

Florida Public Service Commission



OFFICE OF INSPECTOR GENERAL

ANNUAL REPORT

2021-2022

Tiffany Hurst, Inspector General
September 19, 2022

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OFFICE OF INSPECTOR GENERAL

We are pleased to present the Florida Public Service Commission Office of Inspector General's (OIG) Annual Report on the activities conducted during Fiscal Year 2021-22. Our office continues to strive to provide independent and objective internal audit and investigative services to the Commission.

INTRODUCTION

Background

The Office of Inspector General (OIG) 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.

OIG Mission and Values

The OIG's mission is to assist the Commission in achieving its mission and goals by promoting accountability, integrity, and process improvement.

The Commission's mission is to facilitate the efficient provision of safe and reliable utility services at fair prices. The Commission's goals may be viewed at the following website: <http://www.floridapsc.com/AboutPSC/PSCMission>.

The OIG accomplishes its mission by conducting internal audit services; performing other accountability activities; and investigating allegations of fraud, waste, abuse, and misconduct, relating to the operation of the Commission.

The OIG has established the following values:

- ❖ Integrity
- ❖ Objectivity
- ❖ Courage

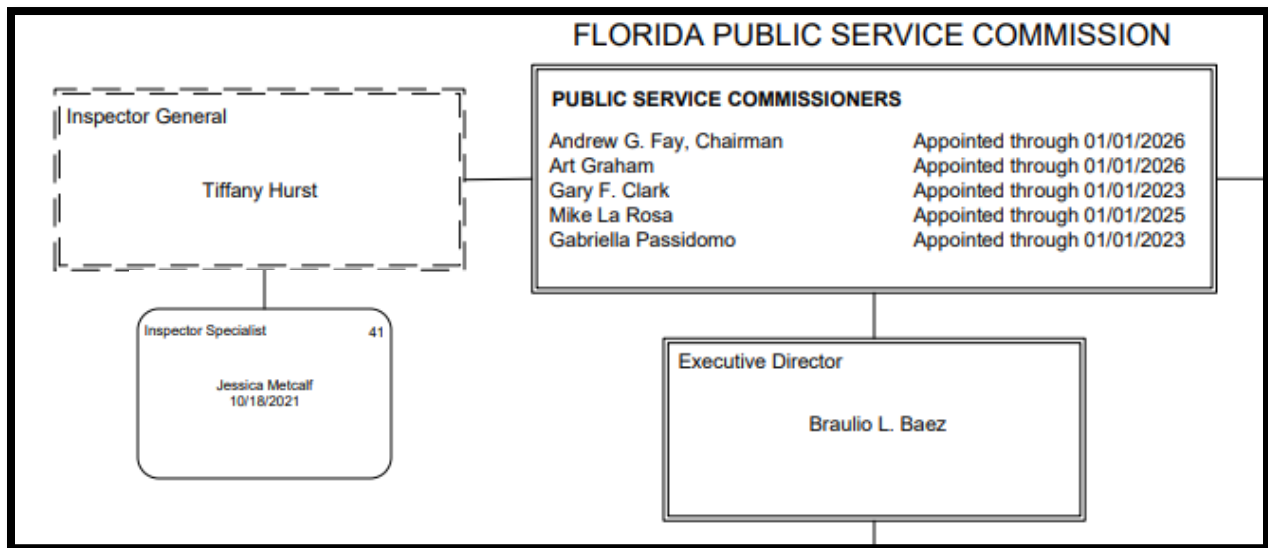
- ❖ Stewardship
- ❖ Communication

Additional information about the OIG may be viewed at the following website:
<http://www.floridapsc.com/AboutPSC/InspectorGeneral>.

Staffing and Organization

The Office of Inspector General consists of two positions, the Inspector General and the Inspector Specialist. Consistent with statutory requirements, the Inspector General reports directly to the Chairman of the Commission. The current Inspector General, Tiffany Hurst, has served since August 2021. During Fiscal Year 2021-22, Jessica Metcalf served as the Inspector Specialist.

Chart 1: Organizational Structure



Source: FPSC Organizational Chart, 2022

OIG Staff Qualifications and Certifications

The OIG staff is highly qualified and brings various backgrounds and expertise to the Commission. The collective experience spans a variety of disciplines, including auditing, complaint intake, investigations, and information systems.

OIG staff members continually seek to enhance their abilities and contributions to the office and the Commission. Staff members have obtained certifications that demonstrate their knowledge, motivation, and commitment to the profession.

Professional certifications held by OIG staff members include:

- Certified Inspector General (CIG)
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)
- Florida Certified Contract Manager (FCCM)

Affiliations

The OIG staff members participate in a number of professional organizations to maintain proficiency in their areas of expertise and certification. These associations allow them to establish and advance professional networks and participate in professional development activities. The OIG staff members are affiliated with the following professional organizations:

- Institute of Internal Auditors (IIA)
- Association of Inspectors General (AIG)
- Florida Association of Inspectors General (FAIG)
- Association of Government Accountants (AGA)
- ISACA

SUMMARY OF ACTIVITIES BY CATEGORY

Table 1: Completed Projects by Category

Section	Category	Completed Projects
1	Audit Activities	12
2	Internal Investigations	1
3	Other Accountability Activities*	34
4	External Audit and Review Coordination	2
	Total Completed Projects	49

*Includes Jurisdictional Complaints and Inquiries

Source: OIG Project Assignment Log, FY2020-21, and FY2021-22

1. Audit Activities

During Fiscal Year (FY) 2021-22, the OIG conducted twelve audit-related activities under the *International Standards for the Professional Practice of Internal Auditing* (2017). Audit activities can consist of audits or consultations conducted by the 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. Audit activities completed during the period are summarized as follows:



20/21-38, Audit of the PHMSA Federal Grant

The OIG conducted an audit of the Commission's Pipeline and Hazardous Materials Safety Administration (PHMSA)

federal grant. The purpose of this audit was to evaluate the Commission's fiscal oversight of the PHMSA federal grant and to follow-up on the programmatic monitoring review conducted by the United States Department of Transportation. The final report was issued August 5, 2021. The report contained two observations and four recommendations. A six-month monitoring review to assess the status of recommendations will be conducted during FY 2021-22.

21/22-25, Audit of the Commission's Compliance with the Florida Cybersecurity Standards

The OIG conducted an audit of the Commission's Compliance with the Florida Cybersecurity Standards. The purpose of the audit was to assess the Commission's compliance with requirements contained in the Florida Cybersecurity Standards outlined in Rule 60GG-2, Florida Administrative Code and to identify areas where current policies and practices could be improved. The final report was issued January 20, 2022. The report contained seven findings and twenty-five recommendations. A six-month monitoring review to assess the status of recommendations will be conducted during FY 2022-23.

21/22-43, Telecommuting Policies, Procedures, and Practices – Status Report

The OIG followed up on the status of corrective actions required in response to findings and recommendations contained in Report AUD #20/21-11, *Telecommuting Policies, Procedures, and Practices*. Management indicated corrective action has been initiated or completed for each of their reported deficiencies. The report was issued November 12, 2021.

21/22-47, Staff-Assisted Rate Case Process Review – Status Report

The OIG followed up on the status of corrective actions required in response to findings and recommendations contained in Report AUD #18/19-09, *Staff-Assisted Rate Case (SARC) Process Review*. Management has considered, initiated, and/or completed the recommended corrective actions, and no additional follow-up monitoring is required. The report was issued October 27, 2021.

21/22-119, Audit of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Federal Grant – Status Report

The OIG followed up on the status of corrective actions required in response to findings and recommendations contained in Report AUD 20/21-38, *Audit of the Pipeline and*

Hazardous Materials Safety Administration (PHMSA) Federal Grant. Management indicated corrective action has been initiated or completed for each of their reported deficiencies. The report was issued February 4, 2022.

21/22-59, Audit of Contracts

The OIG conducted a compliance audit of the Commission's Contracts. The purpose of the engagement was to conduct a risk-based compliance audit of contracts executed by the Commission during the 2018-19 through 2020-21 fiscal years. The audit included an evaluation and identification of any trends in vendor preferences. The final report was issued March 30, 2022. The report contained one finding and two recommendations. A six-month monitoring review to assess the status of recommendations will be conducted during FY 2022-23.



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21/22-198, Telecommuting Policies, Procedures, and Practices – Status Report

The OIG followed up on the status of corrective actions required in response to findings and recommendations contained in Report AUD #20/21-11, *Telecommuting Policies, Procedures, and Practices*. Management indicated corrective action has been initiated or completed for each of their reported deficiencies. The report was issued April 25, 2022.

21/22-104, Review of the Commission's Continuity of Operations Plan

The OIG conducted a review of the Commission's Continuity of Operations Plan (COOP). The purpose of the consulting engagement was to evaluate the 2021 Commission COOP and determine whether the plan complies with applicable laws and regulations and allows the Commission to be prepared for, respond to, and recover from disasters resulting from natural, human, or technological events. In addition, we would make recommendations based on lessons learned during the Commission's response to the COVID-19 pandemic, as appropriate. The OIG determined the Commission's 2021 COOP plan generally complied with applicable laws and regulations. However, we did identify areas for improvement in the Commission's COOP and made corresponding recommendations. The final report was issued April 27, 2022.

21/22-16, Review of the Commission's Administrative Procedures Manual (APM) Revision Process

The OIG conducted a review of the Commission's Administrative Procedures Manual (APM) Revision Process. The purpose of this consulting engagement was to determine whether the revisions conform to the internal operating procedures and whether the APM is appropriately reviewed and updated in order to ensure that Commission responsibilities will be carried out in conformance with applicable laws, rules, and regulations. During the engagement, we determined the APM revisions generally conformed to the internal standard operating procedures. We additionally verified the Commission completed a full APM review in 2021 in order to ensure that Commission responsibilities will be carried out in conformance with applicable laws, rules, and

regulations. However, we did identify areas for improvement and made corresponding recommendations. The final report was issued June 29, 2022. A six-month monitoring review to assess the status of recommendations will be conducted during FY 2022-23.

21/22-206, Internal Audit Self-Assessment

The OIG conducted an Internal Audit Self-Assessment. The purpose of this self-assessment was to review the internal audit activity to evaluate the extent to which the OIG conforms to the applicable professional auditing standards and Code of Ethics issued by the Institute of Internal Auditors and complied with applicable provisions of Section 20.055, Florida Statutes. As a result of the self-assessment, we updated the OIG policies and procedures. We additionally noted the internal audit charter was last signed in 2018. While no substantive changes were made to the internal audit charter, we requested the current Commission Chairman and the Audit Committee to review and sign the internal audit charter in order to ensure all parties are aware of the purpose, authority, and responsibility of the OIG. The final memo was issued June 24, 2022.

20/21-40, OIG Risk Assessment and Audit Work Plan



The OIG completed its annual and long-term work plan, as required by Section 20.055(6)(i), Florida Statutes. The updated work plan for FY 2021-22 through FY 2023-24 was issued on July 6, 2021. The annual work plan included six audits and the long-term work plan included four audits.

21/22-193, OIG Risk Assessment and Audit Work Plan

The OIG completed its annual and long-term work plan, as required by Section 20.055(6)(i), Florida Statutes. The updated work plan for FY 2022-23 through FY 2024-25 was issued on June 17, 2022. The annual work plan included four audits and the long-term work plan included five audits.

2. Internal Investigations

Section 20.055(7), Florida Statutes, requires each OIG to initiate, conduct, supervise, and coordinate investigations designed to deter, detect, prevent, and eradicate fraud, waste, abuse, or employee misconduct impacting the Commission.

During FY 2021-22, the OIG completed one internal investigation. Investigations are generally initiated in response to requests from management or complaints from external sources such as consumers. Complaints may also be filed through the OIG website complaint form, located at the following website:

<http://www.floridapsc.com/AboutPSC/ContactInspectorGeneral>.

Employee Arrest

The OIG conducted an investigative review concerning the alleged arrest of a Commission employee outside Commission work hours. Commission management requested the OIG to conduct an investigation to determine if the employee was arrested, and if so, the nature and timing of charges. The OIG reviewed relevant documents pertaining to this case, and determined the allegation of arrest was substantiated. The OIG provided the information to management for review and action as deemed appropriate.



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 concluded 34 such activities during the fiscal year to provide information and assistance to management and ensure that operational issues were addressed. Some of the more significant activities included preparation of Legislative Budget Request schedules regarding audit activities, review of Long Range Program Plan measures and data, and providing comments on the agency's Continuity of Operations plan.

We additionally provided assistance and referrals for 213 inquiries deemed non-jurisdictional.

4. External Audit and Review Coordination

The Office of Inspector General provides a single point of contact, for external agencies auditing the Commission. This is done to ensure effective coordination and cooperation between the Office of the Auditor General and other governmental bodies to minimize duplication of effort. We coordinate information requests and responses and assist in scheduling meetings for these entities. We provide coordination of the required responses to preliminary and tentative findings issued by the Office of the Auditor General and OPPAGA. We also coordinate the six-month response on the status of corrective actions taken by the Commission on any audit findings and recommendations issued by the Office of the Auditor General or OPPAGA. During the 2021-22 fiscal year, we coordinated the following external projects and follow-ups:

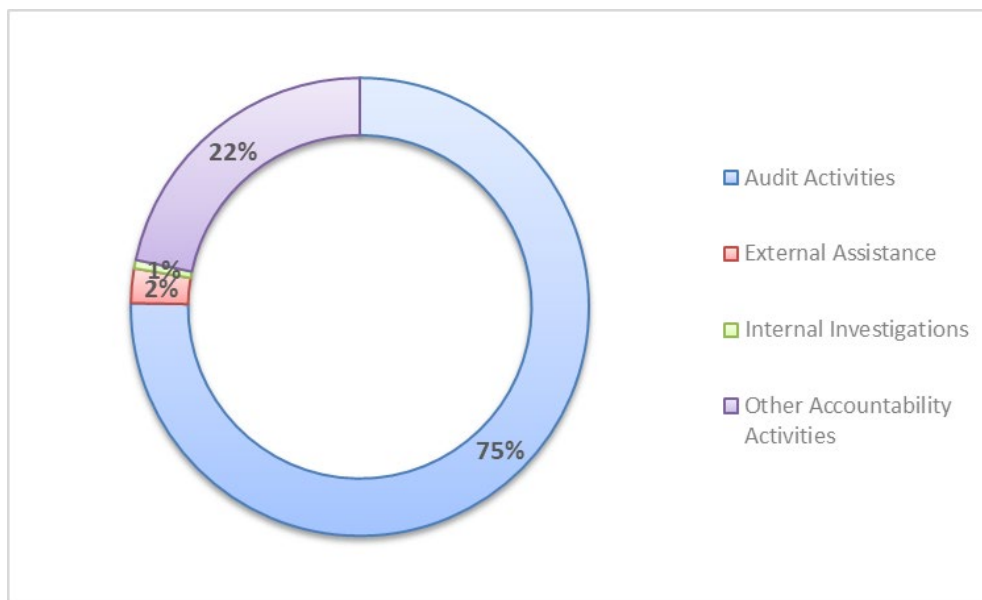
Table 2: Office of the Auditor General

Report Number	Report Title
20/21-36	Auditor General Report 2022-063: Florida Public Service Regulatory Trust Fund and Prior Audit Follow-Up
21/22-228	Six Month Status: Auditor General Report 2022-063

WORK HOURS DISTRIBUTION BY CATEGORY

Chart 2 displays the distribution of work time across project categories for the fiscal year to indicate efforts to maintain balance among audit, investigative, and other accountability activities, as required under Section 20.055(2)(i), Florida Statutes.

Chart 2: Work Hours Distribution, FY 2021-22



Source: OIG Time Allocation Tracking, FY 2021-22

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.**

Our review of performance measures is incorporated into our assurance activities. In addition, the OIG conducted our annual review of the measures and data included in the Commission's Long-Range Program Plan and made recommendations, which were addressed prior to submission.

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 2021-22 identified no significant recommendations described in previous annual reports that have not been addressed.

5. A summary of each audit and investigation completed during the reporting period.

Reference *Summary of Activities by Category*, Section 1 – Audit Activities and Section 2 – Internal Investigations, for a description of audit and investigation activities completed during FY 2021-22.