

State of Florida

PUBLIC
SERVICE
COMMISSION



Office of Inspector General
2011-2012

ANNUAL
REPORT

Steven J. Stolting, Inspector General
September 7, 2012

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Public Service Commission

September 7, 2012

Mr. Ronald A. Brisé, Chairman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Chairman Brisé:

I am pleased to submit the Annual Report of the Office of Inspector General for the fiscal year ended June 30, 2012. Under Section 20.055(7), 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 performance measures review.

As I submit the 2011-2012 Annual Report, I would like to express my appreciation for your support of this office and of accountability and oversight within the Commission.

Sincerely,


Steven J. Stolting
Inspector General

SJS:ld

cc: Commissioner Lisa Polak Edgar
Commissioner Art Graham
Commissioner Eduardo Balbis
Commissioner Julie I. Brown
Braulio Baez
Charles Hill
Apyrl Lynn
Curt Kiser

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

2011-2012 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 2011-2012, administrative support was provided to the office by Linda Duggar.

B. SUMMARY OF ACTIVITIES BY CATEGORY

NUMBER OF COMPLETED PROJECTS	CATEGORY
4	Audit Activities
46	Internal Investigations
14	Other Accountability Activities
1	External Audit and Review Coordination
65	TOTAL PROJECTS

1. Audit Activities

During Fiscal Year 2011-2012, 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 an operational audit of the Office of the Commission Clerk. Duties of the office include functioning as the official keeper of the Commission's public records, and maintaining official minutes of Commission proceedings. Our objectives included assessment of performance measures, reports and work products, and the formal petition process for consumers to seek a hearing by the Commission. We made three findings and seven recommendations for streamlining processes and improving services, and management generally agreed to implement the recommended improvements.

The second activity was an enterprise-wide audit of Information Technology Mobile Computing in Florida's State Government. This multi-agency survey and review identified mobile computing trends in state government and best practices for implementation across agencies. It also assessed the effectiveness of the governance framework for ensuring adequate management controls over these mobile devices being integrated with state agency networks. Commission management evaluated the findings presented in the report and identified those which could improve Commission use and reduce risks of these devices.

The third activity involved a six-month follow-up review of our audit of the Surveillance Section in the Division of Economic Regulation, released in July 2011 (OIG #AUD 11/12-59). Under audit standards and office policy, the Inspector General assesses the status of

Commission implementation of recommendations from prior reports six months after release. In this case, we found that the five recommendations had been fully implemented.

The fourth project involved the Office of Inspector General Quality Assessment Review conducted by the Auditor General. These reviews are required by audit standards and ensure that OIG is conducting its audit activities in compliance with established *Standards for the Professional Practice of Internal Auditing (the Red Book)*. No adverse findings were reported, and the Auditor General concluded that the OIG internal quality assurance system provided reasonable assurance of conformance with the standards and statutory requirements.

2. Internal Investigations

The Office of Inspector General conducted 46 internal investigations during FY 2011-2012. 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. These are summarized as follows:

- **Alleged failure of the Commission to address consumer complaints against regulated companies:** In six 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 five cases, we found that Commission staff had addressed the complaints properly and in compliance with procedures. In one case, we found that delays in Commission notifications to the consumer and improper closure of the consumer's complaint resulted in disconnection of electric service. Management agreed to take remedial action to conduct a de novo review of the complaint.
- **Consumer complaints against utility companies:** In 28 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 appropriately, while in others OIG monitored the actions of staff through resolution. These were all determined to be addressed appropriately.
- **Alleged threat to Commission:** In comments posted to a newspaper web site, a threat of violence was made against Commissioners. The information was referred to the Florida Department of Law Enforcement, and it was determined that no further action was warranted.
- **Alleged Sunshine Law violations in hiring:** An anonymous complaint was received alleging generally that the Commission was under investigation for violating the Sunshine Law in conducting an executive hiring process. No specifics were provided,

and OIG could identify no supporting information for the complaint. The investigation was terminated for lack of basis.

- **Alleged time and attendance abuse:** A complaint alleged time and attendance abuse by a Commission employee. Investigation identified no specific instances of abuse, and the complaint was closed as unsubstantiated.
- **Alleged inappropriate involvement by former employee:** A complaint alleged that a former employee was inappropriately involved in a contract evaluation process. OIG determined that the employee was consulted regarding issues addressed during their tenure, but was not involved in the current contract evaluation. The complaint was closed as unsubstantiated.
- **Employee arrests:** Three employees were arrested in separate incidents during the report period. OIG gathered necessary information until resolution of each matter and provided it to management to support any necessary further actions.
- **Complaints regarding utilities' corporate business practices:** OIG received an anonymous complaint alleging misconduct in business practices by Florida Power and Light, and another claiming submission of false or misleading information concerning the merger of Duke and Progress Energy. In both cases, OIG coordinated with Commission management to determine an appropriate response consistent with Commission jurisdiction.
- **Inappropriate materials in workplace:** An employee complained that inappropriate materials had been left in their work area. OIG was not able to identify the source of these materials.
- **Former employee present in workplace:** OIG was advised that an employee terminated from the Commission had been hired by the Department of Management Services and assigned to work in the Gunter Building housing the Commission. OIG and law enforcement determined that this individual presented no credible threat to the Commission or its employees.
- **Investigation support:** OIG was requested by the Office of the Chief Inspector General to provide support for an investigation in an executive agency. OIG assisted in the investigation and in preparation of the final report.

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 14 such activities during the fiscal year to provide information and assistance to management and ensure that operational issues were addressed. Examples of more significant activities included:

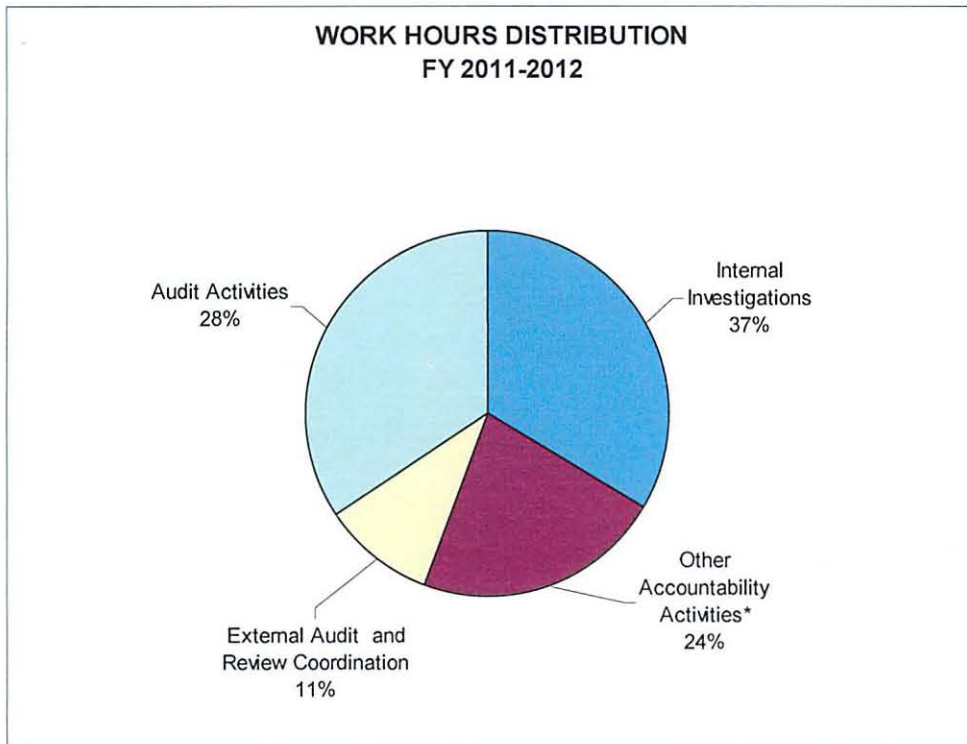
- **Information security risk assessment:** OIG assisted Information Technology management in responding to an IT risk assessment conducted by the Agency for Enterprise Information Technology. This included identifying relevant risks and documenting responses.
- **Telecommunications consultation:** OIG conducted a consultation not under audit standards that compiled information regarding telecommunications regulation in recent years. Objectives included documenting changes in the Commission's legal jurisdiction, revenues received from telecommunications companies, expenditures on regulatory activities, and staffing dedicated to these responsibilities.

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 Commission responses to a survey by the Auditor General of agency users of the MyFloridaMarketPlace (MFMP) purchasing system. OIG also coordinated Commission involvement in an operational audit begun by the Auditor General which was not completed as of the conclusion of the fiscal year period.

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 2011-2012 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 2011-2012, 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.