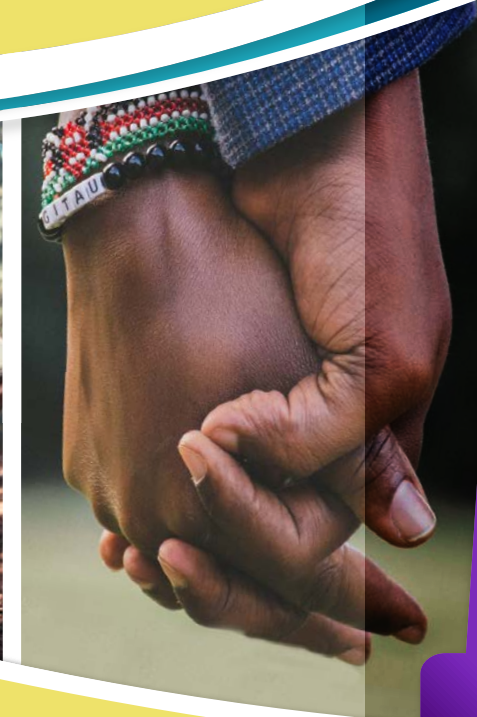


FLORIDA HOUSING FINANCE CORPORATION  
OFFICE OF THE INSPECTOR GENERAL



**ANNUAL REPORT**  
**FISCAL YEAR 2020**



# TABLE OF CONTENTS

<b>Introduction</b> .....	<b>4</b>
<b>Background</b> .....	<b>4</b>
<b>Florida Housing’s Programs</b> .....	<b>5</b>
<b>Office of Inspector General</b> .....	<b>10</b>
<b>Statutory Regulations</b> .....	<b>11</b>
<b>Professional Standards</b> .....	<b>12</b>
<b>Professional Certifications</b> .....	<b>12</b>
<b>Professional Organizations</b> .....	<b>13</b>
<b>Organizational Chart</b> .....	<b>14</b>
<b>Investigations</b> .....	<b>16</b>
Investigative Section.....	16
Investigations.....	19
Final Investigative Reports.....	20
Recommended Corrective Actions.....	20
Summary of Management Reviews and Investigative Reviews Completed During FY 2020.....	21
Summary of Investigations and Corrective Actions Completed During FY 2020.....	24
<b>Internal Audit</b> .....	<b>26</b>
Internal Audit Section.....	26
Assurance Engagements.....	27
Consulting Engagements.....	27
Management Reviews.....	27
Summary of Internal Audit Reports Completed During FY 2020.....	28
Summary of Reviews Completed During FY 2020.....	30
Coordinated External Audit Reports During FY 2020.....	32
Follow-up Reviews Completed During FY 2020.....	33
<b>Special Projects</b> .....	<b>34</b>
Special Projects and Other Projects.....	34
Legislative Tracking.....	34
Lottery Number Assignments.....	34
Enterprise Risk Assessment and Mitigation.....	35
Risk Assessment and Development of Annual Audit Plan.....	36
Office of Inspector General FY 2020 Internal Audit Projects.....	37
<b>OIG Initiatives</b> .....	<b>38</b>

# INTRODUCTION

Section 20.055, Florida Statutes, requires each Inspector General to submit an annual report summarizing its activities during the preceding fiscal year (FY). 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 2020 (January 1 – December 31).

Florida Housing's OIG is continuing to meet the new challenges posed by the coronavirus pandemic. The OIG recognizes that we are facing unprecedented times and reinforces our commitment to combat fraud, waste, and abuse. Throughout the course of the pandemic, the OIG has and will continue to adapt to events, anticipate their results and take action to support the OIG and Florida Housing. Providing continuity of service was a priority when the OIG transitioned employees from working in the office to working remote. The Information Technology staff quickly deployed new software and training to allow all employees the ability to work remotely to ensure their safety. The OIG is utilizing virtual meeting technology to ensure that Florida Housing continues its work while helping our stakeholders in the time of uncertainty.

## BACKGROUND

Florida Housing Finance Corporation (Florida Housing) was created by the state Legislature over 40 years ago to assist in providing a range of affordable housing opportunities for residents that help make Florida communities great places in which to live, work, and do business. Florida Housing is a public corporation of the State of Florida and is considered a financial institution. Additionally, Florida Housing is not a department of the executive branch of state government but is an instrumentality of the State.

Florida Housing's vision is to be recognized as an outstanding provider of innovative, measurable, data-driven and fiscally sustainable solutions that respond to the affordable housing challenges of the state.

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. Florida Housing knows that they cannot accomplish the mission alone. 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.

# FLORIDA HOUSING'S PROGRAMS

## **MULTIFAMILY DEVELOPMENT**

Multifamily development programs (or rental housing program) include State Apartment Incentive Loan (SAIL), Multifamily Mortgage Revenue Bonds (MMRB), HOME Investment Partnerships, Elderly Housing Community Loan (EHCL), Low Income Housing Tax Credit (LIHTC) program, Grants to Serve Persons with Developmental Disabilities and National Housing Trust Fund.

### **State Apartment Incentive Loan (SAIL)**

Provides developers with the gap financing needed to obtain full financing of affordable rental housing.

### **Elderly Housing Community Loan (EHCL)**

Offers up to \$750,000 in loans to make substantial improvements to existing affordable rental housing for the elderly.

### **HOME Investment Partnerships**

Makes low or no interest, non-amortizing loans to developers who acquire, rehabilitate or construct housing for low-income families.

### **Low Income Housing Tax Credits ("Housing Credits")**

Provides nonprofit and for-profit developers with a dollar-for-dollar reduction in federal tax liability in exchange for the development of affordable rental housing.

### **Multifamily Mortgage Revenue Bonds (MMRB)**

Uses both taxable and tax-exempt bonds to provide below market rate construction loans to nonprofit and for-profit developers of affordable housing.

### **Predevelopment Loan Program**

Assists affordable housing developers with up to \$750,000 in financing for predevelopment activities associated with the construction of affordable housing, such as rezoning, title searches, impact fees and other requirements.

### **Grants for Housing to Serve Persons with Developmental Disabilities**

Grants are available to private nonprofit organizations with a primary mission includes serving persons with developmental disabilities. Developments eligible for these grants include community residential homes (CRHs) as defined in Section 419.001, Florida Statutes, and licensed by the Florida Agency for Persons with Disabilities; individual supported living units; and apartment properties that provide permanent supportive housing units. Funds may be used to renovate existing CRHs or build new properties.

Florida Housing's evaluation process for competitive development applications includes the extent of funds from local and other sources used to leverage these grant funds; employment opportunities and supports that will be available to residents of the housing; a plan for residents to effectively access community-based services, resources, and amenities; and partnerships with other supportive services agencies.

# FLORIDA HOUSING'S PROGRAMS

Developments receiving these grant funds must commit to serve persons with developmental disabilities with incomes at or below 60% of the median income in the area where the property is to be built.

## **National Housing Trust Fund (NHTF)**

A federal program that provides funding for affordable housing for Extremely Low Income (ELI) households with incomes at or below 30% of Area Median Income. Each state must develop an allocation plan to guide how the funds will be used and update the plan each year. This plan is part of the Annual Action Plan associated with the State of Florida's adopted 5-year Consolidated Plan.

The Plan is part of the 5-year State of Florida Consolidated Plan and affiliated Annual Action Plan that describes the priorities, uses and distribution of four other programs administered at the state level: the Community Development Block Grant program, administered by the Florida Department of Economic Opportunity; the Emergency Solutions Grant, administered by the Florida Department of Children and Families; the Housing Opportunities for Persons with AIDS program, administered by the Florida Department of Health; and the HOME program, also administered by Florida Housing.

## **HOMEBUYERS**

Florida Housing offers homeownership programs through our Homebuyer Programs and our Mortgage Credit Certificate (MCC) Program.

### **Homebuyer Programs**

Offers 30-year fixed rate first mortgage loans to first time homebuyers through participating lenders and lending institutions throughout the State of Florida. Eligible borrowers may also participate in one of Florida Housing's second mortgage programs to assist borrowers with down payment assistance and closing costs.

### **Mortgage Credit Certificate Program (MCC)**

Offers eligible first-time homebuyers a nonrefundable Federal income tax credit, which can be utilized with a lenders first mortgage. The MCC reduces an eligible borrower's Federal income taxes and, in effect, creating additional income for the borrower to use in making mortgage payments or other household expenses. Florida Housing's Program offers a tax credit amount of up to 50%, based on loan amount.

### **Down payment Assistance Program**

Offers down payment and closing cost assistance in the form of a second mortgage loan to assist eligible homebuyers with their down payment and closing costs. Down payment assistance is only available when used in conjunction with Florida Housing's first mortgage loan. Down payment assistance is NOT available as "stand alone" down payment assistance.

### **Homeownership Pool (HOP) Program**

Designed to be a noncompetitive and on-going program, where Developers, by way of an online system have the ability to reserve funds for eligible homebuyers to provide purchase assistance on a first-come, first-served basis.

### **Salute Our Soldiers Military Loan Program**

Offers military service personnel and veterans 30-year, fixed rate first mortgage loans at a lower rate and with several down payment assistance options. This program is available to borrowers, who are purchasing a primary residence, meet income and purchase price limits, can qualify for a first mortgage loan, and successfully complete a homebuyer education course.

# FLORIDA HOUSING'S PROGRAMS

## **HOMEOWNERS**

Florida Housing also offers assistance to homeowners such as: Florida Hardest-Hit Fund, Foreclosure Counseling Program and SHIP Disaster Relief Programs.

Florida Hardest-Hit Fund (HHF) Program details are listed below:

- **Hardest-Hit Fund Down Payment Assistance (HHF-DPA) - Program Closed**

Provides qualified first-time homebuyers with up to \$15,000 in down payment and closing costs assistance in specified counties.

- **Elderly Mortgage Assistance (ELMORE) - Program Closed**

The Florida HHF Elderly Mortgage Assistance Program (ELMORE) is designed to assist seniors who are in arrears on their reverse mortgage (also known as a HECM—home equity conversion mortgage) by providing up to \$50,000 to pay past due and future property charges, so that they may avoid foreclosure and can stay in their homes.

- **Unemployment Mortgage Assistance (UMAP) - Program Closed**

Provided up to 12 months of payments (with a cap of \$24,000, whichever comes first) paid directly to the mortgage lender to assist unemployed or underemployed borrowers with their first mortgage. In addition, up to \$18,000 could be paid to help satisfy all or some of any past due amounts owed to the mortgage lender; this assistance would have been paid prior to the UMAP payments beginning and cannot exceed \$18,000 total. Total assistance available was up to \$42,000.

- **Mortgage Loan Reinstatement Payment (MLRP) - Program Closed**

Used as a one-time payment to the mortgage lender to help satisfy all or some of any past due amounts owed on the first mortgage, only. This assistance could not exceed \$25,000 total, and any past due amounts over and above the \$25,000 could not be paid by the MLRP program and were the responsibility of the homeowner.

- **Principal Reduction (PR) - Program Closed**

Was designed to assist eligible homeowners by providing up to \$50,000 to reduce the principal balance of the first mortgage, only, thereby reducing the loan-to-value (LTV) of their outstanding principal loan balance to no less than 100 percent.

## **Foreclosure Counseling Program (FCP) – Program Closed**

Helps prevent homeowners from going into foreclosure; and Provides at-risk homeowners with good financial management education to help them better manage their money and assist them with credit problems to become financially stable. Florida Housing delivers these services through HUD approved housing counseling agencies (HCAs) that will carry out foreclosure counseling services and more extensive financial management education.

## **RENTERS**

### **Find an Affordable Apartment**

Floridahousingsearch.org is a free, online affordable housing locator service that makes it easier to find affordable rental housing around the State. This locator is part of Florida Housing's ongoing effort to respond to housing needs in general and specifically during natural disasters. Floridahousingsearch.org provides real time information on property vacancies, features and amenities, rents and deposits and detailed information on the number of bedrooms and bathrooms. The locator also allows users to map the location of the property.

# FLORIDA HOUSING'S PROGRAMS

## **PRESERVATION INITIATIVES**

### **Florida Preservation Fund**

In 2008 Florida Housing, with direction from the Florida State Legislature, established a pilot demonstration program to help preserve affordable rental housing in Orange, Palm Beach, and Pasco counties. The Florida Community Loan Fund (FCLF) was competitively selected as administrator of the pilot. FCLF is a nonprofit, statewide Community Development Financial Institution established in 1994. FCLF's "Florida Preservation Fund" uses private and public funding sources to:

- Preserve affordable multifamily rental housing in Florida;
- Provide loans to developers for acquisition and/or rehabilitation of affordable multifamily rental properties; and
- Help ensure the availability of homes for families receiving project-based rental assistance.

## **SPECIAL PROGRAMS**

### **State Housing Initiatives Partnership (SHIP)**

Florida Housing administers the State Housing Initiatives Partnership program (SHIP), which provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate-income families.

### **Catalyst Program**

The Catalyst Program provides community-based organizations and state and local governments with technical assistance to meet affordable housing needs.

### **Predevelopment Loan Program**

The Predevelopment Loan Program (PLP) helps nonprofit and community-based organizations, local governments, and public housing authorities plan, finance, and develop affordable housing.

### **Preservation Rehabilitation Pilot Program**

From the funds in Specific Appropriation 1616, \$10,000,000 in non-recurring funds in the State Housing Trust Fund is provided for a preservation rehabilitation pilot program in Pasco, Palm Beach and Orange counties targeting rental housing that receives or has received funding from any federal or state housing funding program.

### **Go Green**

Florida Housing Finance Corporation is committed to "living green" by requiring the inclusion of green building features that promote energy and water efficiency and healthy living practices in affordable homeowner and rental homes financed by our programs. In addition to financial benefits of lower operating costs, green building practices provide environmental and social benefits as well. Many great building construction requirements promote healthier living environments by eliminating the use of hazardous materials, creating designs that include more natural light and the use of more durable materials for long term sustainability and preservation.

### **SHIP Disaster Relief Resources and Information**

Works with state and federal officials to provide information on disaster relief resources and information and provides available resources to assist individuals with recovery efforts.



# FLORIDA HOUSING'S PROGRAMS

## **Coronavirus Relief Funds (CRF)**

In late June 2020, Governor DeSantis announced an award of \$250 million to Florida Housing from the State of Florida's Coronavirus Aid, Relief and Economic Security Act (CARES Act), Coronavirus Relief Fund (CRF) allocation to provide COVID-19 assistance to impacted households and affordable rental housing providers through three housing assistance strategies. CRF funds were to be expended by December 30, 2020; however, Congress extended this deadline.

The three strategies were:

**Strategy 1** - Up to \$120 million in rental assistance for impacted households residing in Florida Housing financed rental housing. Eligible rental properties participated by submitting a response to an invitation to participate and executing an agreement with Florida Housing. The assistance was available to help pay an eligible household's rent and accrued rent arrearages for April through December 2020. The payment of rental assistance for an eligible tenant household is made to the participating property owner.

**Strategy 2** - Up to \$120 million in housing assistance for impacted homeowner and renter households with incomes up to 120 percent of the area median income. The primary use of the funding was for rental and mortgage assistance, but other allowable household expenses included emergency repairs, utility assistance payments and costs related to rehousing persons that became homeless during the pandemic. The assistance was administered by local government jurisdictions that also administer the State Housing Initiatives Partnership (SHIP) Program in their communities. Participating local governments had the flexibility within the parameters set by the U.S. Treasury, the Executive Office of the Governor and Florida Housing to use and prioritize the allocated funds to meet the needs of impacted households in their jurisdiction.

The amount of funds set-aside for each of the local governments was determined by county reemployment data starting March 1 and county population. The population of eligible municipalities were factored in applicable counties. The allocation amount was disbursed to the local government upon execution of the subrecipient agreement with Florida Housing.

Florida Housing contracted with Florida Housing Coalition to provide Strategy 2 administration training and technical assistance. The Florida Housing Coalition is Florida Housing's Catalyst Program vendor that provides housing training and technical assistance to local governments and SHIP Programs on a regular basis.

**Strategy 3** - Up to \$2 million in CRF grants to assist permanent supportive housing (PSH) developments with operations and management expenses incurred that help keep their residents with special needs safe and healthy during the pandemic. The funding was available to PSH developments that are financed by Florida Housing and were in full operations before March 1, 2020. Participating developments received reimbursements for expenses related to additional staffing, cleaning supplies and services, security and IT upgrades to facilitate and promote resident and on-site staff safety.

# OFFICE OF INSPECTOR GENERAL

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 OIG within Florida Housing.

The OIG 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 ensure efficiency and 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.

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 OIG within Florida Housing.

The OIG 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 ensure efficiency and 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 Florida Housing] 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 OIG 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*.

Since receiving accreditation, the OIG is also following the Commission for Florida Law Enforcement Accreditation's, *The Florida Inspectors General Standards Manual* for the investigative section.

## PROFESSIONAL CERTIFICATIONS

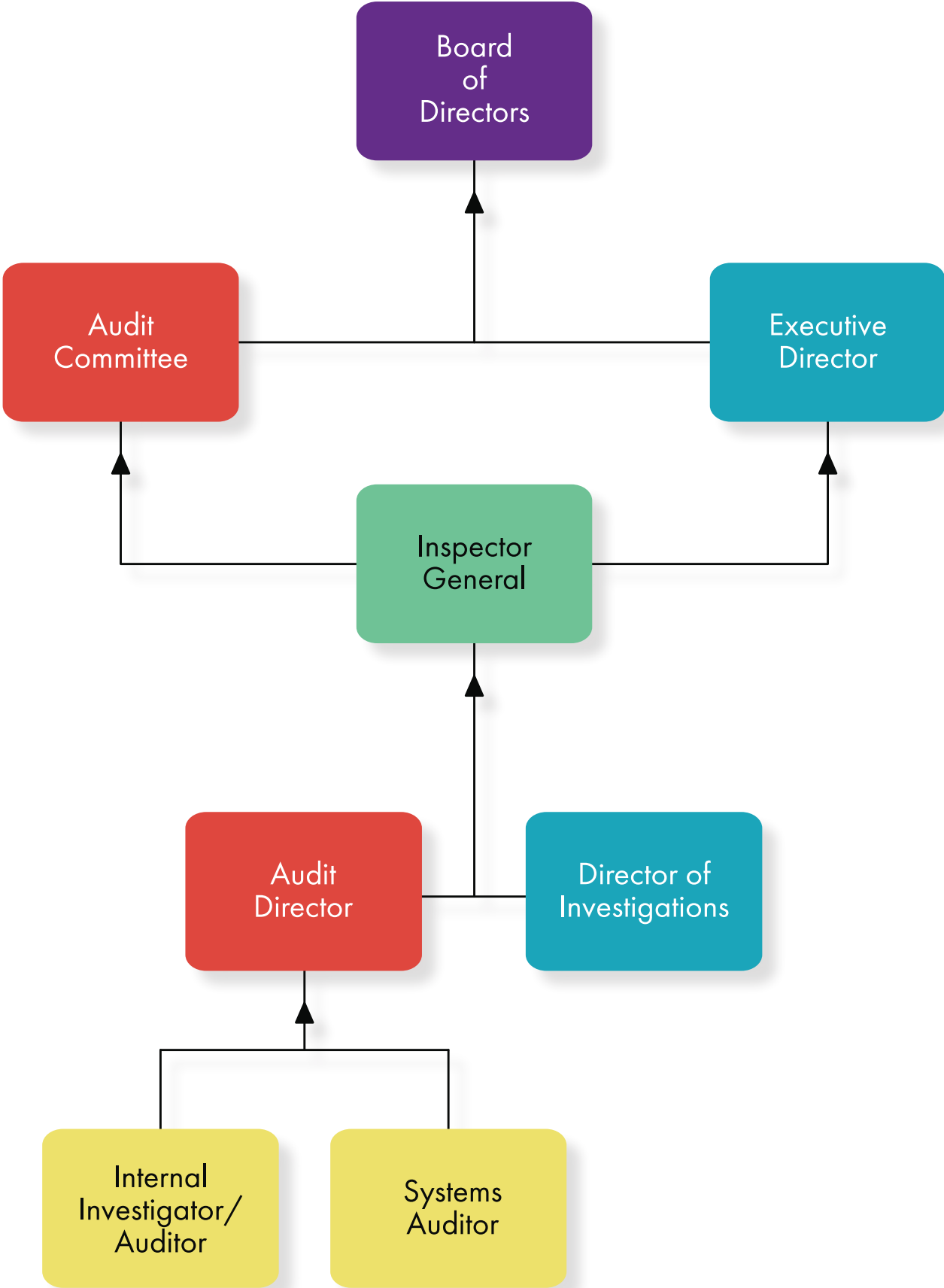
Current staff members hold the following certifications:

- Certified Authorization Professional (1)
- Certified Fraud Examiner (3)
- Certified Government Audit Professional (1)
- Certified Information Systems Auditor (1)
- Certified Information Systems Security Professional - Information Systems Security Management Professional (1)
- Certified Inspector General (1)
- Certified Inspector General Auditor (4)
- Certified Inspector General Investigator (4)
- Certified Internal Auditor (2)
- Certified Public Manager (2)
- Notary Public (3)

# PROFESSIONAL ORGANIZATIONS



# ORGANIZATIONAL CHART





# INVESTIGATIONS SECTION

## **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.

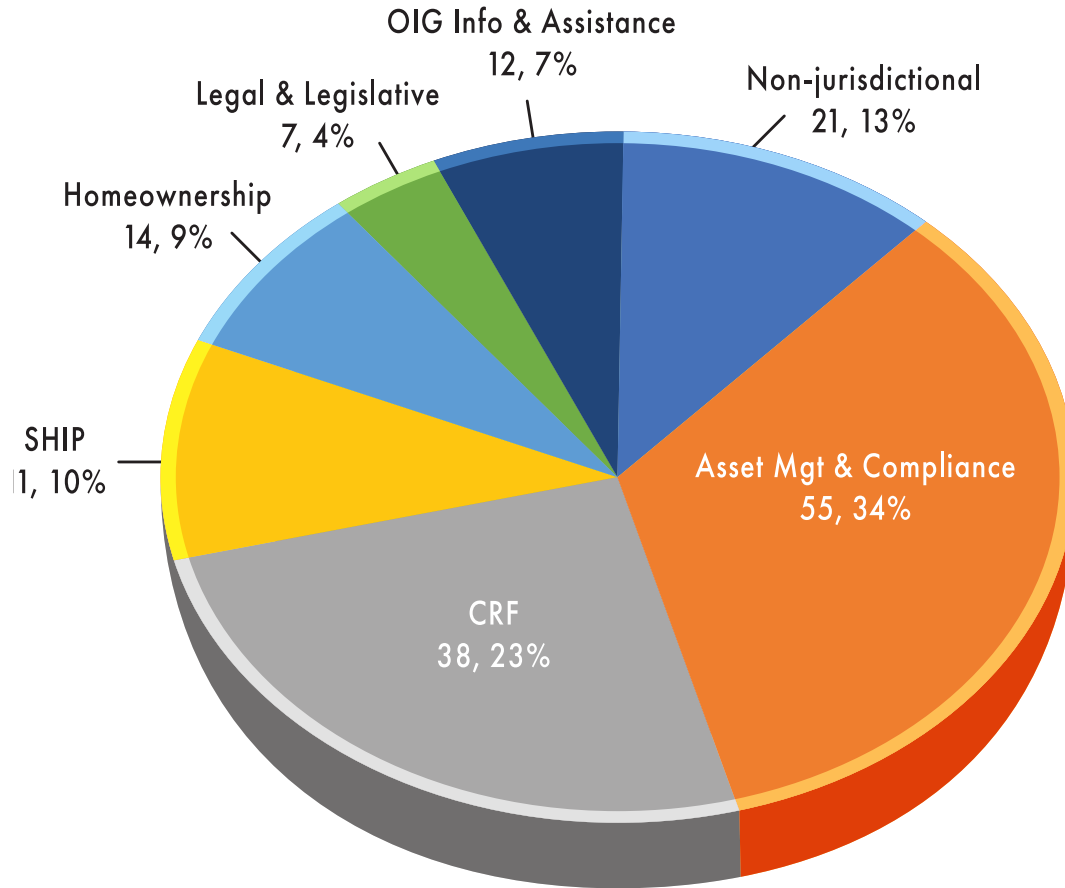
The OIG typically receives complaints or requests for assistance from the Office of the Chief Inspector General, Florida Housing or Contracted Agency employees, and the general public via website complaint form submission, telephone, letter, fax, or email. The OIG received a total of 164 requests for assistance and 17 complaints during 2020. Complaints received by the OIG are reviewed and either resolved, referred, or investigated as detailed below:

<b>Total Requests for Assistance and Complaints Received in 2020</b>	
<b>Of the 164 requests for assistance received in 2020:</b>	
21	requests were non-jurisdictional and were referred to the appropriate outside entity; requests were non-jurisdictional and were referred to the appropriate outside entity;
55	requests involved coordination and review by the Asset Management and Compliance Monitoring Staff;
38	requests involved Florida Housing’s Coronavirus Relief Fund (CRF) Program;
17	requests involved coordination and review by the State Housing Initiatives and Partnership (SHIP) Program;
14	requests involved coordination and review by the Homeownership Program;
7	requests involved coordination and review by the General Counsel and External Affairs staff; and
12	requests involved OIG staff being provided information or being asked for assistance.
<b>164</b>	<b>Total requests for assistance</b>



# INVESTIGATIONS SECTION

## Summary of 2020 Requests for Assistance

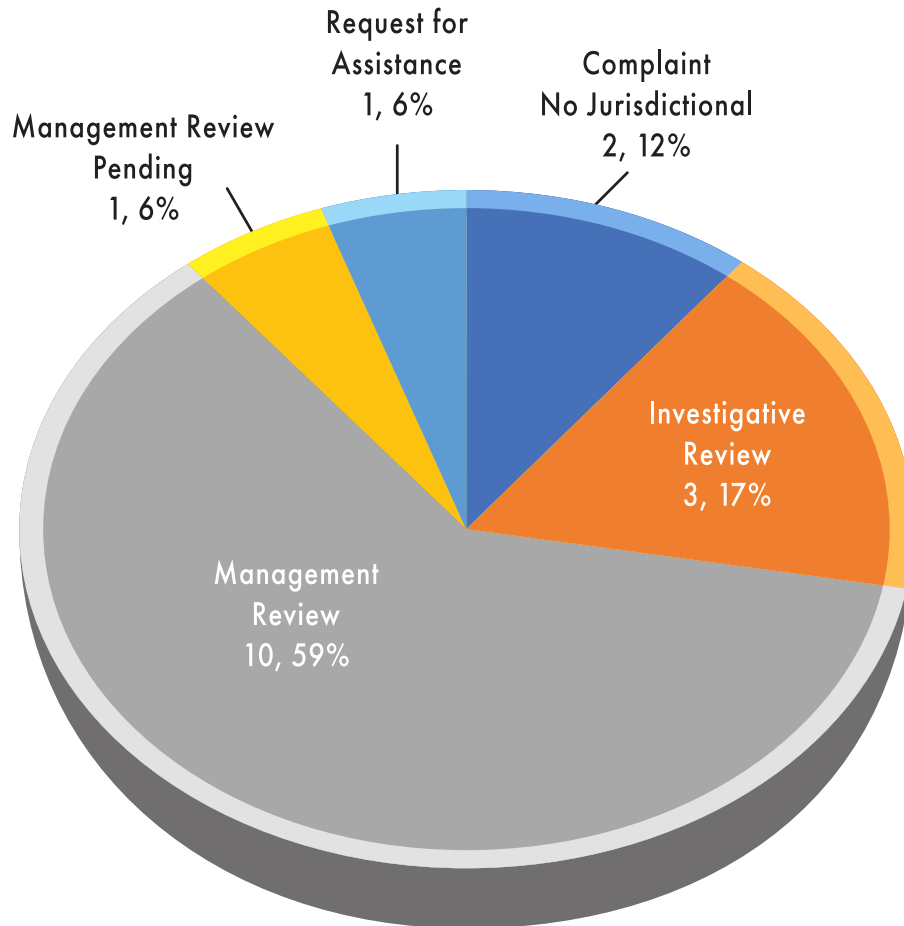


### Of the 17 complaints received in 2020:

2	complaints were non-jurisdictional and were referred to the appropriate outside entity;
10	complaints were referred to Florida Housing Program Management and Management Reviews were completed;
3	complaints resulted in Investigative Reviews completed by OIG staff;
1	complaint was referred to Compliance Monitoring staff; however, the Management Review has been delayed due to COVID restrictions for on-site visits; and
1	complaint was a request for assistance from SHIP Compliance Monitoring staff for assistance to verify parties involved and criminal charges filed on the Holmes County Comptroller.
<b>17</b>	<b>Total complaints</b>

# INVESTIGATIONS SECTION

## Summary of 2020 Complaints - Investigative Activity



OIG staff initiate management reviews, investigative reviews and investigations when violations of rule, statute, policy and/or contract requirements are alleged, including those filed under the Whistle-blower's Act.<sup>1</sup> While investigations are administrative in nature, criminal violations are sometimes 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 agencies for criminal prosecution.

<sup>1</sup> 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.

# INVESTIGATIONS SECTION

## **INVESTIGATIONS**

The table below provides a summary of the management reviews, investigative reviews, or investigations opened or closed in 2020:

<b>2020 Investigative Activity from Complaints Received</b>		
<b>Activity</b>	<b>Opened in 2016</b>	<b>Closed in 2020</b>
Number of investigations previously referred to law enforcement agencies pending results of their investigation:	1	1
<b>Activity</b>	<b>Opened in 2019</b>	<b>Closed in 2020</b>
Number of investigations previously referred to law enforcement agencies pending results of their investigation:	3	5
<b>Activity</b>	<b>Opened in 2020</b>	<b>Closed in 2020</b>
Number of complaints resulting in either investigation, management or investigative review:	14	13
<b>Activity</b>	<b>Opened in 2020</b>	<b>Closed in 2020</b>
Number of complaints with no jurisdiction, but referred to the appropriate entities:	2	13
<b>Activity</b>	<b>Opened in 2020</b>	<b>Closed in 2020</b>
Number of complaints – requests for assistance from Florida Housing Program areas:	1	13

During the timeframe of 2016-2019, OIG staff conducted 14 investigations, with 13 of those cases involving complaints about the activities of HHF applicants/recipients:

- These cases were referred to the Florida Department of Law Enforcement (FDLE) and the Office of the Special Inspector General for Troubled Asset Relief Program (SIGTARP) for possible violations of federal and/or state laws in accordance with §20.055(7)(c), F.S.
- Based on information provided by FDLE Executive Investigations, Florida Housing OIG tied with another office for ranking of 3rd out of 18 agencies, with the most referrals of possible criminal cases to their office.

# INVESTIGATIONS SECTION

## **FINAL INVESTIGATIVE REPORTS**

Final investigative reports are distributed to the Audit Committee, the Executive Director, and others as needed for review, resolution, and/or 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 investigative reports are posted on the Florida Housing website: <http://www.floridahousing.org/contact-us/inspector-general/investigations>.

## **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.



# INVESTIGATIONS SECTION

## **SUMMARY OF MANAGEMENT REVIEWS (MR) AND INVESTIGATIVE REVIEWS (IR) COMPLETED DURING FY 2020**

### **160920-01 IR**

On February 10, 2015, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) staff received a newspaper article from a City of Jacksonville (COJ) OIG Investigator. The article titled, "Audit finds 'significant' conflicts in city housing program," highlighted issues involving a nonprofit group contracted by the COJ to oversee the administration of the Florida Hardest Hit Fund (HHF), Foreclosure Prevention (FCP), and State Housing Initiatives Partnership (SHIP) Programs. From February 2015 – November 2018, Florida Housing OIG staff worked with Florida Housing Program staff, who conducted Quality Assurance and other reviews associated with the files and funding provided to the non-profit. On September 20, 2016, HHF Program Management provided a list of what they determined to be "all ineligible files for 2015", which consisted of Wealth Watchers billing for 796 individuals for "ineligible agency fees" totaling \$56,820. Due to the funding sources of the programs involved, Florida Housing OIG and Program staff met with and referred this matter to the HUD OIG and the Office of the Special Inspector General for Troubled Asset Relief Program (SIGTARP) in accordance with §20.055(7)(c), F.S., for their review of possible violations of federal and/or state laws. The HUD OIG Special Agent (SA) declined to initiate an investigation; and SIGTARP SAs conducted an investigation, but notified OIG staff that they closed their case due to "Lack of prosecutorial merit" on February 10, 2020. Based on this information, OIG staff closed this matter.

### **190809-01 IR**

On August 8, 2019, Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) staff received an email from a Florida Housing Assistant General Counsel regarding a HOME Investment Partnership Program (HOME Program) recipient. The Assistant General Counsel explained (paraphrased), Florida Housing was recently served with a complaint filed by the purchaser of the foreclosure sale to reforeclose on a Florida Housing loan. The original foreclosure was brought by an HOA (Homeowner's Association) and they did not include Florida Housing in the original foreclosure proceeding. The HOA lien had priority over all mortgages except first mortgages per the restrictive covenants. Florida Housing's mortgage has a balance of \$20,510.00. The HOA lien was foreclosed and a judgment for \$6,532.55 was entered. The property sold at auction for \$25,864.10. There was a surplus of \$18,568.08, which Florida Housing would have been entitled to if we were properly included in the foreclosure. The HOME recipient applied for and received the surplus funds. The recipient filed an Owner's Claim for Mortgage Foreclosure Surplus, wherein they swears under penalty of perjury that there are no other mortgages. Between August 9, 2019, and September 24, 2020, OIG staff reviewed pertinent websites and obtained relevant information from the Single Family Program Administrator and the Assistant Director of Homeownership Programs. The Single Family Program Administrator and the Assistant Director of Homeownership Programs both confirmed the HOME Program loans were funded by the U.S. Department of Housing and Urban Development (HUD). As such, the complaint was forwarded to the HUD OIG; however, based on the information provided and their limited staffing, they would not be able to open a case on this matter. In accordance with §20.055(7)(c), F.S., on October 14, 2020, the information was forwarded to the Florida Department of Law Enforcement (FDLE). On December 15, 2020, FDLE advised that they conducted a review and determined they would not initiate a criminal investigation. Based on this information, OIG staff closed this matter.

### **200225-01 MR**

On February 25, 2020, the Office of Inspector General (OIG) received a phone call and email from the Chief Executive Officer (CEO) of Nautica Management alleging the subjects, Hardest Hit Fund (HHF) Elderly Mortgage Assistance Program (ELMORE) recipients were not living in their condominium as required by the program. According to the CEO: one of the recipients was deceased, the other was living in a nursing home, and an adult dependent was trying to "assert ownership". Therefore, the CEO was trying to establish ownership of the condominium unit. This information was forwarded to a HHF Program manager, who explained that ELMORE requires continued

# INVESTIGATIONS SECTION

ownership, but not occupancy, which would still allow for forgiveness in this case. The OIG informed the CEO that their information was forwarded to a HHF Program Manager; however, since they were not a part of the loan, Florida Housing would not be able to provide details to an outside party. Based on this information, the OIG staff closed the matter.

## **200831-01 IR**

On August 31, 2020, the Florida Housing Finance Corporation (Florida Housing), Office of Inspector General (OIG) received an anonymous online Waste, Fraud and Abuse Report regarding an individual, who was reported to have received mortgage assistance from Florida Housing in 2006. The complainant stated that the individual had relocated and rented out their home and was therefore, "no longer qualified to take advantage of the "Tax Advance Financing Rider" that was signed July 21, 2006." The complainant further states, the individual "has failed to report the event in a timely manner . . . has also lost the Homestead Exemption effective 2020." Between August and September 2020, OIG staff members obtained relevant information, conducted interviews, requested assistance from the Clay County Property Appraiser's Office, and sent this information to the Single Family Programs Administrator for their review. The Program Administrator contacted the mortgage servicer, US Bank, and informed them of the individual not occupying the home as required by the mortgage terms. Based on this information, enforcement of occupancy requirements of the HOME loan are not within the purview of the OIG. Therefore, the OIG staff closed the matter.

## **200929-01 MR**

On September 29, 2020, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) received an anonymous online Waste, Fraud and Abuse Report alleging two individuals moved in to an income-based apartment that "they should not qualify for." The complaint stated, (paraphrased), that they are possibly claiming extra dependents, and not all of the income, to include the welfare she is collecting fraudulently. The complainant further stated that one of the individuals is collecting welfare for three children that do not live with them. Between September 29 and December 10, 2020, OIG staff reviewed pertinent websites, obtained relevant information, and consulted an Asset Management Senior Analyst. The Asset Management Senior Analyst contacted the apartment's management company who provided answers to all of the allegations. Due to the allegation of possibly "collecting welfare for kids that do not live with her," OIG staff referred this information to the Department of Children and Families (DCF) OIG for their review and action deemed appropriate in accordance with §20.055(7), Florida Statute. Based on this information, the OIG staff closed the matter.

## **201016-01 IR**

On October 16, 2020, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) staff and the Florida Hardest Hit Fund (HHF) Program Management received an email forwarded by a Florida Housing Senior Program Accountant, from a complainant, who expressed concerns about a HHF Program Recipient. The complainant stated the following (paraphrased), a quick-claim deed was submitted to Miami-Dade in their name transferring ownership of their house to the recipient. Furthermore, the complainant continued by saying they never completed/signed the document and believes it is possible that it was a copy/paste of their signature. The complainant also requested information on the two mortgages that the recipient was able to qualify for since they had two rental properties and were employed. Between October 16 and 21, 2020, OIG staff reviewed pertinent websites and obtained relevant information from the Senior Program Accountant and the Assistant Director of Homeownership Programs. Due to the complainant not being part of the recipient's HHF Program applications and/or mortgages, OIG staff did not provide any loan details, but deferred to the Senior Program Accountant or the Assistant Director of Homeownership Programs to provide information to them as permissible under confidentiality requirements. Based on this information, OIG staff are closing this matter.

# INVESTIGATIONS SECTION

## **201022-01 MR**

On October 22, 2020, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) received an anonymous complaint alleging an individual was receiving housing assistance even though they received money through the sale of a home, received alimony/child support, and also worked over 30 hours a week. Between October 22 and November 12, 2020, OIG staff coordinated a review with the Florida Housing Compliance Monitoring Administrator, who stated that the household had not received housing assistance through U.S. Department of Housing and Urban Development (HUD). After receiving the management company's response, it was determined that no further action was required. Based on this information, the OIG staff closed the matter.

## **201027-01 MR**

On October 27, 2020, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) staff received a facsimile from a Mortgage Loan Originator, RE Financial Services, Inc., who requested an investigation be conducted on possible fraud they alleged was committed by a Florida Hardest Hit Fund (HHF) Program Recipient. Specifically the complainant stated (paraphrased), that the property belonged to the recipient and their spouse, although the spouse's name was not on the HHF mortgage. Furthermore, the recipient and the spouse got divorced and they had no knowledge of the mortgage and did not receive any money from it. The complainant stated that they were working with Florida Housing Program Accounting staff and requested a satisfaction of mortgage as they are working on a reverse mortgage for the spouse. The Accounting staff sent a response, which showed a balance on the HHF mortgage. The complainant requested this information to be forwarded to Florida Housing's Legal staff. Between October 27 and 30, 2020, OIG staff corresponded via email with Program Accounting staff and Homeownership Programs - HHF Program Management, who stated details on the loan cannot be provided to individuals not on the loan and that the funds went directly to the servicer, not the borrower. Due to the situation, Florida Housing program staff approved forgiveness to continue since the house was jointly owned at the time of assistance. The OIG staff provided this information to the complainant in an email. Based on this information, the OIG staff closed the matter.

## **201113-01 CRF-IR**

On November 13, 2020, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) received an anonymous complaint alleging two individuals made claims and filed fraudulent paperwork to request Coronavirus Relief Funds for Impacted Homeowners. Between November 13 and 23, 2020, OIG staff reviewed pertinent websites, obtained relevant information, and notified the appropriate State Housing Initiatives Partnership (SHIP) offices. A review of the response received from the SHIP office showed that the individuals had not applied for assistance through their office. However, since they are associated with approximately seven businesses and the US Small Business Administration (SBA) had been administering the COVID-19 Business Disaster Recovery Assistance. In accordance with §20.055(7)(c), Florida Statute, OIG staff referred this information to the SBA OIG for their review and action deemed appropriate. Based on this information, the OIG staff closed the matter.

## **201123-01 CRF-MR**

On November 23, 2020, the Florida Housing Finance Corporation (Florida Housing) Assistant Director of Special Programs, forwarded an email to the Office of Inspector General (OIG) staff from the Franklin County State Housing Initiative Partnership (SHIP) Administrator. The SHIP Administrator provided the following information (paraphrased), a Coronavirus Relief Fund (CRF) applicant lied on their application. The SHIP Administrator contacted the county attorney to find out what actions could be taken against the applicant. The SHIP Administrator also contacted Florida Housing to determine if anything was needed and to be able to provide an update to the county attorney. Between November 23 and December 15, 2020, OIG staff discussed the matter with the Inspector General and the SHIP Administrator and recommended that a police report be filed. On December 9, 2020, the SHIP Administrator provided an update that the Franklin County Sheriff's Office investigated the case and wanted to know whether the

# INVESTIGATIONS SECTION

county would still press charges against the applicant if the money was returned paid in full. After consultation with the Florida Housing Executive Director and General Counsel staff, it was determined that criminal charges would not be pursued. Based on this information, the OIG staff closed this matter.

## **201208-01 CRF-MR**

On December 8, 2020, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) staff received a call from a tenant, who expressed concerns about their landlord. Specifically, they provided the following information (paraphrased), they have lived there for the past three years. The landlord has recently changed the way he handles their rent payments, owns several homes, opened two limited liability corporations (LLCs), and recently bought a Porsche. The tenant is concerned that the landlord may have applied for Coronavirus Relief Fund (CRF) assistance, claiming that they had not received rent payments. Between December 8 and 10, 2020, OIG staff reviewed pertinent websites, obtained relevant information, notified the appropriate State Housing Initiatives Partnership (SHIP) offices, and searched the Florida Small Business Development Center (SBDC) website. A review of the response received from the SHIP office showed that the landlord had not applied for assistance through their office. However, since the landlord has approximately 12 businesses and the US Small Business Administration (SBA) had been administering the COVID-19 Business Disaster Recovery Assistance. In accordance with §20.055(7)(c), Florida Statute, OIG staff referred this information to the SBA OIG for their review and action deemed appropriate. Based on this information, the OIG staff closed this matter.

## **201215-01 CRF-MR**

On December 15, 2020, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) staff received a call from a property manager, who expressed concerns about the activities of a tenant. Specifically, the property manager stated, (paraphrased), one of the properties that they manage was occupied under a month-to-month verbal rental agreement. The apartment owner has not received any funds (rent) from the tenant, who showed the property manager a fraudulent lease, which they used to apply for Coronavirus Relief Funds (CRF). Between December 15 and 18, 2020, OIG staff reviewed pertinent websites, obtained relevant information, and notified the appropriate State Housing Initiatives Partnership (SHIP) offices. After a review of the responses received from the SHIP offices, it was determined that none of the SHIP Programs could locate CRF applications and/or approval of funding for the apartment owner or tenant for the rental. Based on this information, the OIG staff closed the matter.

## **SUMMARY OF INVESTIGATIONS AND CORRECTIVE ACTIONS COMPLETED DURING FY 2020**

### **190201-01**

**Allegation:** A Hardest-Hit Fund (HHF) recipient provided false documents and made false statements/certifications on their HHF Program application and their Quarterly Touches involving, but not limited to their JP Morgan Chase Bank account records, in order to be found eligible to receive payments from the HHF Program funds.

**Finding:** Supported

**Corrective Action:** The investigation was coordinated with the Office of the Special Inspector General for Troubled Asset Relief Program (SIGTARP). On February 20, 2020, SIGTARP advised, "This matter was closed by SIGTARP for lack of prosecutorial merit."

**The OIG recommended:** Florida Housing General Counsel staff to send a demand letter requiring the return of the \$19,104.80 in HHF Program funds received. The OIG forwarded a copy of the final investigative report to the U.S. Treasury in accordance with HHF procedures.





# INTERNAL AUDIT SECTION

## **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 conducted one audit, which included ten recommendations for improvement; eight management reviews, and two quality assurance reviews. A second audit was initiated; however, it was not completed by the end of the fiscal year. Coordination and/or follow-up on four external audits and one internal audit projects were completed. Internal audit reports and advisories are posted on the Florida Housing website. <http://www.floridahousing.org/contact-us/inspector-general/audits>

As of December 31, 2020, the following corrective actions, for significant recommendations described in previous annual reports, were still outstanding:

### **2019-06 Audit of Multifamily Program – Selected Controls**

The audit focused on the Multifamily Program requirements, responsibilities, and controls for minimizing risk within the tax credit pricing process. In addition, the audit also focused on the adequacy of controls around the Multifamily Program development cost certification review process.

The following recommendations were made:

- **Observation 1: Errors and inefficiency in the final cost certification review process**
  - Recommendation 1 - research the possibility of developing or procuring a web-based, electronic version of the current hard copy developer final cost certification and general contractor cost certification forms.
  - Recommendation 2 - implement a process for the periodic review/audit of final cost certifications to be performed by the OIG on a selected basis.
- **Observation 2: LIHTC pricing attestation and validation**
  - Recommendation 3 - develop a LIHTC pricing attestation document and require the syndicator to attest that there are no side agreements regarding pricing manipulations related to the sale of tax credits between developer and investor.
  - Recommendation 4 - develop and implement a formalized method of documenting the results of staff's computation on the LPA.
- **Observation 3 – LIHTC Pricing Review Process**
  - Recommendation 5 - add a section to the final cost certification checklist to serve as an acknowledgement that their staff have performed the mathematical computation.
- **Observation 4 – Access to cost certification documentation**
  - Recommendation 6 - develop and implement a formalized process for the review and analysis of LIHTC pricing outside of an established acceptable range.
  - Recommendation 7 - consider adding language to F.A.C. Rules 67-21 and 67-48 to ensure that Florida Housing has timely access to any documentation necessary to complete the review and approval of the required cost certifications.

# INTERNAL AUDIT SECTION

**Based on 2020-14 Follow-up on Audit of Multifamily Program – Selected Controls, the status for significant recommendations described in previous annual reports are as followed:**

- Recommendation 1 – Not Completed
- Recommendation 2 - Completed
- Recommendation 3 - Completed
- Recommendation 4 - Completed
- Recommendation 5 - Completed
- Recommendation 6 - Completed
- Recommendation 7 - Completed

## **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 observations 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 observations 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.

# INTERNAL AUDIT SECTION

## **SUMMARY OF INTERNAL AUDIT REPORTS COMPLETED DURING FY 2020**

### **2019-20 Audit of Records Management**

In accordance with the OIG's Annual Audit Plan for Fiscal Year 2019, an Audit of Records Management was conducted. The objectives of the audit were to determine whether the internal controls for Records Management are adequate and compliant with:

- authoritative source requirements and generally accepted best practices;
- inventory process authoritative source requirements and generally accepted best practices;
- retention and disposal process authoritative source requirements and generally accepted best practices; and
- electronic records management process authoritative source requirements and generally accepted best practices.

The audit disclosed that, Florida Housing's Records Management could improve its level of compliance with applicable laws, rules, regulations, and best practices related to records management and it is strongly recommended that the following key areas be improved to further minimize risk exposure:

- implementation of a comprehensive records management policy;
- improved communication, training and guidance for Florida Housing's Records Management Liaisons (RML) for performing records inventories;
- implementation of a consistent and recurring process for performing regular and consistent records inventories and the subsequent updating of the Florida Housing Records Retention Schedule;
- timely disposal of records after their retention period has passed;
- improvement in the accuracy and completeness of records disposal certification documentation;
- appropriateness of user access privileges for OnBase<sup>2</sup>;
- implementation of a strategy and process for the transfer of records stored in Florida Housing's various electronic records environments to OnBase; and
- management and use of the quality assurance process for all records migrated into OnBase.

---

<sup>2</sup> OnBase is Florida Housing's designated records storage platform and provides tools and capabilities for storing documents, including retention and destruction processes and document repositories (the location where the document is stored), document retrieval and audit logging.

# INTERNAL AUDIT SECTION

As such, the following recommendations were made:

- The OIG **recommended** that the Records and Information Management Office (Records Management), in coordination with Executive Management and the General Counsel's Office, develop and implement a formalized, comprehensive records management policy. This policy should incorporate the recommended "common components" from the Florida Department of State's (FDOS) Basics of Records Management Handbook.
- The OIG **recommended** that Florida Housing, through a stated policy requirement, initiate consistent and regular records inventories, in conjunction with guidance and assistance from Records Management.
- The OIG **recommended** that Records Management provide training and develop clear and concise documented procedures as to how the RML's are to perform the inventory. This procedure should include:
  - the mutual responsibilities between Records Management and the business units; and
  - the expected deliverable.
- The OIG **recommended** that any procedures developed should include the following:
  - who has the authority to change, add or delete a records series; and
  - the process to change, add or delete a records series.
- The OIG **recommended** the following:
  - Florida Housing's Records Retention Schedule's be updated by the business processes and with guidance from the Office of the General Counsel and Records Management, to reflect their desired and justified retention period criteria.
  - When applicable, retention criteria should be based on GS1-SL retention period criteria; however, if an alternate records retention period criteria is utilized, other than GS1-SL, then the longer retention period shall be followed.
- The OIG **recommended** that Florida Housing establish a defined and documented process stating the requirements and expectations for the timely transfer of records stored in the various electronic records storage environments to OnBase.
- The OIG **recommended** the RIM develop requirements for guidance, accountability and training in completing the Disposal Certification Forms correctly with only the RIM accepting and signing off on the Disposal Certification Forms.
- The OIG **recommended** that the OnBase User Groups & Rights be updated to reflect appropriate user access privileges based on the principles of "least privilege" and "need to know determination" and then reassign current OnBase users accordingly.
- The OIG **recommended** developing a process to assign new OnBase users to the appropriate access privileges based on the principles of "least privilege" and "need to know determination" and for existing users when the "employee is placed in another position or job duties change."
- The OIG **recommended** that the ability to migrate electronic and paper record documentation into OnBase be limited only to the RIMS. This will promote consistency in the way the process is performed and provide better accountability by placing this capability in fewer hands. Additionally, this requirement should be added to the recommended records management policy.

# INTERNAL AUDIT SECTION

## SUMMARY OF REVIEWS COMPLETED DURING FY 2020

- 2020-04 – Review of 2019 4th Quarter Performance Measures Review**
- 2020-12 – Review of 2020 1st Quarter Performance Measures Review**
- 2020-15 – Review of 2020 2nd Quarter Performance Measures Review**
- 2020-21 – Review of 2020 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. 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.

### **2020-11 - Management Review of Select Inventory Processes**

This management review was conducted in accordance with the OIG's Annual Audit Plan for Fiscal Year 2020 and the Executive Director's request for review. The objectives of this Management Review were:

- to determine whether current inventory policies and procedures, for assets of a portable and attractive nature, are adequate and compliant with State law and generally accepted best practices;
- to determine the extent to which the policies and procedures are being followed by responsible staff; and
- if necessary, recommend changes to current policies and procedures to ensure compliance with State law.

The management review determined that Florida Housing's Information Technology Services (ITS) Business Unit appears to be generally compliant with State law and best practices by implementing Policy 11.08 Portable and Attractive Assets Control on December 1, 2016. However, the OIG concluded that the ITS business unit should improve its level of compliance with the requirements of Policy 11.08 to further minimize risk exposure. Key areas for improvement are detailed below:

- Create, update, and maintain records related to the tracking of portable and attractive assets.
- Finalize the ITS 2019 Inventory of portable and attractive assets (2019 Inventory) to include researching the assets that were not located during the previous three 2019 Inventories.
- Complete the review of Policy 11.08 to enhance policies and procedures for improving the practices related to recording, custody and disposal of portable and attractive assets.

As such, the following recommendations were made:

- The OIG **recommends**, in order to improve its level of compliance with the requirements of Policy 11.08, ITS staff should work with relevant staff to:
  - compare the information required by Policy 11.08 to the information captured in ServicePRO and on the existing SDST Forms; and
  - edit, update and match the required information by Policy 11.08 to the information captured on the ServicePRO and the SDST Forms.
- The OIG also **recommends** that ITS staff work with relevant staff to finalize the 2019 Inventory to:

# INTERNAL AUDIT SECTION

- o update all records contained in ServicePRO;
- o review and reconcile disposal documentation to match items listed on the: ServicePRO inventory/disposal lists; fully executed/dated SDST Forms; and vendor's disposal documentation.
- o research the assets that were not located during the previous three 2019 Inventories:
  - Two assets were listed by the Facilities Coordinator in a 2019 Inventory file as "2019 Anomalies":
    - o 6G00362 Dell Precision M3800; and
    - o H89MHM2 Latitude 7490.
  - Three assets were listed by the Senior Help Desk Support Analyst as missing on a ServicePRO file:
    - o JOBCPC2 Latitude E7470;
    - o CFQN282 OptiPlex 9020; and
    - o FWRQTF2 unknown item.
  - o Notify the Executive Director of any discrepancies of the 2019 Inventory as required by Policy 11.08.
- The OIG **recommends** that ITS and relevant staff work on completing the policy and procedure review to improve and formalize the processes for recording, custody and disposal of portable and attractive assets to:
  - o Incorporate the additional activities and controls involving the Facility Coordinator's intake/inventory process and the SharePoint Inventory site created by the Senior Microsoft Systems Engineer.
  - o Consider all of the available functions in ServicePRO in comparison to the SharePoint Inventory site.
  - o Train staff on the related processes to clarify requirements and to help ensure compliance with Policy 11.08, which requires staff to:
    - o keep accurate records and to periodically monitor the custody of these assets through inventories conducted at least annually; and
    - o report/respond to thefts, losses and damages.
- The OIG **recommends** that ITS and relevant staff work to:
  - o conduct a procurement review of the disposal contract to include verifying the vendor is approved and registered to conduct business in the State of Florida; and
  - o enhance current policies and procedures regarding specific requirements for disposal vendor contracts to include providing assurance that the portable and attractive equipment are disposed of in accordance with FCS requirements.

## 2020-13 - Quality Assurance Review of 2018-2019 Lottery Number Assignments

This quality assurance review was conducted at the request of the Inspector General. The objective of this review was to provide assurance that the OIG's compliance with the random number generation for the lottery assignment process was performed in accordance to policy. The review determined that OIG staff is following the applicable internal procedures while performing the lottery random number generation process with one exception noted. Furthermore, it was concluded that internal controls in place are adequate to maintain the integrity of the process; however, additional measures could be taken to further enhance the process.

# INTERNAL AUDIT SECTION

As such, the following recommendations for process improvements were made:

- Update the OIG policy for lottery number generation, which should include the use of the Microsoft Teams, video recording capability. This would allow recording and saving of the entire process in each specific RFA electronic file enhancing the transparency of the process.
- Create a script to follow with each RFA request. The script would ensure consistency and anyone who views the video would understand each step performed in the process.
- Create a checklist of each step in the process to complete with each RFA request and to be included within each RFA electronic file.

## **2020-17 - Quality Assurance Review of 2019-2020 Lottery Number Assignments**

This quality assurance review was conducted at the request of the Inspector General. The objective of this review was to provide assurance that the OIG's compliance with the random number generation for the lottery assignment process was performed in accordance to policy. The review determined that OIG staff is following the applicable internal procedures while performing the lottery random number generation process. Furthermore, it was concluded that internal controls in place are adequate to maintain the integrity of the process; however, additional measures could be taken to further enhance the process.

As such, the following recommendations for process improvements were made:

- Continue to work on updating the OIG policy for lottery number generation, which should include the use of the Microsoft Teams, video recording capability. This would allow recording and saving of the entire process in each specific RFA electronic file enhancing the transparency of the process.
- Continue to work on creating a script to follow with each RFA request. The script would ensure consistency and anyone who views the video would understand each step performed in the process.
- Continue to work on creating a checklist of each step in the process to complete with each RFA request and to be included within each RFA electronic file



# INTERNAL AUDIT SECTION

## **COORDINATED EXTERNAL AUDIT REPORTS DURING FY 2020**

Ernst & Young's Audit of Florida Housing's 2019 Financial Statements

SIGTARP Evaluation of Hardest Hit Fund Status and Wind Down Planning

U.S. Treasury Final HHF Compliance Review

Department of Economic Opportunity's Fiscal Monitoring of Workforce Affordable Housing Program

## **FOLLOW-UP REVIEWS COMPLETED DURING FY 2020**

Project No. 2020-14 – Follow-up on Audit of Multifamily Program – Select Controls



# 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. Four examples of special projects are listed below.

### **Legislative Tracking**

The OIG conducts bill analysis and monitors/tracks legislative actions related to Florida Housing and the Inspector General community.

### **Lottery Number Assignments**

Lottery numbers<sup>3</sup> are generated to use when tiebreakers are needed by any of Florida Housing’s competitive funding applications. Florida Housing’s OIG has a process to assign lottery numbers using random numbers generated in Microsoft Excel. The instructions for various Florida Housing competitive funding programs provide that each request for application (RFA) will receive a random lottery number at or prior to the issuance of final scores or ranking. In 2020, OIG staff assigned lottery numbers for the following RFAs listed below:

<b>RFA 2020-101</b>	<b>RFA 2020-106</b>	<b>RFA 2020-205</b>
<b>RFA 2020-102</b>	<b>RFA 2020-201</b>	<b>RFA 2020-206</b>
<b>RFA 2020-103</b>	<b>RFA 2020-202</b>	<b>RFA 2020-208</b>
<b>RFA 2020-104</b>	<b>RFA 2020-203</b>	<b>RFA 2020-211</b>
<b>RFA 2020-105</b>	<b>RFA 2020-204</b>	<b>RFA 2020-302</b>

In addition, at the final review committee meeting for each RFA, the OIG verifies the accuracy of the lottery numbers used in the review committee’s scoring spreadsheet; and on the applications recommended for funding spreadsheet, which is provided to the Board for approval.

---

<sup>3</sup> The term “lottery number” used by Florida Housing does not refer to the commonly known lottery process.

# SPECIAL PROJECTS

## **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." While the management and assessment of risk is the primary responsibility of each business unit, an Enterprise Risk Assessment (ERM) project team was 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. That ERM project was completed in 2016 and is currently being utilized to assess, identify, mitigate and monitor risk throughout Florida Housing's business units.

The OIG plays a vital role in Florida Housing's ongoing ERM efforts by collecting, compiling and analyzing the data throughout the year. As the process continues to mature, the data gathered will continue to expand and offer greater insight into the key risk drivers for each business unit. Additionally, the OIG uses the associated data gathered through the ERM process as a component of its annual risk assessment process, which is used to develop the subsequent years audit plan. The OIG plans to continue improving the process and educating staff on the benefits of a fully functioning ERM process for Florida Housing.

## **Auditor General Report #2020-178, Quality Assurance Review (QAR) of the OIG**

In 2020, the OIG underwent a statutorily mandated QAR performed by the Auditor General's Office. The results of the QAR were as follows:

Pursuant to Section 11.45(2)(i), Florida Statutes, we have reviewed the quality assurance and improvement program for the Office of Inspector General's internal audit activity in effect for the period January 2019 through December 2019. We also reviewed compliance with specific provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

A quality assurance and improvement program for the Office of Inspector General's internal audit activity encompasses the charter, organizational environment, and policies and procedures established to provide management with reasonable assurance that the internal audit activity operates in conformity with applicable auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. The design of the quality assurance and improvement program and compliance with it are the responsibility of the Office of Inspector General.

In conducting our review, we obtained an understanding of the quality assurance and improvement program and performed such tests and other procedures, as we considered necessary. Because of inherent limitations in any quality assurance and improvement program, departures from the program may occur and not be detected. Also, projection of any evaluation of the quality assurance and improvement program to future periods is subject to the risk that the program may become inadequate because of changes in conditions, or that compliance with policies and procedures may deteriorate.

In our opinion, the quality assurance and improvement program related to the Office of Inspector General's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance to applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

# SPECIAL PROJECTS

## **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 OIG and used to develop the Annual Audit Plan.

The 2021 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 2022 and FY 2023. The Audit Committee and Board approved the audit plan.



# OFFICE OF INSPECTOR GENERAL FY 2020 INTERNAL AUDIT PROJECTS

Project Number	Project Type	Project Name	Final Report Issued
2019-07	Special Project	Quality Assurance Review – Self Assessment	Closed 05/01/2020
2019-11	Special Project	SIGTARP Audit	Closed 12/31/2020
2019-13	Special Project	CDBG – DR Oversight Activities	Ongoing
2019-14	Special Project	2019 Risk Assessment and Development of 2020 Audit Plan Audit Committee Signed off on 12/12/2019	Closed 1/24/2020
2019-17	Special Project	Selection and Implementation of Audit Management Program	Closed 12/31/2020
2019-20	Audit	Audit of Records Management	Report Issued 8/7/2020
2020-01	Special Project	OIG Admin (staff meetings; P&P reviews; Annual Report; etc.)	Closed 12/31/2020
2020-02	Special Project	Random Number Generation for RFAs/ Review Committee Meetings	Closed 12/31/2020
2020-03	Special Project	Investigative Assistance	Closed 12/31/2020
2020-04	Management Review	Review of 2019 4th Quarter Performance Measures Report	Memo Issued 1/31/2020
2020-05	Management Review	General Enterprise Risk Management Updates	Closed 12/31/2020
2020-06	Special Project	General Program Area Work (Servicer Meetings, Informational Meetings, etc)	Closed 12/31/2020
2020-07	Special Project	Ship Assistance	Closed 12/31/2020
2020-08	Special Project	Auditor General 2020 Quality Assurance Review	Auditor General Issued report on 3/27/2020
2020-09	Management Review	Review of IT Incident Response	Closed 12/31/2020
2020-10	Special Project	Legislation Tracking	Closed 12/31/2020
2020-11	Management Review	Management Review of Select Inventory Processes	Review issued 11/5/2020
2020-12	Management Review	Review of 2020 1st Quarter Performance Measures Report	Memo Issued 4/27/2020
2020-13	Special Project	Quality Assurance Review of 2018-2019 Lottery Number Assignments	Memo Issued 7/13/2020
2020-14	Management Review	Follow-up on Audit of Multifamily Programs - Select Controls	Memo Issued 8/12/2020
2020-15	Management Review	Review of 2020 2nd Quarter Performance Measures Report	Memo Issued 7/30/2020
2020-16	Special Project	Corona Virus Relief Fund Risk Assessment	Closed 12/31/2020
2020-17	Special Project	Quality Assurance Review of 2019-2020 Lottery Number Assignments	Memo Issued 8/14/2020
2020-18	Special Project	2020 Risk Assessment and Development of 2021 Audit Plan	Plan Issued 12/04/20
2020-19	Audit	Audit of the Procurement Process	In Progress
2020-20	Management Review	Management Review of Predevelopment Loan Program	In Progress
2020-21	Management Review	Review of 2020 3rd Quarter Performance Measures Report	Memo Issued 10/30/2020

# OIG INITIATIVES

Since the start of the 2020 fiscal year, the OIG has continued and began 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.
- At the Florida Police Accreditation Coalition (FLA-PAC) conference in February 2020, the OIG went before the Commission for Florida Law Enforcement Accreditation (Commission) Board. The Team Leader for the on-site assessment gave a favorable review and recommendation to the board who subsequently approved the recommendation and granted the OIG their initial accreditation. In two years, the OIG will apply for reaccreditation.
- The OIG conducted a standalone risk assessment for the program areas receiving Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The OIG worked with the respective program managers for each CRF strategy to assess potential risk and note any controls that would be implemented where appropriate. The results of the risk assessment were also factored into the 2021 OIG Annual Audit Plan.
- At the request of the Office of the Governor’s Chief Inspector General, the OIG conducted a Risk Readiness Review. The objective of the General Risk Readiness Review was to assess the status of the implementation of internal controls, which should help mitigate the risk of fraud, waste, or abuse, in programs receiving CRF under the CARES Act. This review focused on the internal controls of Florida Housing’s Procurement/ Acquisition, Budget, Legal, and Finance & Accounting functions. In addition to the general assessment, the OIG also performed a Program Risk Readiness Review for each strategy for Florida Housing’s CRF Program.

This report was prepared by the Office of Inspector General at the Florida Housing Finance Corporation, in compliance with Section 20.055(8)(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.*



