... 1**

A. INTRODUCTION..... 1

    1. Background ..... 1

    2. Staffing and Organization ..... 1

B. SUMMARY OF ACTIVITIES BY CATEGORY..... 2

    1. Audit Activities ..... 2

    2. Internal Investigations ..... 3

    3. Other Accountability Activities ..... 3

    4. External Audit and Review Coordination ..... 3

C. WORK HOURS DISTRIBUTION BY CATEGORY ..... 3

D. STATUTORY ANNUAL REPORT ELEMENTS ..... 5

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

**2016-2017 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 30<sup>th</sup> 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 Julie I. Brown. The current Inspector General, Steven J. Stolting, has served since January 2003. During Fiscal Year 2016-2017, administrative support was provided to the office by Linda Duggar.



B. SUMMARY OF ACTIVITIES BY CATEGORY

NUMBER OF COMPLETED PROJECTS	CATEGORY
3	Audit Activities
3	Internal Investigations
47	Other Accountability Activities
2	External Audit and Review Coordination
<b>55</b>	<b>TOTAL PROJECTS</b>

**1. Audit Activities**

During Fiscal Year 2016-2017, the Office of Inspector General (OIG) conducted three audit-related activities under the *International Standards for the Professional Practice of Internal Auditing (2013)*. 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 involved conducting the risk assessment and audit work plan update required by Section 20.055(6)(i), Florida Statutes. The updated work plan for FY 2016-17 through FY 2018-19 was issued on October 13, 2016.

The second activity was a consultation engagement to assess the Commission's compliance with a Data Exchange Memorandum of Understanding governing use of information from the Driver and Vehicle Information Database administered by the Department of Highway Safety and Motor Vehicles (DHSMV). Objectives were to ensure the Commission has appropriate internal controls over the personal data used to protect that data from unauthorized access, distribution, use, modification, or disclosure. Necessary verification activities were completed and the required attestation was submitted to the DHSMV on January 31, 2017.

The third activity was an *Audit of Long-Range Program Plan Performance Measures for the Division of Accounting and Finance*. Our overall objectives in this audit were to determine if these measures and associated data are valid and reliable. We made seven recommendations for improvement, to which management agreed. These were generally intended to improve documentation of procedures for collecting and compiling data for the measures and to conduct additional verification of data from regulated companies to help ensure consistency and reliability of reported measure results.

## 2. Internal Investigations

The Office of Inspector General concluded three internal investigations during FY 2016-2017. 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/ContactInspectorGeneral>. These are summarized as follows:

- **Alleged employment application falsification:** Commission procedures provide 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, OIG investigates the discrepancy to determine if falsification may have occurred. In two cases, OIG obtained court documents and other information and determined that no falsification had occurred on either of the applications.
- **Employee arrest:** An employee was arrested on a criminal charge. Review of the circumstances ultimately resulted in the resignation of the employee.

## 3. Other Accountability Activities

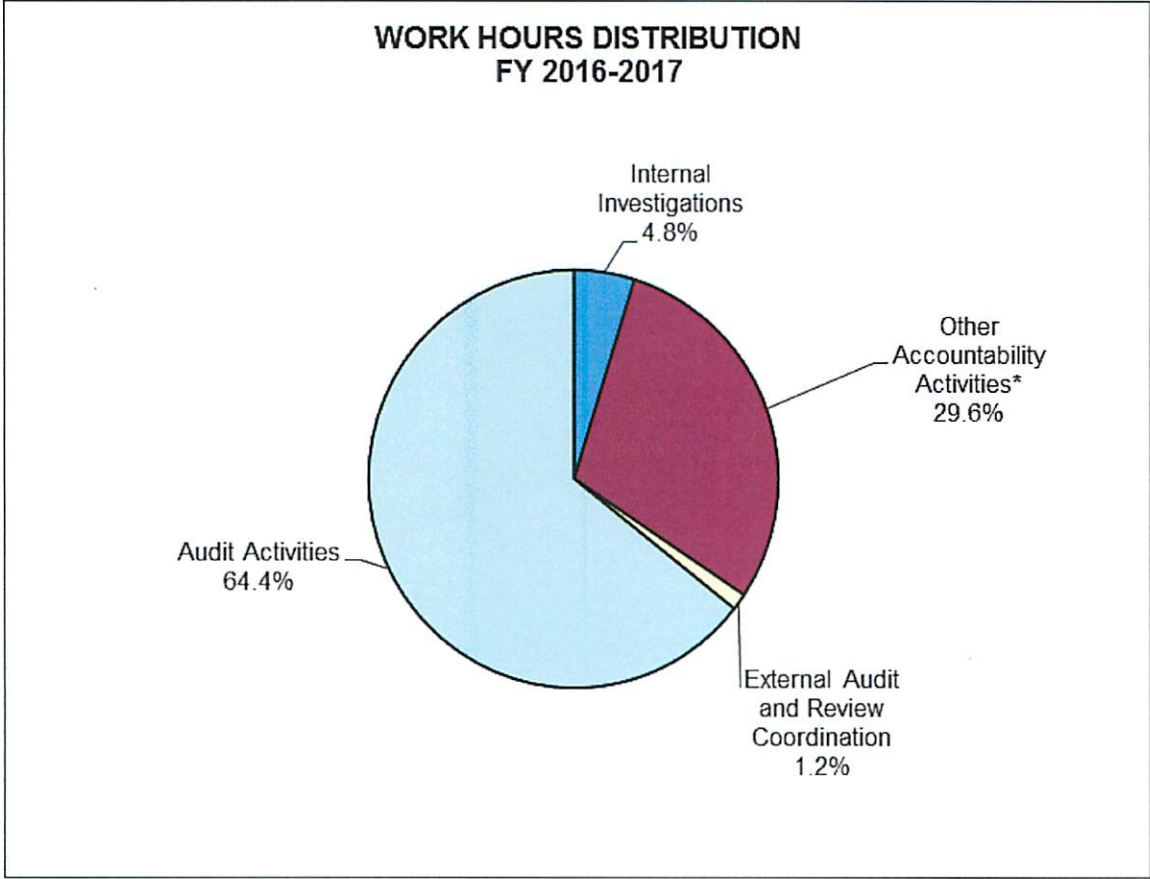
Other accountability activities can include technical assistance provided to management, analyses of operational issues not conducted under audit standards, or responses to inquiries and complaints from consumers or external entities. The office conducted 47 such activities during the fiscal year to provide information and assistance to management and ensure that operational issues were addressed.

## 4. External Audit and Review Coordination

Pursuant to statute, OIG assists with activities pertaining to audits or reviews of the Commission by the Auditor General, the Office of Program Policy Analysis and Government Accountability, and other external entities. During the fiscal year, OIG assisted with two of these activities. One was completion of an information technology survey for the Auditor General, and another involved the annual evaluation of the Commission gas pipeline program by the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration.

## 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.**

As noted in Section B.1. above, during FY 2016-17 we conducted an *Audit of Long-Range Program Plan Performance Measures for the Division of Accounting and Finance*, which reviewed the validity and reliability of measures and data provided and made seven recommendations for improvement. We also reviewed and provided comments for all measures and data developed by Commission staff for inclusion in the Long-Range Program Plan prior to submission of the Plan 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 2016-2017 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.