

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 13, 2022

TO: Andrew Giles Fay, Chairman

FROM: Tiffany Hurst, Inspector General *TNH*

RE: Six-month Follow-up of the Auditor General's Operational Audit of the Florida Public Service Regulatory Trust Fund and Prior Audit Follow-Up (OIG 21/22-228)

Pursuant to Section 20.055(6)(h), Florida Statutes, the Office of Inspector General is required to report to you regarding the status of the Commission's response to recommendations by the Auditor General six-months after issuance of the audit report.

In December 2021, the Auditor General issued their Operational Audit of the Florida Public Service Regulatory Trust Fund and Prior Audit Follow-Up (Report No. 2022-063). This report contained six findings and corresponding recommendations for corrective action. This memorandum provides the original findings and recommendations, the Commission's initial response, and summarizes additional actions taken over the intervening six months to address the issues identified.

Attachment

TH/jm

cc: Commissioner Gary F. Clark
Commissioner Mike La Rosa
Commissioner Art Graham
Commissioner Gabriella Passidomo
Legislative Joint Audit Committee

Braulio L. Baez
Apyl Lynn
Mark Futrell
Keith Hetrick

**Florida Public Service Commission
Office of Inspector General
Six-Month Status Report on: Operational Audit of the Public Service Commission,
Regulatory Trust Fund and Prior Audit Follow-Up
Report# 2022-063 Issued: December 13, 2021
Status as of June 13, 2022**

Selected Administrative Activities:

Finding 1: As similarly noted in our report No. 2019-217, the Commission could not demonstrate that the results of the 2019-20 fiscal year physical property inventory were reconciled to Commission property records and noted differences investigated and corrected, as appropriate.

Recommendation: We recommend that Commission management ensure that the results of annual physical property inventories are reconciled to Commission property records and noted differences investigated and corrected, as appropriate, in accordance with DFS rules.

Commission Response as of December 13, 2021: The Commission agrees with this finding and is implementing changes to ensure compliance with all DFS rules.

1. The Commission has chosen to maintain non-attractive assets valued at less than \$5,000 in FLAIR based on DFS guidance. This applies only to assets purchased and entered into FLAIR when the threshold for OCO assets was \$1,000. When these items reach the end of their useful life they will be removed from FLAIR, and as new non-attractive assets are purchased only those costing \$5,000 or more will be entered into FLAIR.
2. The Commission is in the process of implementing a new asset management system that includes automatic registration of devices that attach to our network, the use of bar code labels for all IT assets, and the ability to produce reports that will make reconciling the FLAIR inventory more accurate and efficient.
3. The Commission is actively working to locate missing property, and to remove all assets certified for disposal from FLAIR. To date, we have located 27 items that were classified as unlocated in FLAIR, and FLAIR has been updated and reconciled to reflect the new asset status.
4. The Commission will continue to investigate all remaining items classified as unlocated in FLAIR; when the process is complete, any items that are not located will be investigated and documented according to DFS rules.

Commission Response as of June 13, 2022:

Item 1: This procedure has been fully implemented.

Item 2: The new asset management software is partially implemented. Automatic registration of network attached devices has been fully implemented, and IT staff is actively working to finalize the use of bar code labels to track assets that do not automatically register.

Item 3: AIT has actively investigated all missing property items. During the last six months, many pieces of IT equipment were located, certified for disposal, and removed from FLAIR. Because these items have been removed from FLAIR, staff is unable to provide an exact list of items found during the current inventory cycle.

Our 2022 annual inventory has been completed, and there are seven items that we were unable to locate. These items have been classified as unlocated in FLAIR. Staff will continue looking for these items, and if they are not located after two years, a letter requesting authority to remove them from FLAIR will be sent to the Department of Financial Services.

There are currently 11 items that have been classified as unlocated in FLAIR for two or more years. A letter will be sent requesting authorization to remove them from FLAIR no later than 6/30/2022.

Item 4: All items that were not located during the 2022 physical inventory have been investigated and documented.

Anticipated Completion Date:

Item 2: 12/31/2022

All other items have been completed.

Finding 2: Commission controls regarding the accuracy of the information needed to correctly report and maintain proper accountability over Commission property and demonstrate compliance with applicable Department of Financial Services rules still need enhancement.

Recommendation: We again recommend that Commission management enhance controls to ensure that property tags are affixed to Commission property items and that property records are complete and accurately maintained in accordance with DFS rules.

Commission Response as of December 13, 2021: The Commission agrees with this finding and is implementing changes to ensure compliance with all DFS rules.

1. The Commission will require verification of serial numbers during any physical inventory.
2. The Fiscal Services Section will provide a list of all assets that do not currently have a serial number listed in FLAIR. These items will be investigated and FLAIR will be updated when serial numbers are located.
 - a. Two FLAIR assets that are missing serial numbers are projector screens that are permanently affixed to walls in the Internal Affairs room G-105, and their serial numbers are not accessible without dismantling at considerable cost to the

Commission. There are no current plans to have the screens removed, so their serial numbers will not be entered into FLAIR.

3. The items that did not have property tags affixed were old, and it appears that the tags eventually fell off. The Commission will attempt to identify a way to ensure that tags remain attached to assets for as long as they remain in inventory.
4. The video camera that was not in the correct location has been moved and will remain in the appropriate location.
5. The lift table is by its nature very mobile, and intended to be used in many locations. It was assigned a “home” location, but it is often in different locations based on need.
6. The wireless microphone system and rack mount were old, and the Commission believes they were disposed of but not documented. Our procedure for disposal of assets now requires two-person verification to reduce the likelihood of undocumented surplus property leaving the building.

Commission Response as of June 13, 2022:

Item 1: This procedure has been fully implemented.

Item 2: Verification of existing serial numbers was completed during the 2022 physical inventory. The list of remaining items without serial numbers will be generated and reviewed, with FLAIR updated if needed.

Item 3: By processing surplus hardware in a timely manner (eliminating hardware remaining in our inventory for many years) property tags should remain affixed. By assuring that all serial numbers are recorded in FLAIR, AIT will have a way to identify property if a tag is lost and assign a replacement tag for continued tracking of the inventory item in FLAIR.

Item 4: Staff have been reminded of the requirement to complete property transfer forms to ensure accurate location information in FLAIR.

Item 5: This procedure has been fully implemented.

Item 6: This procedure has been fully implemented.

Anticipated Completion Date:

Item 2: 12/31/2022

All other items completed.

Finding 3: The Commission did not always ensure that travel reimbursements were appropriate.

Recommendation: We recommend that Commission management enhance travel reimbursement controls to ensure that, when purchasing cards are used by employees to pay for airfare, *Request for Advanced Air Fare* forms are prepared, the traveler denotes the use of the purchasing card on the travel Voucher form, and Voucher forms are appropriately reviewed and approved, in accordance with established procedures.

Commission Response as of December 13, 2021: The Commission agrees with this finding and the Fiscal Services Section has implemented the following procedures:

1. All travelers will be required to submit a *Request for Advanced Air Fare* form before reimbursement is approved.
2. Once the *Request for Advanced Air Fare* form is completed in the PSC travel system, the reimbursement form will automatically recognize that a purchasing card was used, and the amount to be reimbursed will be calculated correctly.

Commission Response as of June 13, 2022: Completed.

Information Technology Controls:

Finding 4: Certain security controls related to network user authentication need improvement to ensure the confidentiality, integrity, and availability of Commission data and information technology (IT) resources.

Recommendation: We recommend that Commission management improve certain security controls related to network user authentication to ensure the confidentiality, integrity, and availability of Commission data and related IT resources.

Commission Response as of December 13, 2021: The Commission agrees with this finding and is taking steps to improve security controls to ensure compliance with all State of Florida Cyber Security Standards.

Commission Response as of June 13, 2022: The Commission is taking steps to improve security controls to ensure compliance with all State of Florida Cyber Security Standards.

Anticipated Completion Date: 12/31/2022

Finding 5: Commission IT access privilege controls for the Regulatory Assessment Fee (RAF) System, Return on Equity (ROE) System, and the Commission network need enhancement.

Recommendation: We recommend that Commission management revise procedures to ensure that periodic reviews of RAF System, ROE System, and network user access privileges are

performed and documented in Commission records. We also recommend that Commission management ensure that system-generated network access control records are retained in accordance with the General Records Schedule.

Commission Response as of December 13, 2021: The Commission agrees with this finding and will make policy and technical control changes to ensure compliance by implementing the following changes:

1. The RAF system will be modified to produce a report of all users with elevated user access privileges. This report will be reviewed and documented.
2. The ROE system will be modified to produce a report of all users with elevated user access privileges. This report will be reviewed and documented.
3. The Commission's IT department will implement a new event log management system to capture and retain network access control records for their required retention schedule.

Commission Response as of June 13, 2022:

Item 1: This enhancement is in progress.

Item 2: This enhancement is in progress.

Item 3: This procedure has been fully implemented.

Anticipated Completion Date: 12/31/2022

Finding 6: Commission configuration management controls need improvement to ensure that Commission records evidence the authorization, review, testing, and approval of IT system changes and the appropriate separation of programming duties.

Recommendation: We recommend that Commission management strengthen IT procedures to ensure that Commission records evidence the entire configuration management process for each system change and that the personnel responsible for implementing the changes into production are independent from the personnel responsible for programming the changes.

Commission Response as of December 13, 2021: The Commission agrees with this finding and will evaluate options to implement a formal configuration management process, including a separation of duties for personnel responsible for programming and implementing approved changes.

Commission Response as of June 13, 2022: This enhancement is in progress.

Anticipated Completion Date: 12/31/2022