

Bernard "Barney" Smith, Chairman
Brian Katz, Chair of the Audit Committee
Steve Auger, Executive Director

Chris Hirst, Inspector General

March 30, 2016

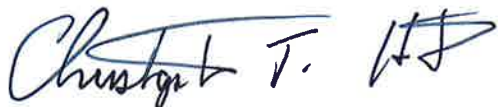
Steve Auger
Executive Director
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301

Dear Mr. Auger:

In accordance with Section 20.055(8)(b), Florida Statutes, I am submitting the Annual Report on the activities of the Office of Inspector General for the Fiscal Year of 2015.

The Office of Inspector General is committed to providing leadership in the promotion of accountability and integrity. Over the coming year, it is our goal to continue to work with the Audit Committee, the Board of Directors, and Florida Housing management and staff to promote our mission of "Enhancing Public Trust in Florida's Affordable Housing."

Sincerely,



Christopher T. Hirst
Inspector General



we make housing affordable

Office of Inspector General

Annual Report
Fiscal Year 2015

March 30, 2016

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

Table of Contents

Introduction	3
Background	3
Office of Inspector General	3
Statutory Regulations	4
Professional Standards	5
Professional Certifications	5
Professional Organizations	5
Organizational Chart	6
Investigations	7
Investigative Section	7
Investigations	7
Final Investigative Reports.....	8
Recommended Corrective Actions	8
Comparative Analysis of the Disposition of Complaints in FY 2015	8
Summary of Investigations and Corrective Actions Completed During FY 2015.....	9
Internal Audit	12
Internal Audit Section	12
Assurance Engagements	13
Consulting Engagements	13
Management Reviews	13
Summary of Internal Audit Reports Issued During FY 2015	14
Summary of Reviews Completed During FY 2015	14
Coordinated External Audit Reports During FY 2015	15
Follow-up Reviews Completed During FY 2015.....	16
Special Projects	17
Special Projects and Other Projects.....	17
Lottery Number Assignments	17
Enterprise Risk Assessment and Mitigation.....	18
Risk Assessment and Development of Annual Audit Plan.....	18
Office of Inspector General FY 2015 Internal Audit Projects.....	19
OIG Initiatives	20

Introduction

Section 20.055, Florida Statutes, requires each Inspector General to submit an annual report summarizing its activities during the preceding fiscal year. This report includes, but is not limited to:

- 📄 A summary of each audit and investigation completed during the reporting period;
- 📄 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; and
- 📄 A description of recommendations for corrective action made by the Office of Inspector General (OIG) during the reporting period with respect to significant problems, abuses, or deficiencies identified.

This annual report summarizes the OIG's activities and accomplishments for FY 2015 (January 1 – December 31).

Background

Florida Housing Finance Corporation (Florida Housing) was created by the Florida Legislature more than 25 years ago to help Floridians obtain safe, decent affordable housing that might otherwise be unavailable to them.

Today, Florida Housing continues its mission by increasing affordable housing opportunities and ensuring that its programs are well matched to the needs of those served. As such, Florida Housing continues to work with federal, state and local governments, non-profits, elected officials, and others to help spread the importance of affordable housing in Florida's communities.

In 2000, Florida Housing re-established the internal audit function and in 2011, Sections 20.055 and 420.506, Florida Statutes, were amended to create the Office of Inspector General within Florida Housing.

Office of Inspector General

The Office of Inspector General is an essential component of Florida Housing providing independent, objective assurance and consulting services designed to add value and improve operations.

The OIG serves as a central point of coordination and is responsible for activities that provide accountability, integrity, and efficiency. This is accomplished by the OIG conducting independent audits, investigations, and other accountability activities. The OIG's purpose is to promote economy and efficiency and to prevent and detect fraud, waste, and abuse in programs and operations carried out or financed by Florida Housing.

The OIG ensures effective coordination and cooperation between the Florida Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), federal auditors, and other governmental bodies to avoid duplication of services.

Pursuant to statute, the OIG has full, free, and unrestricted access to all Florida Housing activities, records, data, and property, and may request any other information deemed necessary to carry out audit assignments or investigative needs. The unrestricted access ensures audits, investigations, and other activities are independent.

Statutory Requirements

As outlined in Section 20.055, Florida Statutes, the specific duties and responsibilities of the Inspector General include:

- 🏠 Providing direction for, supervising, and coordinating audits, investigations, and management reviews relating to the programs and operations of the agency;
- 🏠 Keeping the agency head [the board of directors of the Florida Housing Finance Corporation] informed of fraud, abuses, and deficiencies relating to programs and operations administered or financed by the agency, recommending corrective actions concerning fraud, abuses, and deficiencies, and reporting on the progress made in implementing corrective action;
- 🏠 Reviewing the actions taken by the agency to improve program performance and making recommendations for improvement;
- 🏠 Conducting, supervising, and coordinating activities that promote economy and efficiency and prevent or detect fraud, waste, and abuse;
- 🏠 Ensuring effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies;
- 🏠 Reviewing rules relating to programs and operations and making recommendations regarding impact;
- 🏠 Assessing the reliability and validity of information provided on performance measures and standards and making recommendations as needed; and
- 🏠 Ensuring an appropriate balance between audit, investigative, and other accountability activities.

Professional Standards

Pursuant to Section 20.055, Florida Statute, the Office of Inspector General is required to:

- ☛ Comply with the *General Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General.
- ☛ Conduct audits in accordance with the current *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc., or, where appropriate, in accordance with generally accepted governmental auditing standards.

Professional Certifications

Current staff members hold the following certifications:

- ☛ Certified Authorization Professional (1)
- ☛ Certified Fraud Examiner (1)
- ☛ Certified Government Financial Manager (1)
- ☛ Certified Information Systems Auditor (1)
- ☛ Certified Information Systems Security Professional - Information Systems Security Management Professional (1)
- ☛ Certified Inspector General (2)
- ☛ Certified Inspector General Auditor (2)
- ☛ Certified Inspector General Investigator (1)
- ☛ Certified Internal Auditor (1)
- ☛ Certified Public Accountant (1)
- ☛ Certified Public Manager (1)
- ☛ Notary Public (4)

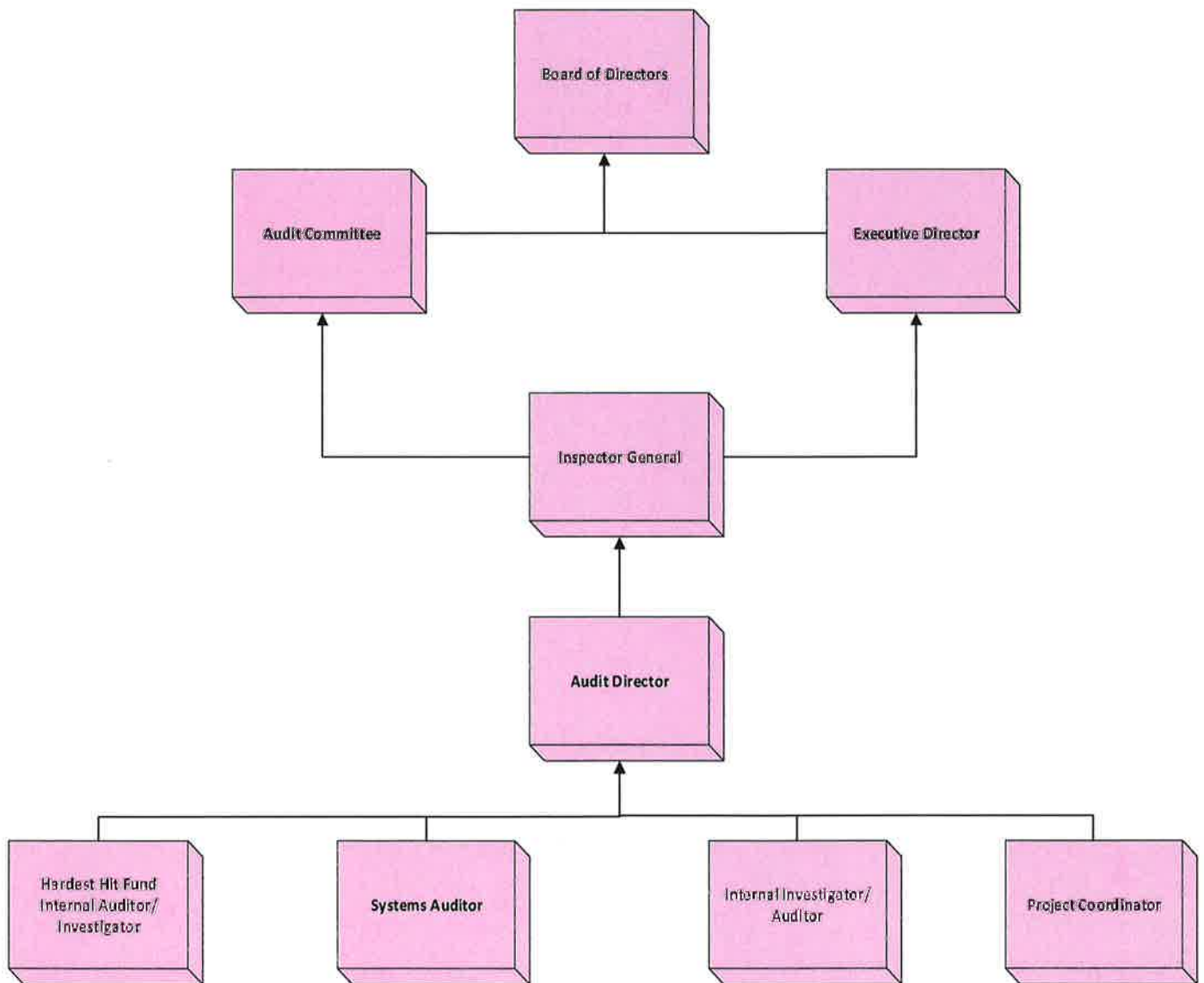
Professional Organizations

Current staff members belong to the following organizations:

- ☛ Association of Certified Fraud Examiners (ACFE)
- ☛ Association of Government Accountants (AGA)
- ☛ Association of Inspectors General (AIG)

- 🏢 Federal Bureau of Investigation National Academy (FBINA)
- 🏢 Florida Society of Certified Public Managers (FSCPM)
- 🏢 Institute of Internal Auditors (IIA)
- 🏢 Information Systems Audit and Control Association (ISACA)
- 🏢 International Information Systems Security Certification Consortium ((ISC)²)
- 🏢 State Law Enforcement Chiefs' Association (SLECA)
- 🏢 InfraGard (A partnership between the FBI and the private sector dedicated to improving national security.)

Organizational Chart







Investigations

Investigative Section

The Investigative Section's primary responsibility is initiating, conducting and coordinating investigations that are designed to detect, deter, prevent and eradicate fraud, waste, abuse, mismanagement, misconduct and other abuses within Florida Housing and the contracted entities of Florida Housing.




The Office of Inspector General (OIG) typically receives complaints or requests for assistance from the Office of the Chief Inspector General, Florida Housing Employees or Contracted Agency Employees, and the general public via website complaint form submission, telephone, letter, fax or email. The OIG received a total of **106** complaints or requests for assistance during 2015. Complaints received by the OIG are reviewed and either investigated, referred or resolved.

Of the total number of complaints or requests for assistance reviewed¹:

-  **66** were resolved by the OIG;
-  **13** were non-jurisdictional and were referred to the appropriate entity;
-  **65** were referred to Florida Housing management for resolution as deemed appropriate; and
-  **5** were opened for investigation or management review.

Staff initiate internal investigations or management reviews when violations of rule, statute, policy and/or contract requirements are alleged, including those filed under the Whistle-blower's Act.² While internal investigations are administrative in nature, criminal violations are often discovered during the investigative process. When a determination is made that a potential criminal violation has occurred, the investigation is coordinated with the Florida Department of Law Enforcement (FDLE), the applicable State Attorney's Office, or other appropriate law enforcement agency for criminal prosecution.

Investigations

-  **5** cases were opened for investigation
-  **5** investigations were referred to the appropriate law enforcement agency
-  **8** investigations were completed

¹ The total number of reviews also includes complaints or requests for assistance received in previous fiscal years.

² The Whistle-blower's Act, §112.3187-112.31895, F.S., is intended to protect current employees, former employees, or applicants for employment with state agencies or independent contractors from retaliatory action. Whistle-blower designation is determined by the OIG in consultation with the Governor's Chief Inspector General's office. If a complaint meets whistle-blower criteria, the whistle-blower's identity is protected from release and an investigation is conducted pursuant to §112.3189, F.S.

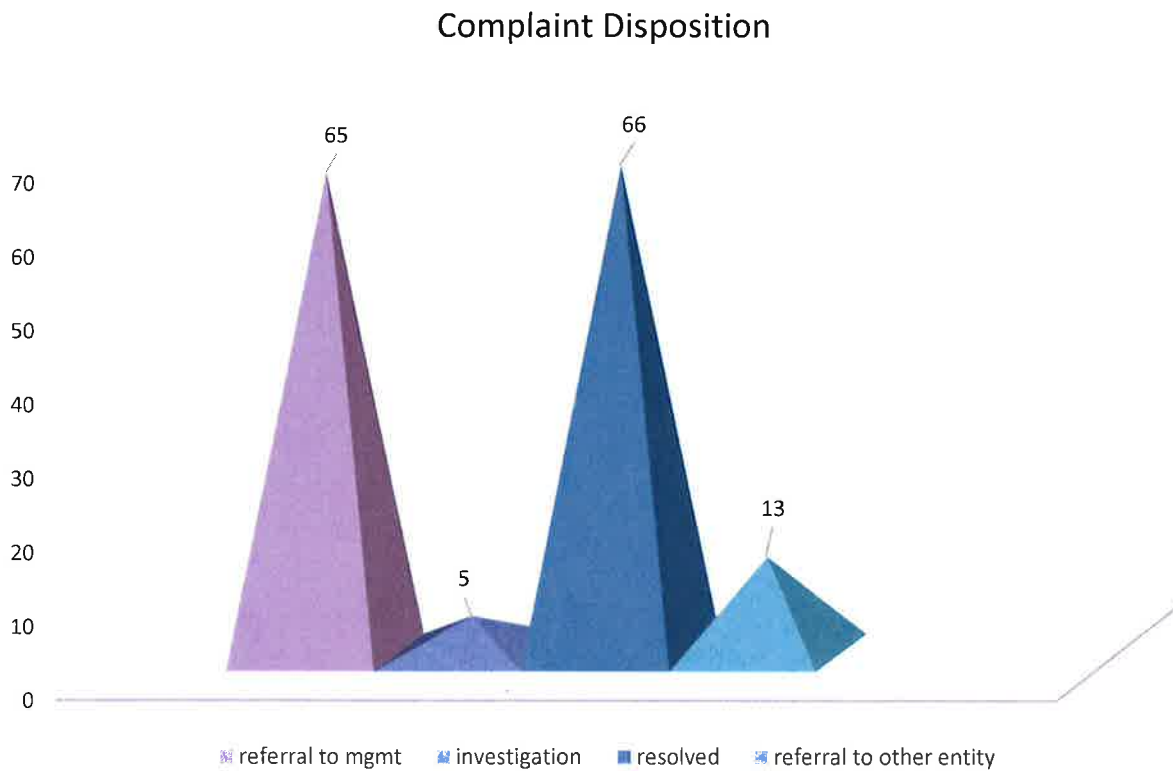
Final Investigative Reports

Final reports are distributed to the Audit Committee, the Executive Director, and others as needed for review, resolution, and any needed actions. Final investigative reports are also distributed to program leadership responsible for the employee or program investigated for appropriate personnel actions or recommended policy changes. Additionally, the final reports are posted on the Florida Housing website. (<http://www.floridahousing.org/AboutUs/OfficeOfInspectorGeneral/>)

Recommended Corrective Actions

Based on the investigative findings, the OIG may make recommendations in the form of a corrective action. The recommendations are for the purpose of process improvement and are made to Florida Housing management or contracted providers. The recommendations are tracked by the OIG.

The following chart provides a comparative analysis of the disposition of complaints handled by the OIG in Fiscal Year 2015.



Summary of Investigations and Corrective Actions Completed During FY 2015

130830-02

Allegation: A Hardest Hit Fund (HHF) recipient provided false information regarding his primary residence on his HHF application.

Finding: Supported

Corrective Action: The investigation was coordinated with the Florida Department of Law Enforcement (FDLE) who declined to pursue criminal charges. FDLE "determined that there was insufficient evidence to establish any criminal intent" by the subject. The OIG recommended that HHF program management require the subject to return the HHF funds totaling \$19,803.65 that he received in assistance. The OIG forwarded the investigative report to the U.S. Treasury in accordance with HHF procedures.

131212-01

Allegation: A Hardest Hit Fund (HHF) applicant provided a false document relating to her HHF application, which would have supported her claim of prior employment.

Finding: Supported

Corrective Action: The investigation was coordinated with the Florida Department of Law Enforcement. Consequently, the OIG was advised by FDLE that on July 9, 2015, the State Attorney's Office had declined to file criminal charges since she did not receive any benefits (HHF funding). On July 22, 2015, FDLE turned the case over to the Miami Dade School Police for administrative actions against the subject. The OIG had no further recommendations. Additionally, the OIG determined that HHF Program Management, the HHF Underwriter (Amerinational), and the Advisor Agency (MAG Defense) took the appropriate actions to prevent funding of the HHF application, since it contained potentially fraudulent or inaccurate information. The OIG forwarded the investigative report to the U.S. Treasury in accordance with HHF procedures.

140103-01

Allegation: A Hardest Hit Funds (HHF) Principal Reduction (PR) applicant committed fraud by providing a fraudulent email to support his eligibility for PR funds.

Finding: Supported

Corrective Action: The investigation was coordinated with the Florida Department of Law Enforcement. FDLE advised that they would not initiate a criminal investigation and stated, "The review of the complaint and consultation with FDLE legal counsel resulted in the decision to not open an investigation...Without forensic evidence or an admission of guilt the allegations probable cause cannot not be established that a crime occurred. The discrepancies between CoreLogic and Bank of America also proved problematic and added to the decision not to further investigate this matter." The OIG had no further recommendations. Additionally, the OIG determined that HHF Program management and the Consolidated Credit Solutions Inc. Advisor Agency took the appropriate actions to prevent funding of the HHF PR application since it contained potentially fraudulent or inaccurate information.

140520-01

Allegation: A Hardest Hit Fund (HHF) applicant provided a false document relating to his HHF application and the residency status of his son.

Finding: Supported

Corrective Action: The investigation was coordinated with the Florida Department of Law Enforcement who presented it to the State Attorney's Office (SAO) in Tampa. The SAO declined to pursue criminal charges, based on insufficient evidence as to who committed the crime, the subject or the adult son. The OIG had no further recommendations. Additionally, the OIG determined that HHF Program management and the City of Tampa Advisor Agency took the appropriate actions to prevent funding of the HHF application since it contained potentially fraudulent or inaccurate information.

140617-01

Allegation 1: A former independent contractor employee alleged that a department manager and three other employees, including himself, falsified records for services not provided in the national foreclosure mitigation counseling program and submitted those records to Florida Housing for payment.

Finding: Supported

Allegation 2: Two former independent contractor employees allegedly could have falsified records for services not provided in the Hardest Hit Fund/counseling program and could have submitted those records to Florida Housing for payment.

Finding: Not Supported

Corrective Action: The investigation was coordinated with the U. S. Department of the Treasury. The U.S. Attorney's Office for the Middle District of Florida issued a letter to the U.S. Department of the Treasury declining the matter for criminal prosecution. The reasons stated for declining prosecution were that "the matter was self-reported, the full amount of funds have since been paid back to Florida Housing, and all individuals involved had their employment terminated." The OIG recommended that the independent contractor implement the controls of Recommendation #3, from the National Foreclosure Mitigation Counseling Program Review investigative report, as soon as possible. Additionally, the OIG recommended that the independent contractor provide Florida Housing with status updates on the progress of the implementation, until completion.

140623-01

Allegation: A Hardest Hit Fund Unemployment Mortgage Assistance Program/Mortgage Loan Reinstatement Program (HHF UMAP/MLRP) applicant committed fraud by providing false information on his HHF UMAP/MLRP application.

Finding: Not Supported

Corrective Action: The OIG recommended closure of this investigation.

140923-01

Allegation: A Hardest Hit Fund Unemployment Mortgage Assistance Program/Mortgage Loan Reinstatement Program (HHF UMAP/MLRP) applicant allegedly committed fraud by providing a false document relating to his HHF UMAP/MLRP application, which would have verified his previous employment.

Finding: Supported

Corrective Action: The investigation was coordinated with the Florida Department of Law Enforcement who declined to pursue criminal charges. FDLE advised that they would not pursue criminal charges and stated, "The review of the complaint and consultation with FDLE legal counsel resulted in the decision to not open an investigation. The suspect in the complaint ... could have only been charged with misdemeanor counts of Making False Statements to Obtain Property or Credit (FSS 817.03) or False Official Statements (FSS 837.06). The fact that the application for assistance from the FHFC was denied played into the decision and the IG should be commended for their attention to detail." The OIG had no further recommendations. Additionally, the OIG determined that HHF Program management and the HHF Underwriter (Amerinational) took the appropriate actions to prevent funding of the HHF UMAP/MLRP application since it contained potentially fraudulent or inaccurate information.

141010-01

Allegation: A Hardest Hit Fund Unemployment Mortgage Assistance Program/Mortgage Loan Reinstatement Program (HHF UMAP/MLRP) applicant allegedly committed fraud by failing to report assets on her HHF UMAP/MLRP application.

Finding: Not Supported

Corrective Action: The OIG recommended closure of this investigation.

Internal Audit Section

The Internal Audit Section's primary responsibility is to assist Florida Housing management in determining whether adequate controls exist and risks are mitigated to ensure the orderly and efficient conduct of business. In addition, Section 20.055(2)(a) and (b), F.S., requires a description of activities related to the development, assessment, and validation of performance measures. These activities are integrated into the audit process.

The Internal Audit Section published one audit report (which included two recommendations for improvement), six management reviews, and one advisory. Follow-up on two external audits and two internal audits was completed. The final internal audit report and advisory are posted on the Florida Housing website. (<http://www.floridahousing.org/AboutUs/OfficeOfInspectorGeneral/>)

As of December 31, 2015, the following corrective actions, for significant recommendations described in previous annual reports, were still outstanding:

- 🔊 **Recommendation 1: Incident Response Plan** - The Corporation should develop a stand-alone incident response policy encompassing key components to ensure that Corporation staff can readily locate the policy. The policy should inform staff of their responsibilities for responding to any computer security incident, not just those related to PII.
- 🔊 **Recommendation 2: Data Classification Policy** - The Corporation should develop and implement a data classification policy to ensure the confidentiality, integrity and availability of the Corporation's data is properly maintained.
- 🔊 **Recommendation 3: Training** - The IT policies should be revised to require training of all new employees on all areas of IT security and training of all current employees on significant policy changes. The policies should include a specified timeframe after hiring and after the policy change for the training to occur.
- 🔊 **Recommendation 4: Identification of Disciplinary Actions for Policy Violations** - The Corporation should include language in the IT policies addressing how those policies will be enforced and how violations will be handled.

Current Status – Florida Housing has begun an enterprise-wide project to review all policies, including the new stand-alone incident response policy and data classification policy, which are currently in draft form. As the review project continues and current IT policies are reviewed and revised, the recommendations regarding training and identification of disciplinary actions for policy violations will be considered.

Assurance Engagements

Assurance engagements are conducted to provide an independent assessment on governance, risk management, and control processes for Florida Housing. The nature and scope of the assurance engagements are determined by the OIG Internal Audit staff and are performed in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* published by the Institute of Internal Auditors (IIA).

The assurance engagements result in a written report of findings and recommendations, including any response by management. The reports are distributed to the Audit Committee, Executive Director, affected program managers, the Executive Office of the Governor's Chief Inspector General and the Office of the Auditor General.

Consulting Engagements

Consulting engagements provide assistance to Florida Housing management or staff with the intention of improving specific program operations and/or processes. Consulting engagements are usually performed at the request of management, in which the OIG Internal Audit staff agree upon the nature and scope and management. The engagements are performed in accordance with the *Standards*. The written reports are issued to the affected program management.

Management Reviews

Management Reviews are reviews of programs or processes that do not require a complete audit. These reviews may include compliance reviews of Florida Housing contractors or entities under Florida Housing's oversight. Management reviews result in a written report or a letter of findings and recommendations, including responses by management. The *Standards* are not cited. These reports are typically distributed to the Audit Committee, Executive Director and affected program management. Additionally, certain reports may be sent to the Executive Office of the Governor's Chief Inspector General and to the Office of the Auditor General.

Summary of Internal Audit Reports Issued During FY 2015

2015-02 – Audit of Ethical Climate

In accordance with the Office of Inspector General's (OIG) Annual Audit Plan for Fiscal Year 2015, an Audit of Ethical Climate was conducted. The *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors, requires the internal audit activity to evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities. In order to best assess the ethical climate of Florida Housing, the Inspector General distributed an Ethics Survey to the Florida Housing staff to determine their understanding and opinions regarding the ethical climate. The areas needing improvement based on the survey responses were developing an ethics policy and providing ethics training and awareness.

- 📌 The OIG recommended that Florida Housing develop an ethics policy using the Governor's January 2011 Code of Ethics as a base standard, to the extent possible. The ethics policy should also include a list of Florida Housing's other ethics-related policies so that management's expectations regarding conduct and ethics will be addressed in one location.
- 📌 The OIG recommended that Florida Housing implement procedures to ensure that: (1) all current staff receive ethics training, (2) ethics training is provided to new hires within 30 days of employment, and (3) ethics training is presented annually to staff. Additionally, the OIG encouraged managers to include applicable ethics-related information in all internal training courses.

Summary of Reviews Completed During FY 2015

2015-01 – Review of 2014 4th Quarter Performance Measures Review

2015-12 – Review of 2015 1st Quarter Performance Measures Review

2015-16 – Review of 2015 2nd Quarter Performance Measures Review

2015-22 – Review of 2015 3rd Quarter Performance Measures Review

Section 20.055, Florida Statutes, requires that the OIG perform a validity and reliability assessment of the agency performance measures and, if needed, make recommendations for improvements. The Florida Housing Performance Measures Reports, prepared pursuant to the Affordable Housing Services Contract with the Department of Economic Opportunity (DEO), are reviewed quarterly and annually. These reports contain data pertaining to the performance measures and targets established by Section 420.511(1)(a) through (e), Florida Statutes. The OIG reviewed the performance measure data to ensure its accuracy prior to submission of the report to the DEO Executive Director. Each of the OIG's reviews determined that the reports were accurate and supported by the appropriate documentation.

2014-18 – Advisory Engagement - Safeguarding Personally Identifiable Information (PII)

The Office of Inspector General (OIG) issues advisory reports on topics of interest that could significantly impact the Florida Housing Finance Corporation's (Florida Housing) programs. Generally, advisory work will consist of research into the authoritative sources (laws, rules and regulations, policies and procedures) and industry accepted best practices or other related information on the subject matter. The OIG provided management with information to make informed decisions on matters of compliance and process improvement related to safeguarding PII in the possession of Florida Housing and its service providers, such as loan servicers, Foreclosure Counseling Program agencies and Hardest-Hit-Fund advisor agencies. It is the opinion of the cyber-security industry that for most companies, the occurrence of a data breach is not a matter of if, but when. The impact of a breach involving PII data is lessened when adequate policies, procedures, and controls have been developed and implemented, and are periodically monitored to ensure they are operating as intended.

2015-10 – Review of RFA Process

The Office of Inspector General (OIG) conducted a management review of the intake/scoring/award phases of Florida Housing's Request for Application (RFA) process. The objectives of this review were to review the phases of the process, evaluate the controls in place to maintain the integrity of the process and, if necessary, make recommendations to strengthen those controls. The areas needing improvement, based on the review, were formalizing the operating procedure; OIG lottery number assignments; verification of the lottery numbers; and adequacy of the random number generator (RNG).

- 📌 The OIG recommended that Multifamily Programs formalize their procedures related to RFA process. The documented procedures should be reviewed and approved by management and made available to all staff to ensure consistent application of the competitive solicitation funding process.
- 📌 The OIG immediately implemented a procedure change in the lottery number assignment process. This change added an additional OIG staff member to the assignment process in order to reduce the likelihood of a mistake or an appearance of impropriety with the Multifamily programs.
- 📌 The OIG recommended that Multifamily Programs adopt a formalized verification process by which the OIG verifies the accuracy of the lottery numbers on the spreadsheets posted on the website and at each final review committee meeting. Additionally, the OIG should verify the accuracy of the lottery numbers on the applications recommended for funding spreadsheet provided to the Board for approval, to ensure the integrity of the process.
- 📌 The OIG should continue to research the various options available to produce the most reliable random numbers for the RFA process. Once the best option is determined, the OIG should implement the RNG selected in a timely manner.

2015-17 – Review of the May 2015 Information Technology Security Incident Response

Executive management requested that the OIG review the Information Technology Services (ITS) Unit's response to an information technology security incident. Our review determined that the ITS Unit's leadership and staff responded to and managed this incident appropriately and in a timely manner. We provided recommendations to strengthen Florida Housing's incident response and mitigation capabilities.

Coordinated External Audit Reports During FY 2015

Ernst & Young's Audit of Florida Housing's 2014 Financial Statements

Ernst & Young's Agreed upon Procedures related to HHF

Follow-up Reviews Completed During FY 2015

Project No. 2014-20 - Follow-up on 2014 U.S. Treasury HHF Compliance Review

Project No. 2014-21 – 2nd Follow-up on Auditor General Report No. 2013-047

Special Projects

Special Projects and Other Projects

Services other than assurance engagements, consulting engagements, and management reviews performed by OIG staff members for Florida Housing management or entities outside of Florida Housing, are considered special projects. Special projects may include things such as participation in intra-agency reviews and/or workgroups; or assisting the Governor's office or the Legislature. Special projects may also include atypical activities that are completed within the OIG such as self-assessments or policy revisions.

Lottery Number Assignments

Lottery Number Assignment for RFA 2015-101

Lottery Number Assignment for RFA 2015-102

Lottery Number Assignment for RFA 2015-103

Lottery Number Assignment for RFA 2015-104

Lottery Number Assignment for RFA 2015-105

Lottery Number Assignment for RFA 2015-106

Lottery Number Assignment for RFA 2015-107

Lottery Number Assignment for RFP 2015-108

Lottery Number Assignment for RFP 2015-109

Lottery Number Assignment for RFA 2015-110

Lottery Number Assignment for RFA 2015-111

Lottery Number Assignment for RFA 2015-112

Lottery Number Assignment for RFA 2015-113

(Lottery Number Assignment for RFA 2015-114 was performed in 2016)

Lottery Number Assignment for RFA 2015-115

The instructions for various Florida Housing competitive funding programs provide that each request for funding will receive a random lottery number at or prior to the issuance of final scores or ranking. Florida Housing's, Office of Inspector General, has a process to assign lottery numbers using a random number generator program. To remove any bias, we ask that the Chairman of the Board of Directors select a set of 10 seed numbers during a scheduled Board meeting. Either the Chairman will make the selections himself or he will designate the responsibility to the Audit Committee Chair.

The Chair received the booklet containing 1500 line numbers in 14 columns. This booklet was produced in 1949 by tabulating 75,000 machine cards that recorded the waybills received during three months by the Interstate Commerce Commission, Bureau of Transport Economics and Statistics. Persons who generated lists of random numbers have continued to use this set of numbers as seed numbers for much more modern random numbers generation software. The Chairman selects 10 sets of column and row numbers. The five digit numbers selected in this matter are the seed numbers used to generate the lottery numbers used for the competitive funding programs.

Enterprise Risk Assessment and Mitigation

Background

Florida Housing's Strategic Plan includes the following goal: "Establish an environment in which risk assessment and mitigation is integrated into all business practices and decisions." Currently, Florida Housing does not have a defined, documented process for assessing, identifying, and mitigating risk. While the management and assessment of risk is the primary responsibility of each business unit, the project team is tasked with creating a policy and the related process that will help integrate enterprise risk management into business processes, ultimately creating the "environment" (i.e. corporate culture) sought in the Strategic Plan.

Goals

The project team will develop a policy to enhance and document a process of systematic risk management in terms of:

- 🔍 evaluating a chosen objective/action as it relates to a business unit's mission and risk tolerance;
- 🔍 identifying potential risks (internal, external, direct, indirect) as an impediment to or result of achieving stated objectives/actions;
- 🔍 assessing the level of impact of identified risks;
- 🔍 mitigating identified risk(s) to an acceptable tolerance level; and
- 🔍 documenting the process for future use.

Scope

The project deliverable will be a policy outlining steps to be taken by business units to help identify and manage risk for existing, modified, or new business processes. The policy will not prescribe specific procedures for the risk management of each business unit but will be a broadly defined structure, which will provide guidance that can be applied to any Florida Housing business unit.

Risk Assessment and Development of Annual Audit Plan

In accordance with Section 20.055, F.S., the OIG performed a risk assessment of Florida Housing's programs and activities to assist in the development of the Annual Audit Plan. The risk assessment process included identifying programs and activities performed by Florida Housing; interviewing managers to gather their perspectives on Florida Housing's current risks and exposures; addressing concerns of the Audit Committee members; identifying applicable risk factors (such as compliance risk, financial risk, reputational risk, etc.); and determining the risk ranking for selected programs and activities. The risk ranking of each program and activity was reviewed and evaluated by the Office of Inspector General and used to develop the Annual Audit Plan.

The 2015 Annual Audit Plan identified the programs and activities to be audited or reviewed. The plan established the priorities of the Internal Audit staff while optimizing the use of internal audit resources and allowing the OIG to add value to Florida Housing. The plan also included audit issues that may be addressed in FY 2016 and FY 2017. The Audit Committee and the Executive Director approved the audit plan.

Office of Inspector General FY 2015 Internal Audit Projects

Project Number	Project Type	Project Name	Final Report Issued
2014-18	Advisory	Safeguarding Personally Identifiable Information	Report Issued 3/18/2015
2014-20	Mgmt. Review	Follow-Up on 2014 U.S. Treasury Hardest Hit Fund Review	Memo Issued 5/15/2015
2014-21	Mgmt. Review	2 nd Follow-Up on Auditor General Report No. 2013-047	Memo Issued 9/4/2015
2014-23	Special Project	Risk Assessment & 2015 Audit Plan	Plan Issued 1/30/2015
2014-24	Mgmt. Review	Follow-Up on OIG Audit of Information Technology Policies, Report No. 2014-07	Memo Issued 3/11/2015
2015-01	Mgmt. Review	Review of 2014 4 th Quarter Performance Measures Report	Memo Issued 1/28/2015
2015-02	Audit	Audit of Ethical Climate	Report Issued 7/13/15
2015-03	Special Project	Assistance/Advice to Information Technology Services (Asset Inventory; Data Classification; Policies; etc.)	Closed 12/29/2015
2015-04	Consulting Engagement	Review of Compliance and Internal Controls for Foreclosure Counseling Program	In Progress
2015-05	Special Project	Tracking and Analyzing 2015 Legislation Impacting Florida Housing	Closed 12/29/2015
2015-06	Special Project	Hardest Hit Fund Related Activities	Closed 12/29/2015
2015-07	Special Project	OIG Administration (staff meetings, review OIG Policies and Procedures, annual report, etc.)	Closed 12/29/2015
2015-08	Special Project	Assistance to Chief Inspector General's Office	Closed 12/29/2015
2015-09	Special Project	Random Number Generation	Closed 12/29/2015
2015-10	Mgmt. Review	Review of Request for Application Award Process	Report Issued 9/2/2015
2015-11	Mgmt. Review	Follow-up on OIG Report No. 2014-14 Southside Affordable Housing and Investment Showcase, Inc. Compliance with Personally Identifiable Information Requirements	Report Issued 6/10/2015
2015-12	Mgmt. Review	Review of 2015 1st Quarter Performance Measures Report	Memo Issued 4/28/2015
2015-13	Special Project	OIG Outreach	In Progress
2015-14	Special Project	Monitor Development and Implementation of Enterprise Risk Assessment Framework	In Progress
2015-15	Mgmt. Review	Follow-up on OIG Contract Management Review, Report No. 2014-13	In Progress
2015-16	Mgmt. Review	Review of 2015 2 nd Quarter Performance Measures Report	Memo Issued 7/30/2015
2015-17	Mgmt. Review	Review of the May 2015 Information Technology Security Incident Response	Report Issued 8/4/2015
2015-18A	Mgmt. Review	Hardest Hit Fund-Review Process for Periodic Follow-up on Advisor Agencies' Eligibility Determinations	Project Terminated 8/5/2015
2015-18B	Special Project	Coordinating 2016 U.S. Treasury Hardest Hit Fund Review	Closed 8/4/2015
2015-19	Special Project	Assist with Development of Florida Housing Policy Update Plan	In Progress
2015-20	Special Project	Investigative Assistance	Closed 12/29/2015
2015-21	Mgmt. Review	Review of Process for Responding to Public Records Requests	In Progress
2015-22	Mgmt. Review	Review of 2015 3 rd Quarter Performance Measures Report	Memo Issued 10/28/2015
2015-23	Special Project	2015 Risk Assessment & Development of 2016 Audit Plan	In Progress
2015-24	Special Project	Tracking and Analyzing 2016 Legislation Impacting Florida Housing	In Progress
2015-25	Special Project	Coordinating 2016 Auditor General Operational Audit [420.511(5), F.S.]	In Progress

OIG Initiatives

Since the start of the 2015 fiscal year, the OIG has begun several projects to improve the efficiency and effectiveness of the office. The OIG is working diligently to meet its statutory mandates and fulfill its mission of “Enhancing Public Trust in Florida’s Affordable Housing.” These projects include:

- 🏠 The OIG, in collaboration with the Office of General Counsel, conducted several training sessions on Fraud and Ethics for all Florida Housing staff members.
- 🏠 The OIG is creating an Outreach presentation that will explain the “ins and outs” and statutory requirements of the office. All Florida Housing staff members will be invited to this training.
- 🏠 The OIG will continue to act as the liaison for the Auditor General’s 2016 Operational Audit of Florida Housing.
- 🏠 The OIG will work with the Governance Committee to monitor the implementation and effectiveness of the Enterprise Risk Management process.
- 🏠 The OIG will strive to attain accreditation from the Commission for Law Enforcement Accreditation.

This report was prepared by the Office of Inspector General at the Florida Housing Finance Corporation, in compliance with Section 20.055(7)(b), Florida Statutes, which states: *The inspector general of the Florida Housing Finance Corporation shall, not later than 90 days after the end of each fiscal year, prepare an annual report summarizing the activities of the office of inspector general during the immediately preceding fiscal year.*



Florida Housing
Finance Corporation

we make housing affordable