

ANNUAL REPORT FISCAL YEAR 2021

FLORIDA HOUSING
FINANCE CORPORATION

**OFFICE OF THE
INSPECTOR GENERAL**



**ENHANCING
PUBLIC TRUST IN
FLORIDA'S AFFORDABLE
HOUSING**

CHRIS HIRST
INSPECTOR GENERAL



TABLE OF CONTENTS

Introduction	4
Background	4
Florida Housing’s Programs	5
Office of Inspector General	10
Statutory Regulations	10
Professional Standards	11
Professional Certifications	11
Professional Organizations	12
Organizational Chart	13
Investigations	14
Investigative Section.....	14
Graph: Source of 220 Requests for Assistance /Complaints in 2021	14
Graph: Summary of 2021 Requests for Assistance	15
Graph: Summary of 2021 Complaints by Program Area	16
Investigations	17
Final Investigative Reports.....	18
Recommended Corrective Actions.....	18
Summary of Management Reviews and Investigative Reviews Completed During FY 2021	18
Internal Audit	26
Internal Audit Section	26
Assurance Engagements.....	28
Consulting Engagements.....	28
Management Reviews.....	28
Summary of Internal Audit Reports Completed During FY 2021	28
Summary of Reviews Completed During FY 2021	30
Coordinated External Audit Reports During FY 2021	31
Follow-up Reviews Completed During FY 2021	31
Special Projects	32
Special Projects and Other Projects	32
Legislative Tracking	32
Lottery Number Assignments.....	32
Enterprise Risk Assessment and Mitigation	33
Risk Assessment and Development of Annual Audit Plan.....	33
Office of Inspector General FY 2021 Internal Audit Projects.....	34
OIG Initiatives	35

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 for FY 2021 (January 1 – December 31).

Florida Housing's OIG is continuing to meet the 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 continued to enhance software and training which allows employees the ability to work remotely to ensure their safety. The OIG is utilizing virtual meetings and collaboration 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.

Developments receiving these grant funds must commit to serve persons



FLORIDA HOUSING'S PROGRAMS

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) - Program Closed

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:

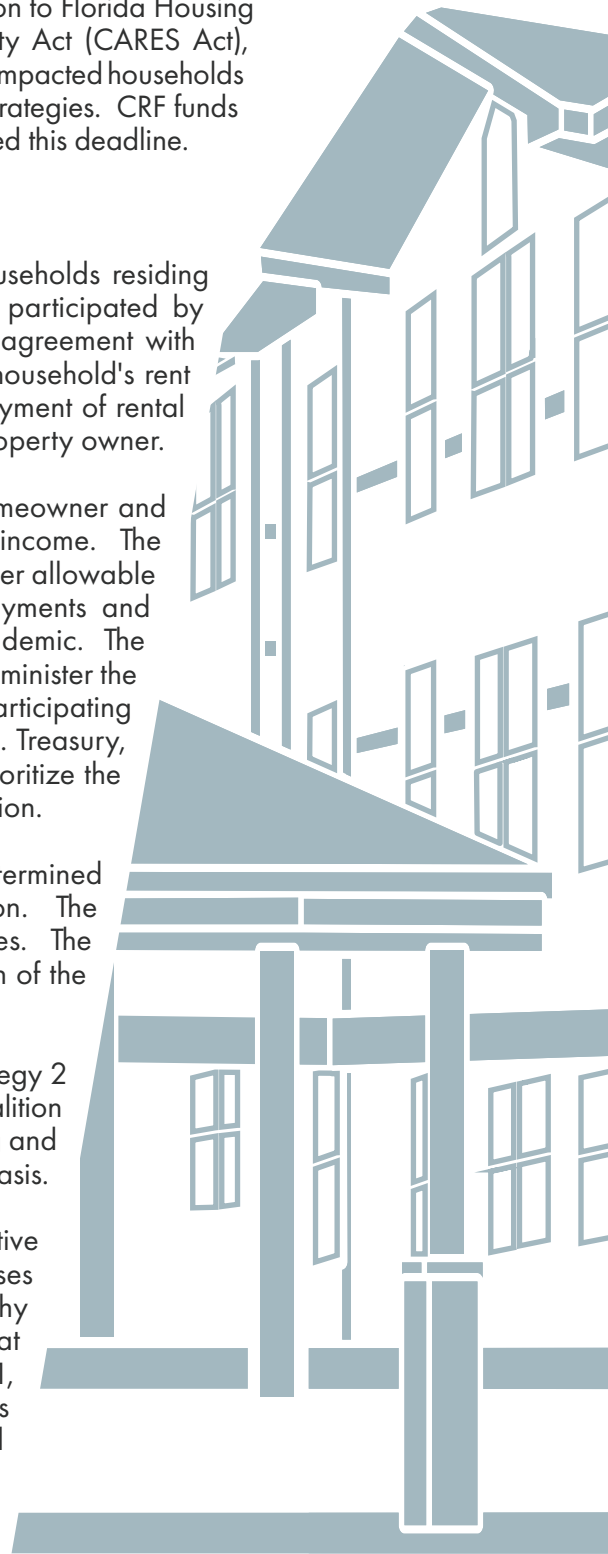
Strategy 1 - Up to \$120 million in rental assistance for impacted households residing in Florida Housing financed rental housing. Eligible rental properties participated by submitting a response to an invitation to participate and executing an agreement with Florida Housing. The assistance was available 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.

STATUTORY REQUIREMENTS

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

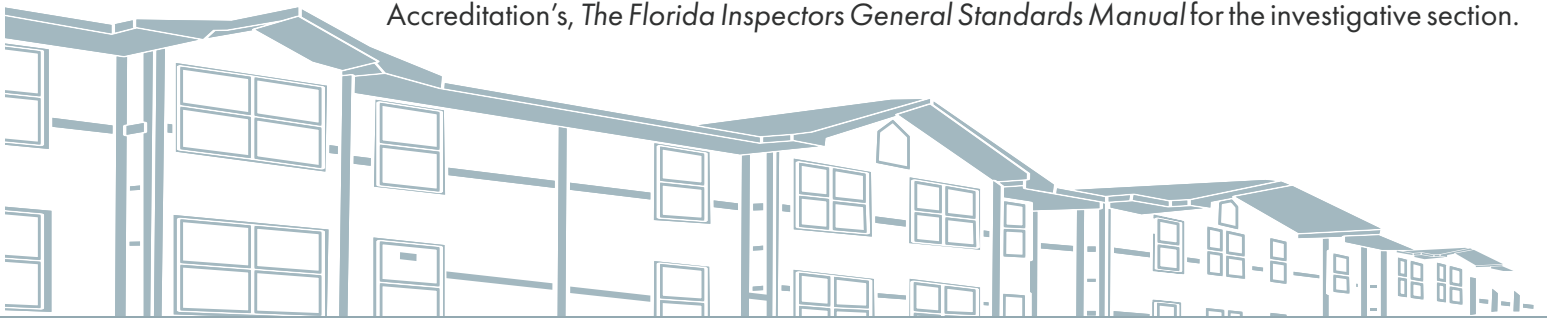
- Providing direction for, supervising, and coordinating audits, investigations, and management reviews relating to the programs and operations of the agency;
- Keeping the agency head [the Board of Directors of Florida Housing] informed of fraud, abuses, and deficiencies relating to programs and operations 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:

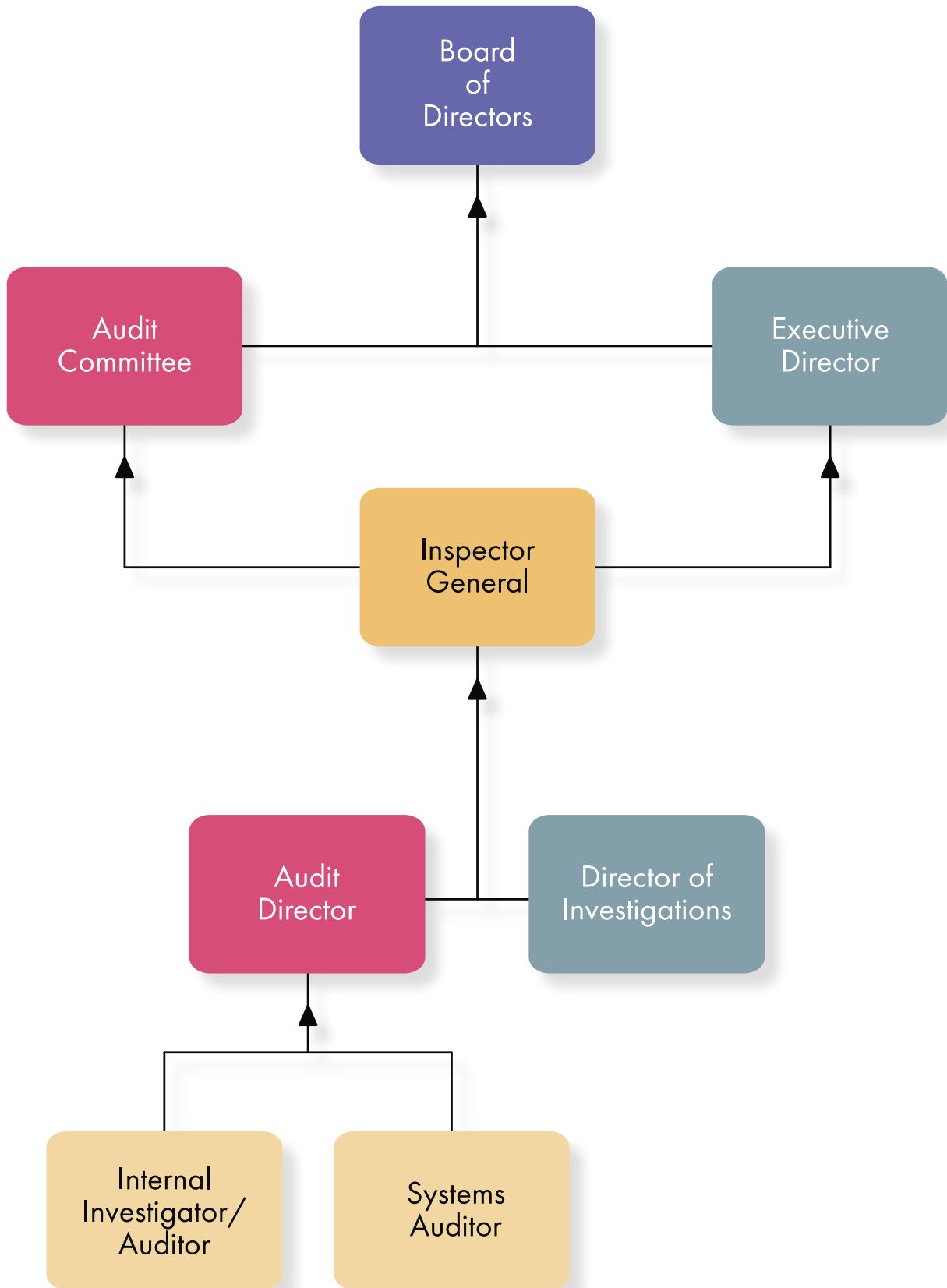
- Certified Authorization Professional (1)
- Certified Fraud Examiner (3)
- Certified Government Audit Professional (1)
- Certified Information Systems Auditor (1)
- Certified Information Systems Security Professional - Information Systems Security Management Professional (1)
- Certified Inspector General (2)
- Certified Inspector General Auditor (5)
- Certified Inspector General Investigator (4)
- Certified Internal Auditor (2)
- Certified Public Manager (2)
- Notary Public (3)



PROFESSIONAL ORGANIZATIONS



ORGANIZATIONAL CHART



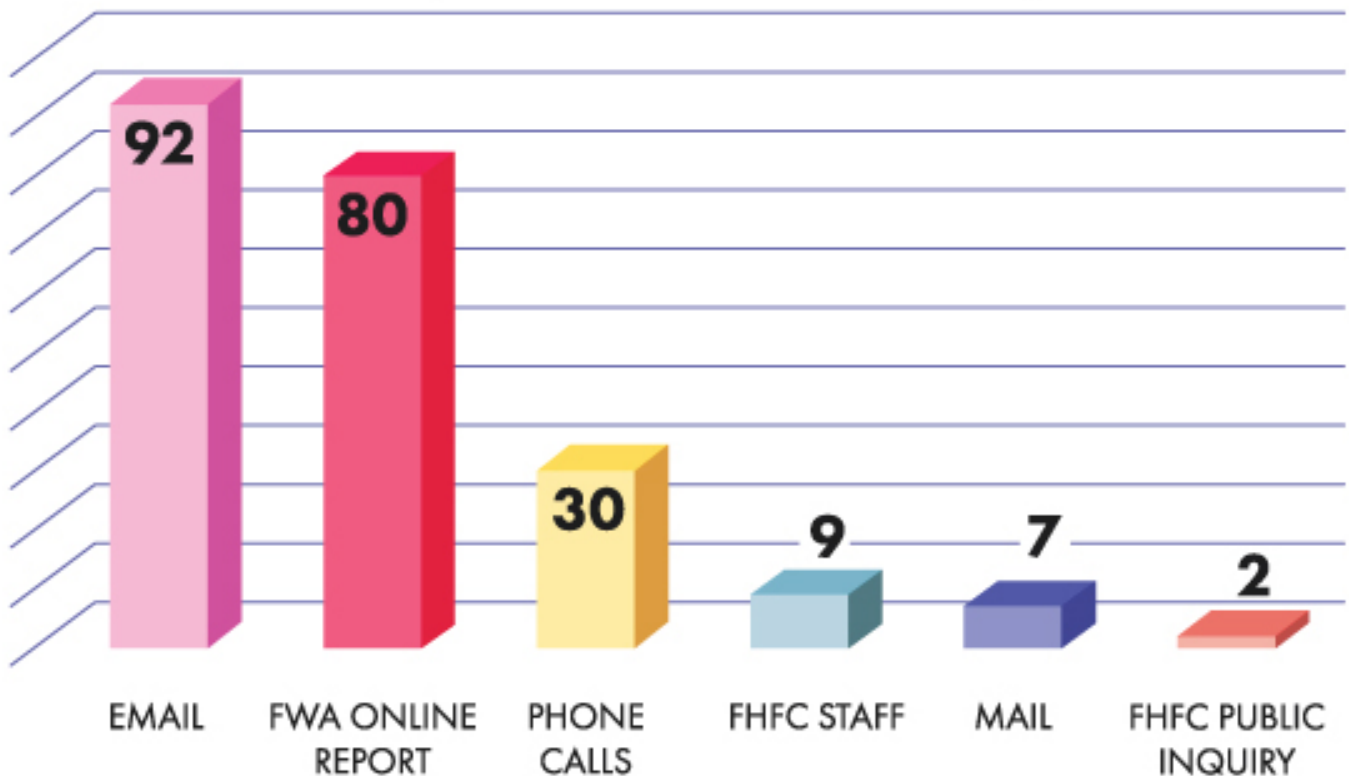
INVESTIGATIONS SECTION

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 220 requests for assistance/complaints in 2021. The source of these requests for assistance/complaints are listed below:

Source of 220 Requests for Assistance/Complaints in 2021

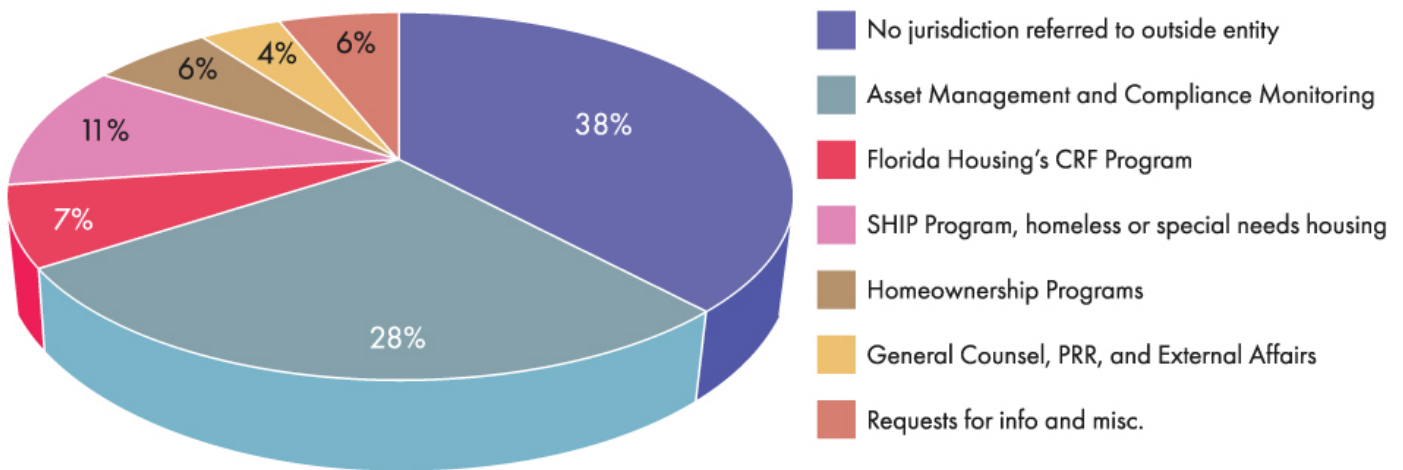


INVESTIGATIONS SECTION

Requests for Assistance/complaints received by the OIG are reviewed and either resolved, referred, or investigated as detailed below:

Total Requests for Assistance Received in 2021	
194 requests for assistance were received in 2021:	
74	requests were non-jurisdictional and were referred to the appropriate outside entity;
54	requests involved coordination and review by the Asset Management and Compliance Monitoring staff;
13	requests involved Florida Housing’s Coronavirus Relief Fund (CRF) Program;
22	requests involved coordination and review by the State Housing Initiatives and Partnership (SHIP) Program staff;
11	requests involved coordination and review by the Homeownership Program staff;
9	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, to include initial requests, with no additional information, test messages, and a phishing message.
194	Total requests for assistance

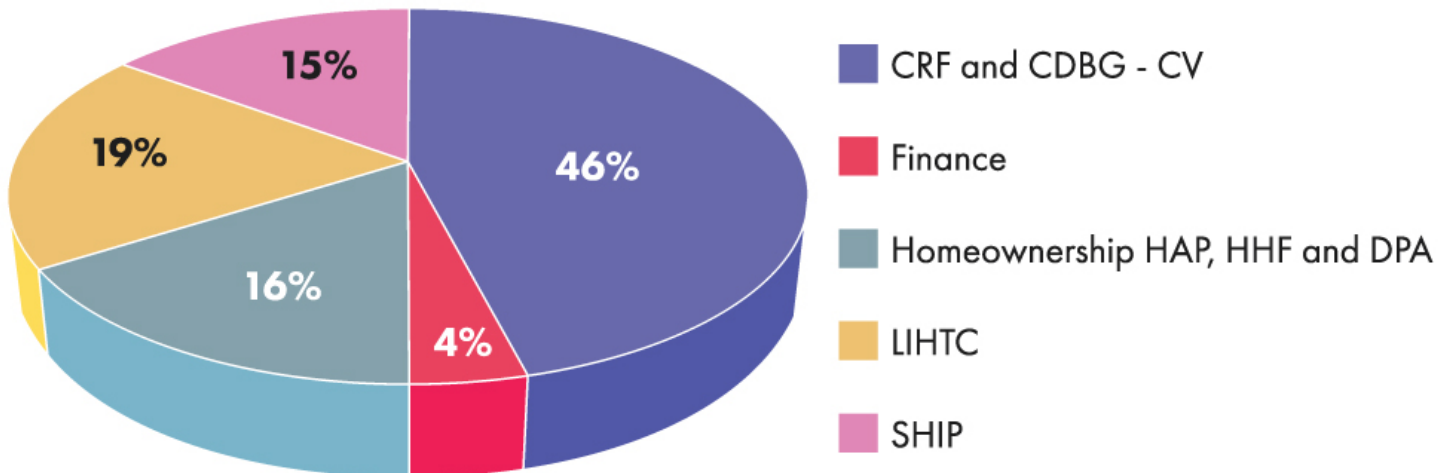
Summary of 2021 Requests for Assistance



INVESTIGATIONS SECTION

Total Complaints Received in 2021	
26 Complaints were received in 2021:	
12	complaints involved rental assistance funding (CRF and CDBG, which was not administered by Florida Housing) were non-jurisdictional and were referred to the appropriate outside entity;
5	complaints involved LIHTC funding and related apartment complexes in Florida Housing's Affordable Housing Portfolio;
4	complaints involved Florida Housing Homeownership funding;
4	complaints involved SHIP Program Administered by the local governments; and
1	complaint involved an external party's receipt of a bogus check.
26	Total complaints

Summary of 2021 Complaints by Program Area



INVESTIGATIONS SECTION

INVESTIGATIONS

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.¹ 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.

The table below provides a summary of the management reviews, investigative reviews, or investigations opened or closed in 2021:

2021 Investigative Activity from Complaints Received		
Activity	Opened in 2019	Closed in 2021
Number of cases/complaints (investigations, investigative or management reviews) previously referred to law enforcement agencies pending results of their investigation:	1	1
Activity	Opened in 2020	Closed in 2021
Number of complaints resulting in either investigation, investigative or management review:	4	4
Activity	Opened in 2021	Closed in 2021
Number of complaints resulting in either investigation, investigative or management review:	26	22
Activity	Opened in 2021	Closed in 2021
Number of complaints resulting in either investigative or management review with a determination that Florida Housing has no jurisdiction or does not have primary jurisdiction, but referred to the appropriate entities:	8	8
Activity	Opened in 2021	Closed in 2021
Number of complaints – requests for assistance from Florida Housing Program areas:	1	1

During the calendar year 2021, OIG staff conducted 30 investigative/management reviews, with 12 of those cases involving complaints about the activities of CRF applicants/recipients.

¹ 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

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, compliance reviews, 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.

SUMMARY OF MANAGEMENT REVIEWS (MR) AND INVESTIGATIVE REVIEWS (IR) COMPLETED DURING FY 2021

Acronyms

Programs

Coronavirus Relief Fund (CRF) Program
Coronavirus Disease 2019 (COVID)
Florida Hardest Hit Fund (HHF) Program
low-income housing tax credits (LIHTC)
State Housing Initiatives Partnership (SHIP) Program

Agencies

The Agency for Persons with Disabilities (APD)
The Florida Department of Children and Families (DCF)
The Florida Department of Economic Opportunity (DEO)
The Florida Department of Law Enforcement (FDLE)
The Internal Revenue Service (IRS)
The United States Department of Housing and Urban Development (HUD)
The United States Postal Service (USPS)

191122-01 IR

Allegation: On November 22, 2019, Multifamily staff received a complaint from a general contractor, who said a subcontractor committed fraud by submitting documents for payment on work that was not completed on two developments.

Results of Review: OIG staff worked with Multifamily staff, who reviewed the related documentation, and the case was referred to the Florida Department of Law Enforcement (FDLE) on July 17, 2020, in accordance with §20.055(7)(c), Florida Statute (F.S.). On July 26, 2021, FDLE explained that their case was closed after they determined that the State of Florida was not a victim; and their case correlates with a civil litigation case in which the complainant lost in the Appellate Court. Based on this review, Florida Housing does not have jurisdiction and OIG staff closed the file.

200212-01 MR

Allegation: On February 12, 2020, the United States Department of Housing and Urban Development (HUD) OIG staff referred a complaint about two tenants, one was also reported to be a building manager. The tenants were reported to have charged \$1,500-\$2,000 to forge tax documents and employment verifications for individuals to qualify initially and at annual renewal to be tenants of a low-income housing tax credits (LIHTC) apartment complex.

INVESTIGATIONS SECTION

Results of Review: OIG staff worked with Compliance staff, who confirmed the complex received LIHTC Program funds. In accordance with §20.055(7)(c), F.S., the Internal Revenue Service (IRS) was notified due to the LIHTC Program funding and allegations related to possible fraudulent tax returns. However, the IRS declined to review this matter. In March 2020, an onsite Compliance Review of the complex, "...found no issues with the income certifications in general...and found no findings of noncompliance. The best practice is for property management to process verification forms (secure tenant's signature), send form(s) to third party, and receive form(s) from third party to avoid any type of falsification or manipulation of the record by the prospective tenant. Only one resident's name matched any of the names provided in the complaint." Due to the additional allegations reporting possible issues with an elderly person and a minor, the information was also referred to the Agency for Persons with Disabilities, OIG and the Department of Children and Families, OIG on March 13, 2020. Based on this review, OIG staff closed the file.

201117-01 MR

Allegation: On November 17, 2020, OIG staff received a complaint about a Coronavirus Relief Fund (CRF) Program recipient, who allegedly issued false information about an amount owed by a tenant.

Results of Review: OIG staff worked with SHIP Program and the Wakulla County SHIP, who said they have records showing that the landlord issued false information to Wakulla County regarding the amount owed by the tenant. They directed the tenant's representative to take the documentation to the State Attorney and file a formal complaint. Based on this review, OIG staff closed the file.

201204-01 MR

Allegation: On December 4, 2020, OIG staff received a complaint about the quality of work completed by a contractor - working on home construction funded by SHIP.

Results of Review: OIG staff worked with SHIP Program and the Wakulla County SHIP Program staff. It was determined that the County staff worked with the contractor and conducted inspections of the work completed at the home, but had been denied access by the homeowner, who was reported to be uncooperative. In addition, the contractual relationship was between the complainant and the contractor, which is a civil matter not within Florida Housing's jurisdiction. Based on this review, Florida Housing does not have jurisdiction and OIG staff closed the file.

201221-01 MR

Allegation: On December 21, 2020, OIG staff received a complaint from a landlord, who said their tenant received CRF Program assistance, but refuses to pay the landlord rent.

Results of Review: OIG staff worked with staff from SHIP Program, the City of Ft. Pierce, and the St. Lucie County SHIP Programs. The address was not in the City of Ft. Pierce's jurisdiction and the St. Lucie County SHIP staff determined that the tenant received assistance under CARES funding provided by the Florida Department of Emergency Management. They had advised the landlord to take action to enforce the terms of the lease, but the landlord indicated they did not have a written lease. Based on this review, Florida Housing does not have jurisdiction and OIG staff closed the file.

210104-01 MR

Allegation: On January 4, 2021, OIG staff received a complaint from a tenant, who said their landlord had another person apply for CRF Program assistance. The landlord's boyfriend allegedly received CRF Program funds by falsely applying as the tenant, but the landlord was still evicting the complainant/actual tenant. However, the complainant said she filed a police report and was told the boyfriend did not receive CRF Program assistance.

Results of Review: OIG staff worked with SHIP Program and the Sarasota County SHIP Program staff, who determined they did not have records that the three individuals applied for CFR Program assistance. Based on this review, Florida Housing does not have jurisdiction and OIG staff closed the file.

INVESTIGATIONS SECTION

210111-01 MR

Allegation: On January 11, 2021, OIG staff received a complaint from a tenant of a LIHTC Program complex that was reported to have received CRF Program assistance. However, the complex did not notify approved tenants of their receipt of the CRF Program funds, and they were still charging the tenants rent.

Results of Review: OIG staff worked with Compliance staff, who determined the property received \$34,042 of CRF Program assistance. They provided a breakdown of the assistance received for the complainant, who was notified to contact property management to coordinate the assistance. Based on this review, OIG staff closed the file.

210112-01 MR

Allegation: On January 12, 2021, OIG staff received a complaint from a landlord, who said their tenant paid an initial deposit, but has not paid rent since October 2020. The tenant reportedly received CRF Program assistance but has not paid the past due rent after receiving the CRF Program assistance.

Results of Review: OIG staff worked with SHIP Program and the Leon County SHIP staff, who reported that they had already contacted both parties and determined this was a landlord/tenant dispute over the most appropriate way for the payment to be recorded. Based on this review, Florida Housing does not have jurisdiction and OIG staff closed the file.

210122-01 MR

Allegation: On January 22, 2021, OIG staff received an anonymous complaint that an individual falsified documents and address information in order to receive CRF Program assistance, but never repaid the person, who let them stay free of charge.

Results of Review: OIG staff worked with SHIP Program and the Manatee County SHIP Program staff, who reported that the rental assistance was not funded by Florida Housing. Based on this review, Florida Housing does not have jurisdiction and OIG staff closed the file.

210202-01 MR

Allegation: On February 2, 2021, OIG staff received a complaint that two United States Postal Service (USPS) employees had allegedly altered their USPS paystubs to qualify for LIHTC Program apartments.

Results of Review: OIG staff worked with Compliance staff, who reported only one individual was a tenant of a LIHTC Program complex. As a result of their review of this individual's file: they did not detect any alterations to eight pay stubs from 2019; and the tenant was "income eligible" based on recertifications from 2018, 2019, and 2020". The property management staff reported that the tenant subsequently moved out of the apartment. Due to the reported employment with the USPS, the information was also forwarded to the USPS OIG for their review and action deemed appropriate in accordance with §20.055(7)(c), F.S. Based on this review, OIG staff closed the file.

210203-01 IR

Allegation: On February 3, 2021, OIG staff received a complaint about a CRF Program recipient, who allegedly received \$2,000 for a tenant reported to be her granddaughter.

Results of Review: OIG staff worked with SHIP Program and the Calhoun County SHIP Program staff. However, they were unable to determine whether the CRF Program recipient and possible tenant were related and/or whether the tenant was actually living in the home. Calhoun County SHIP staff were directed to contact local law enforcement agencies in the two counties involved for review of this matter. Based on this review, OIG staff closed the file.

INVESTIGATIONS SECTION

210305-01 MR

Allegation: On March 5, 2021, OIG staff received a complaint that an apartment complex was awarded funds for tenants, but a former employee did not apply the credits to the correct tenants.

Results of Review: OIG staff worked with SHIP Program and the Gulf County SHIP Program staff, who explained that the St. Joe Police Department (SJPD) was conducting an investigation. OIG staff coordinated contacts and information for the SJPD detective and SHIP Program staff, who explained that the county: resolved the issue; has generally been a good SHIP participant; and that the issue was not related to a failure on the local government side. Based on this review, OIG staff closed the file.

210315-01 MR

Allegation: On March 15, 2021, OIG staff received a complaint that a co-owner of a housing complex allegedly converted weekly leases to long-term leases to apply/receive CRF Program funds.

Results of Review: OIG staff worked with SHIP Program and the Okaloosa County SHIP Program staff, who were directed that it was appropriate for Okaloosa County Comptroller's Inspector General to conduct a review/refer the matter to local law enforcement if necessary. Based on this review, OIG staff closed the file.

210317-01 MR

Allegation: On March 17, 2021, OIG staff received a complaint from a SHIP Program rehabilitation project recipient, who complained about the work completed by a contractor.

Results of Review: OIG staff worked with SHIP Program and the Highlands County SHIP Program staff, who provided information that showed the County staff worked with the complainant, the contractor, and conducted inspections of the work completed at the home. In addition, the contractual relationship was between the complainant and the contractor, which is a civil matter not within Florida Housing's jurisdiction. Based on this review, Florida Housing does not have jurisdiction and OIG staff closed the file.

210324-01 MR

Allegation: On March 24, 2021, OIG staff received a complaint that a Florida Hardest Hit Fund (HHF) down payment assistance (DPA) recipient had purchased another home and has been renting the HHF DPA home for approximately a year.

Results of Review: OIG staff worked with the Homeownership Programs Administrator and the Brevard County Property Appraiser's Office staff, who verified the homestead exemption on the HHF DPA property ended when the newly purchased home was granted homestead exemption on January 1, 2021. This information was provided to the HHF DPA lender, who explained that they had to go through their occupancy verification process. Based on this review, enforcement of occupancy requirements of the HHF DPA loans are not within the purview of Florida Housing. Therefore, Florida Housing does not have jurisdiction and OIG staff closed the file.

210331-01 MR

Allegation: On March 31, 2021, OIG staff received a complaint from the Manatee County Division of Inspector General (IG) staff, who determined that a CRF Program recipient was not terminated due to the COVID-19 pandemic as they reported on the CRF Program application.

Results of Review: OIG staff worked with SHIP Program and the Manatee County IG staff, who explained they had verified with the employer that the CRF Program recipient was not laid off due to COVID. Therefore, they recovered the initial funding from the landlord, did not process the second funding, and the case was referred to the Manatee County Sheriff's Office. Based on this review, OIG staff closed the file.

INVESTIGATIONS SECTION

210331-02 MR

Allegation: On March 31, 2021, OIG staff received a complaint from Manatee County IG staff, who determined that a CRF Program applicant falsified records stating that the roommate was the landlord.

Results of Review: OIG staff worked with SHIP Program and the Manatee County IG staff, who explained they verified via county property and court records that the person listed as the landlord was named with the CRF Program applicant in a civil suit by the true owner of the home over nonpayment of rent. The CRF Program payment was not processed, and the case was referred to the Manatee County Sheriff's Office. Based on this review, OIG staff closed the file.

210419-01 MR

Allegation: On April 19, 2021, OIG staff received a complaint that an individual was allegedly submitting false employment and income information in order to qualify for a LIHTC Program apartment and for food assistance benefits.

Results of Review: OIG staff worked with Compliance staff, who confirmed the complex received LIHTC Program funds. In addition, they reviewed the tenant's file provided by the apartment property management and determined that the complex appeared to have properly verified all employment, income/assets information during the initial and recertification process. Therefore, they did not find any indication that the resident was not income eligible. The property management staff also reported that the tenant subsequently moved out of the apartment. Due to alleged possible issues involving food assistance benefits, the Department of Children and Families, OIG was notified for their review and action deemed appropriate. Based on this review, OIG staff closed the file.

210510-01 MR

Allegation: On May 10, 2021, OIG staff received a complaint that a HHF Program recipient possibly committed fraud by executing a HHF mortgage without the ex-husband's consent.

Results of Review: OIG staff worked with Loan Servicing and HHF Program staff, who reviewed the HHF Program file and determined: the Dissolution of Marriage was two years prior to the HHF Program assistance; the divorce decree removed the ex-husband from the property; the HHF Program recipient only received seven months of assistance because she notified HHF Administration when she moved out. Based on this review, OIG staff closed the file.

210511-01 MR

Allegation: On May 11, 2021, OIG staff received a complaint that a former Property Management staff member was reported to have collected and kept portions of rental payments, along with allowing people to live in apartments listed as vacant – keeping the rental payments. A Mariana Police Department (MPD) lieutenant (Lt.) was investigating the matter and requested assistance from Florida Housing staff.

Results of Review: OIG staff worked with Compliance and Asset Management staff, who corresponded with the MPD Lt. to provide details and explanations about the funding provided to the complex, which included some Section 8 vouchers, administered by the US Department of Housing and Urban Development (HUD). Therefore, OIG staff provided the MPD Lt. with the contact information for a HUD OIG Special Agent to help coordinate their investigative activity. Based on this review, OIG staff closed the file.

INVESTIGATIONS SECTION

210513-01 MR

Allegation: On May 13, 2021, OIG staff received a complaint that an individual was collecting Coronavirus Relief Fund (CRF) Program rental assistance, unemployment, and Social Security Disability, while working cash only businesses as an independent contractor.

Results of Review: OIG staff worked with Compliance and SHIP Program, along with the City of Ft. Myers and the Sarasota County SHIP Programs staff. Compliance staff said the only Florida Housing apartment complex located in Lee County with that name was under construction. Both SHIP Programs reported that the individual had not applied for nor received CRF Program assistance. Due to the additional allegations reporting possible issues with unemployment, Social Security Disability, and possible cash only business, the complaint was referred to the Department of Economic Opportunity OIG; the Social Security Administration OIG; and the Florida Department of Revenue OIG, for their review and action deemed appropriate in accordance with §20.055(7)(c), F.S. Based on this review, OIG staff closed the file.

210521-01 MR

Allegation: On May 21, 2021, OIG staff received a complaint about an individual, who was reported to have received rental assistance by reporting no income. However, they were allegedly receiving unemployment and stimulus checks.

Results of Review: OIG staff worked with Compliance, SHIP Program and the Department of Economic Opportunity (DEO), along with the City of Daytona Beach (CODB) and Volusia County SHIP Programs staff. Compliance staff said the address is not part of Florida Housing's portfolio. DEO staff explained that the individual received unemployment benefits prior to applying for CRF Program assistance. SHIP Program, CODB, and Volusia County SHIP Program staff confirmed there were not "over income" issues and the individual met eligibility criteria. Based on this review, OIG staff closed the file.

210602-01 MR

Allegation: On June 2, 2021, OIG staff received a complaint from a citizen, who reported they had received a "suspicious check" in the mail from Florida Housing.

Results of Review: OIG staff contacted the Florida Housing Chief Financial Officer and Comptroller, who reviewed the information, contacted Florida Housing's bank, and reported there was no loss to Florida Housing. In accordance with §20.055(7)(c), F.S., OIG staff contacted the United States Postal Service (USPS) OIG staff, who said they classify such suspicious activity as "Nigerian Fraud Scams". However, they declined to investigate due to not having enough information to identify the possible parties involved. Based on this review, OIG staff closed the file.

210726-01 IR

Allegation: On July 26, 2021, OIG staff received a complaint stating an individual was not living in her rental assistance apartment, but sublets while she lives with her boyfriend.

Results of Review: OIG staff worked with Compliance and Property Management staff, who confirmed the complex was part of Florida Housing's portfolio but said there were "no reports or findings of someone else living in that unit". OIG staff spoke to the subject, who denied that they sublet the apartment and explained that their mother babysat for them at the apartment. The subject reported they subsequently moved out of the apartment. Based on this review, OIG staff closed the file.

INVESTIGATIONS SECTION

210927-01 MR

Allegation: On September 27, 2021, OIG staff received a complaint from an individual, who: explained they were having hard times; expressed concerns about the living conditions of their home; said that they were hearing voices; and asked whether there was a way to move-out of the home for their health and the health of an 18-month-old child, who reportedly cannot walk.

Results of Review: OIG staff worked with Loan Servicing staff, who confirmed there was a Homeowner Assistance Program (HAP) loan on the home, which was initiated by Florida Housing. OIG responded to the complainant via email: with the contact information for the mortgage servicer, the Leon County SHIP Program, the Florida Department of Health; and explained that Florida Housing does not have jurisdiction over the other areas of concern. OIG staff contacted the Department of Children and Families (DCF) and the Leon County Sheriff's Office (LCSO) for a well-being check. The LCSO Deputy, who responded to the home, said the owner of the home is "well known" by LCSO due to previous calls for service to the home; however, the home was not occupied at the time of their call and the owner does not have a child. Based on this review, OIG staff closed the file.

211015-01 MR

Allegation: On October 15, 2021, OIG staff received a complaint and request for additional review of denial for CDBG-CV (Community Development Block Grant – Coronavirus) program funding by the Palm Beach County SHIP Program.

Results of Review: OIG staff worked with SHIP Program and the Palm Beach County SHIP Program staff. OIG and SHIP Program staff reviewed the information provided by the county, which included five valid reasons why the application was denied. OIG staff responded to the complainant that: Florida Housing staff are not part of an appeals process; however, the reasons for the denial were clear; the program ended; and they were encouraged to check the county's website for possible assistance in the future. Based on this review, OIG staff closed the file.

211119-01 MR

Allegation: On November 19, 2021, OIG staff received a complaint from the Better Business Bureau (BBB) of Northeast Florida and Southeast Atlantic stating that Florida Housing, the United States Department of Agriculture (USDA) and the loan servicer were not providing the requested HHF Program and account documents to the complainant.

Results of Review: OIG staff worked with HHF Program staff, who determine the individual was a HHF Program recipient, with a satisfied HHF Mortgage. According to Florida Housing records: Florida Housing staff had been very responsive to the individual's numerous requests by providing the requested records; and the individual had been directed to contact the lender for additional assistance and records requests - not available to Florida Housing staff. Due to the individual's concerns about their lender, they were also provided the contact information for the USDA; the USDA OIG; the Florida Office of Financial Regulation (OFR); the Attorney General's (AG) Office; and the Federal Consumer Finance Protection Bureau. OIG staff also forwarded the complaint information directly to the OFR and AG for their review; and provided the results of this review to the BBB, who notified the complainant and closed their file. Based on this review, OIG staff closed the file.



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 four recommendations for improvement, eight management reviews, and one quality assurance reviews. A second audit and an additional management review were initiated; however, they were not completed by the end of the fiscal year. Coordination and/or follow-up on two external audits and two 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, 2021, the following corrective actions, for significant recommendations described in previous annual reports, were still outstanding:

2019-20 Audit of Records Management

The audit focused on Records Management's controls, processes, policies and procedures, and related guidance. In addition, the audit also focused on whether the internal controls for Records Management were adequate and compliant with generally accepted best practices.

The following recommendations were made:

- **Observation 1: Florida Housing does not have a records management policy**
 - Recommendation 1 - 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.
- **Observation 2: Records Inventory – Performance, Training, Guidance and Accountability**
 - Recommendation 2 - initiate consistent and regular records inventories, in conjunction with guidance and assistance from Records Management.
 - Recommendation 3 - provide training and develop clear and concise documented procedures as to how the RML's are to perform the inventory.
 - Recommendation 4 – 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.
- **Observation 3 – Records kept past retention periods**
 - Recommendation 5 - the Records Retention Schedule be updated by the business processes and with guidance from the Office of General Counsel and Records Management, to reflect desired and justified retention period criteria.

INTERNAL AUDIT SECTION

- **Observation 4 – Migration of records stored in the Florida Housing’s various electronic records environments to the designated repository of record - OnBase**
 - o Recommendation 6 - 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.
- **Observation 5 – Inadequate disposal certification documentation**
 - o Recommendation 7 - the RIM to 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.
- **Observation 6 – Appropriateness of OnBase access privileges**
 - o Recommendation 8 – 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.
 - o Recommendation 9 – develop 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.”
- **Observation 7 – Management and use of the quality assurance program**
 - o Recommendation 10 – ability to migrate electronic and paper record documentation into OnBase be limited to the RIMS. Also added to the recommended records management policy.

Based on 2021-12 Follow-up on Audit of Records Management, the status for significant recommendations described in previous annual reports are as followed:

- Recommendation 1 – Completed
- Recommendation 2 - Completed
- Recommendation 3 - Completed
- Recommendation 4 - Completed
- Recommendation 5 - Completed
- Recommendation 6 – In Progress
- Recommendation 7 – Completed
- Recommendation 8 – Completed
- Recommendation 9 – Completed
- Recommendation 10 - Completed

INTERNAL AUDIT SECTION

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.

SUMMARY OF INTERNAL AUDIT REPORTS COMPLETED DURING FY 2021

2020-19 Audit of Procurement Process

In accordance with the OIG's Annual Audit Plan for Fiscal Year 2020, an Audit of Florida Housing's procurement processes was conducted. The objectives of this audit were to determine whether:

- Florida Housing ensures that its administrative and operational procurement processes comply with selected procurement control requirements of Chapter 287, Florida Statute; Chapter 67-49, F.A.C.; and procurement policies, procedures, and guidelines;
- Florida Housing's controls ensure that procurement payment processes comply with the requirements of Chapter 287, Florida Statute; Chapter 67-49, F.A.C.; and procurement policies, procedures, and guidelines; and
- if necessary, to create or enhance current policies and procedures to ensure compliance with Florida Statute and F.A.C.

The audit disclosed that Florida Housing's procurement processes are generally compliant with Florida Statutes,

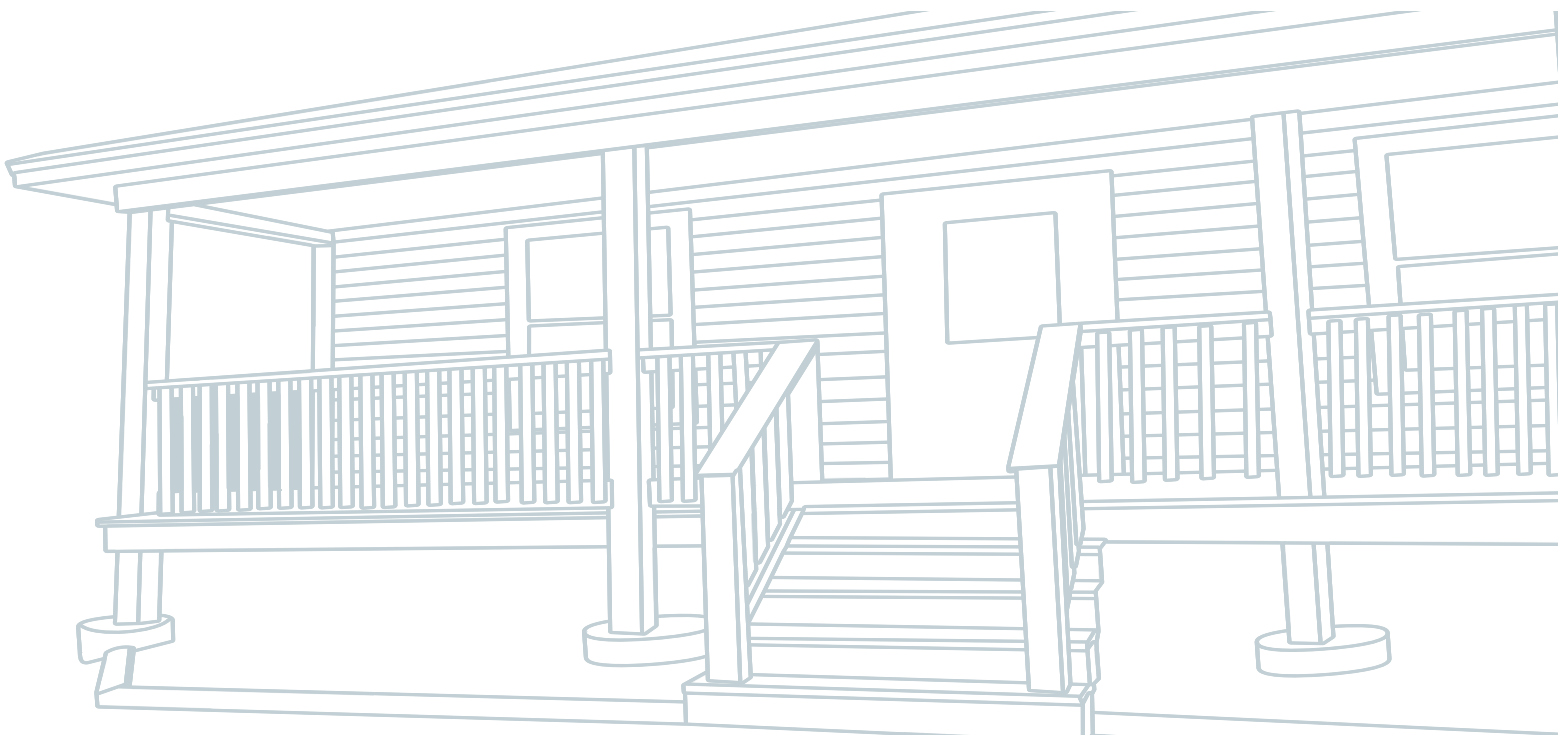
INTERNAL AUDIT SECTION

F.A.C., and internal procurement guidelines. However, the OIG concluded that certain procurement processes should be improved to strengthen the level of compliance with the requirements of Chapter 287, Florida Statute; Chapter 67-49, F.A.C.; and internal procurement guidelines to further minimize risk exposure. The following are key areas for improvement:

- Development of a formalized procurement policy.
- Implement conflict of interest attestations for Contract Managers and staff involved in the contract award and/or management process.
- Implement documentation requirements to provide validation of Executive Director approval for certain procurements (e.g., emergency and single source procurements).
- Implement justification requirements for deviations from Review Committee recommendations.

As such, the following recommendations were made:

- The OIG **recommended** the formal adoption of a Florida Housing procurement policy incorporating appropriate elements of all applicable authoritative sources.
- The OIG **recommended** that all employees participating in the contract award and/or management process attest in writing that they are independent of and have no conflict of interest with the entities evaluated and selected and/or the contracts managed.
- The OIG **recommended** defining the procurement types for which the Executive Director's documented approval is prescribed and the method of documentation in the language of the recommended formalized procurement policy.
- The OIG **recommended** that Florida Housing create and implement a policy requirement for written justification to document all deviations from a procurement Review Committee's recommendations. Additionally, this information should be presented to the Board to ensure transparency within the procurement process.



INTERNAL AUDIT SECTION

SUMMARY OF REVIEWS COMPLETED DURING FY 2020

2021-04 – Review of 2020 4th Quarter Performance Measures Review
2021-09 – Review of 2021 1st Quarter Performance Measures Review
2021-11 – Review of 2021 2nd Quarter Performance Measures Review
2021-17 – Review of 2021 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.

2020-20 - Management Review of Predevelopment Loan Program (PLP)

This management review was conducted in accordance with the OIG's Annual Audit Plan for Fiscal Year 2020; in addition, the Audit Committee expressed a desire to have additional information, assurance, and clarity regarding the PLP. The objectives of this Management Review were:

- The validity of the Florida Housing Audit Committee concerns that an inordinate amount of extensions are requested by applicants and granted by the Florida Housing Board;
- Whether there are applicants that have defaulted on a previous PLP loan, subsequently applied for a new PLP loan and whether they were awarded or denied; and
- Whether internal PLP files and associated documentation are complete, readily accessible and in compliance with authoritative requirements.

The management review determined that Florida Housing's Predevelopment Loan Program (PLP) was compliant with applicable Florida Statutes and Florida Administrative Code Rules related to the administration of the program. However, the Office of Inspector General did observe one area that could benefit by improving the management of PLP applicant file documentation.

As such, the following recommendations were made:

- The OIG recommends the creation and implementation of a PLP applicant file checklist that incorporates the authoritative source requirements for applicant file documentation from Florida Administrative Code 67-38 Predevelopment Loan Program and Sections 420.521-420.529, "Predevelopment Loan Program Act," Florida Statutes. The checklist should be completed and confirm that all required documents are present in the PLP applicant file during closeout.

INTERNAL AUDIT SECTION

2021-15 - Quality Assurance Review of 2020-2021 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.

Upon the recommendations of the previous quality assurance reports 2020-13 and 2020-17, the OIG staff members:

- Updated the OIG policy for random number generations, which included the use of the Microsoft Teams, video recording capability. Thus, recording and saving of the entire process in each specific RFA electronic file, which enhances the transparency of the process.
- Created a script to follow with each RFA request. The script ensures consistency and anyone who views the video would understand each step performed in the process.
- Created a checklist of each step in the process to complete with each RFA request and included within each RFA electronic file.

COORDINATED EXTERNAL AUDIT REPORTS DURING FY 2021

Ernst & Young's Audit of Florida Housing's 2020 Financial Statements

Department of Economic Opportunity's Fiscal Monitoring of Workforce Affordable Housing Program - Community Development Block Grant – Disaster Recovery (CDBG-DR) – Hurricane Irma

FOLLOW-UP REVIEWS COMPLETED DURING FY 2021

Project No. 2021-08 – 2nd Follow-up on the Enterprise IT Audit

Project No. 2021-12 – 1st Follow-up on the Records Management Audit



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 numbers² 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 2021, OIG staff assigned lottery numbers for the following RFAs listed below:

RFA 2021-102	RFA 2021-108	RFA 2021-205
RFA 2021-103	RFA 2021-201	RFA 2021-208
RFA 2021-104	RFA 2021-202	RFA 2021-211
RFA 2021-105	RFA 2021-203	
RFA 2021-106	RFA 2021-204	

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.

² 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.

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.

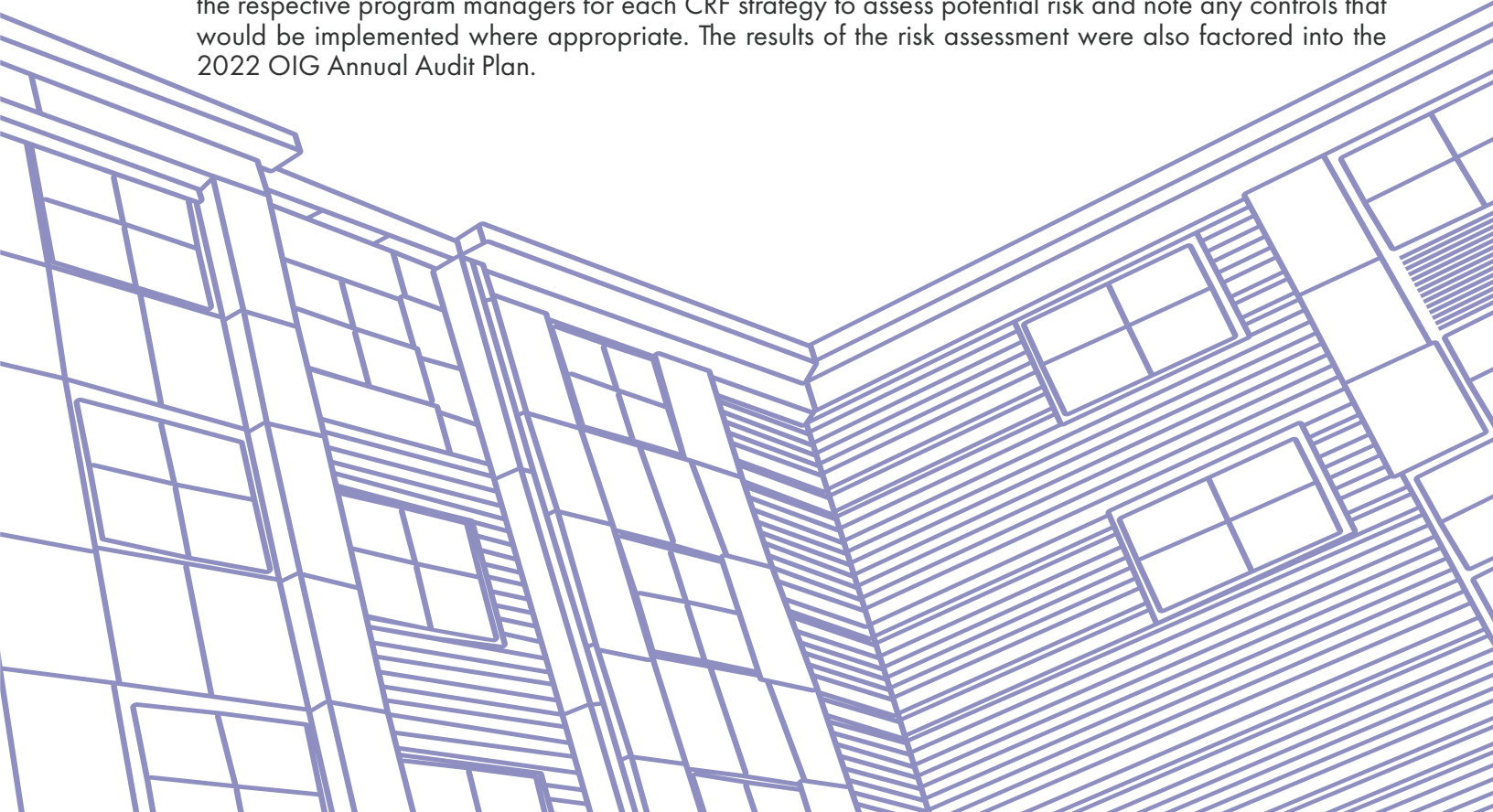
OFFICE OF INSPECTOR GENERAL FY 2021 INTERNAL AUDIT PROJECTS

Project Number	Project Type	Project Name	Final Report Issued
2019-13	Special Project	CDBG – DR Oversight Activities	In Progress
2020-19	Audit	Audit of the Procurement Process	Report Issued 8/3/2021
2020-20	Management Review	Review of Predevelopment Loan Programs	Report Issued 3/8/2021
2021-01	Special Project	OIG Admin (staff meetings; P&P reviews; Annual Report; etc.)	Closed 12/31/2021
2021-02	Special Project	Random Number Generation for RFAs/ Review Committee Meetings	Closed 12/31/2021
2021-03	Special Project	Investigative Assistance	Closed 12/31/2021
2021-04	Management Review	Review of 2020 4th Quarter Performance Measures Report	Memo Issued 1/29/2021
2021-05	Management Review	General Enterprise Risk Management Updates	Closed 12/31/2021
2021-06	Special Project	General Program Area Work (Servicer Meetings, Informational Meetings, etc.)	Closed 12/31/2021
2021-07	Special Project	Ship Assistance	Closed 12/31/2021
2021-08	Management Review	2nd Follow-up on Enterprise IT Audit	Memo Issued 5/5/2021
2021-09	Management Review	Review of 2021 1st Quarter Performance Measures Report	Memo Issued 4/29/2021
2021-10	Special Project	Tracking Legislation	Closed 12/31/2021
2021-11	Management Review	Review of 2021 2nd Quarter Performance Measures Report	Memo Issued 7/30/2021
2021-12	Management Review	Follow-up on Audit of Records Management	Memo Issued 11/10/2021
2021-13	Audit	Audit of the HOME Investment Partnerships (HOME) Program	In Progress
2021-14	Management Review	Review of Information Technology Security Tools and Policies for Remote Work Facilitation	In Progress
2021-15	Special Project	Quality Assurance Review of 2020-2021 Lottery Number Assignments	Memo Issued 10/21/2021
2021-16	Special Project	2021 Risk Assessment and Development of 2022 Audit Plan	Plan Approved 12/9/2021
2021-17	Management Review	Review of 2021 3rd Quarter Performance Measures Report	Memo Issued 10/26/2021

OIG INITIATIVES

Since the start of the 2021 fiscal year, the OIG has continued and commenced 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.
- Enterprise-Wide Cybersecurity Audit - At the request of the Office of the Governor’s Chief Inspector General, the OIG participated in a workgroup composed of Inspector General community IT audit experts to conduct a risk assessment in order to plan and implement an enterprise-wide cybersecurity audit for state agencies. This audit serves to meet statutory updates to Section 20.055, Florida Statutes for cybersecurity audits effective July 1, 2021. With the rise of cybersecurity threats globally and an increased legislative emphasis on state government cyber resilience, the purpose of conducting the audit at the enterprise level is to collectively identify areas of weakness across state agencies and assist agency information technology leadership in navigating their ever-changing risk environment. Through collaborative efforts of the OIG, the workgroup developed the audit scope, delivered auditor training, and is implementing a cybersecurity audit of Detect-Continuous Monitoring as outlined under Chapter 60GG-2.004(2), Florida Administrative Code.
- 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 2022 OIG Annual Audit Plan.



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.*



we make housing affordable™
Florida Housing
Finance Corporation

227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301
(850) 488-4197
www.FloridaHousing.org