

# ANNUAL REPORT FISCAL YEAR 2022



FLORIDA HOUSING FINANCE CORPORATION  
OFFICE OF THE INSPECTOR GENERAL  
ENHANCING PUBLIC TRUST IN FLORIDA'S AFFORDABLE HOUSING







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# INTRODUCTION

## **Mission Statement**

Enhancing Public Trust in Florida's Affordable Housing

## **Vision**

To provide the highest quality work product and services that aid in positive change.

## **Value**

The Office of Inspector General places value on making a positive difference through the work we do. We are committed to constantly improving how we operate, embracing innovation, and using persistence and determination to achieve results.

## **About Us**

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

The OIG provides 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 for Florida Housing. 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 (corporation);
- 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.

Additionally, Section 20.055, Florida Statutes, requires each Inspector General to submit an annual report summarizing its activities during the preceding fiscal year (FY).<sup>1</sup> 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 2022 (January 1 – December 31).

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<sup>1</sup> FY is mentioned in Florida Statute; however, Florida Housing defines their FY as the calendar year from January 1 – December 31.

# 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*.

The OIG also adheres to the Commission for Florida Law Enforcement Accreditation's, *The Florida Inspectors General Standards Manual* for the investigative section.

Accreditation is the certification by an independent reviewing authority that an OIG has met specific requirements and prescribed standards. An accreditation program has long been recognized as a means of maintaining the highest standards of professionalism. In the State of Florida, the Commission for Law Enforcement Accreditation (CFA) is the designated accrediting body for law enforcement agencies and Offices of Inspector General. Accreditation involves a thorough examination of an office's policies and procedures, work product, investigations, reviews, supervision, personnel, and training practices. Accreditation is primarily geared toward the investigative function. Once achieved, accreditation is valid for three years. The OIG previously received initial accreditation in 2017, reaccreditation in 2020, with reaccreditation scheduled for 2023.

## PROFESSIONAL CERTIFICATIONS

Current staff members hold the following certifications:

- Certified Governance Risk and Compliance CGRC (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 Equal Employment Opportunity (EEO) Investigator (2)
- Certified Public Manager (3)
- Notary Public (3)

# PROFESSIONAL ORGANIZATIONS

Current staff members belong to the following organizations:

- Association of Certified Fraud Examiners (ACFE)
- Association of Government Accountants (AGA)
- Association of Inspectors General (AIG)
- Federal Bureau of Investigation National Academy (FBINA)
- Institute of Internal Auditors (IIA)
- Information Systems Audit and Control Association (ISACA)
- International Information Systems Security Certification Consortium ((ISC)<sup>2</sup>)

Along with membership to these professional organizations, OIG staff are encouraged to participate and serve on local chapter association boards as detailed below:

- ACFE Tallahassee Chapter, officer from 2014-2019 and board member from 2019-present
- AGA Tallahassee Chapter, Executive Committee Member from 2016-present
- AIG Florida Chapter, board member from 2015-present and training committee member from 2019-present
- IIA Tallahassee Chapter, Board of Governors from 2017-present
- ISACA Tallahassee Chapter, officer from 2018-2021





# 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 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.

# FLORIDA HOUSING'S PROGRAMS

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

### **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.

### **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.

Florida Housing offers the following Down Payment Assistance Programs:

- **The Florida Assist (FL Assist)**

Provides eligible homebuyers with up to \$ 10,000 on FHA, VA, USDA, and Conventional Loans. Additionally, it is a 0%, non-amortizing, deferred second mortgage. The FL Assist is not forgivable. Repayment is deferred, except in the event of the sale, transfer, satisfaction of the first mortgage, refinancing of the property or until such a time the mortgagor ceases to occupy the property at which time, the Florida Assist will become due and payable, in full.

- **The Florida Homeownership Loan Program (FL HLP) Second Mortgage**

Provides eligible homebuyers with up to \$ 10,000; 3% fully-amortizing, second mortgage; and 15-year term. The FL HLP Second Mortgage carries a monthly payment. The remaining unpaid principal balance (UPB) is deferred, except in the event of the sale, transfer of deed, satisfaction of the first mortgage, refinancing of the property or until such a time the mortgagor(s) ceases to occupy the property as his/her primary residence at which time, the FL HLP Second Mortgage will become due and payable, in full. Since the FL HLP Second Mortgage carries a monthly payment, this payment may need to be considered in a borrower's debt-to-income (DTI) ratio when credit underwriting.

- **3%, 4%, and 5% Housing Finance Agency (HFA) Preferred and HFA Advantage PLUS Second Mortgage**

Borrowers utilizing these down payment and closing cost programs receive 3%, 4%, or 5% of the total loan amount in a forgivable second mortgage. This second mortgage is forgiven at 20% a year over its 5-year term when used with Florida Housing's conventional HFA Preferred for TBA or HFA first mortgage products. The "PLUS" Second Mortgage is available only with these conventional first mortgage products.



# FLORIDA HOUSING'S PROGRAMS

## **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.

## **Florida Hometown Heroes Housing Program**

The Florida Hometown Heroes Housing Program makes homeownership affordable for eligible frontline community workers such as law enforcement officers, firefighters, educators, healthcare professionals, childcare employees, and active military or veterans. The program provides down payment and closing cost assistance to first-time, income qualified homebuyers so they can purchase a primary residence in the community in which they work and serve. The Florida Hometown Heroes Loan Program also offers a lower first mortgage rate and additional special benefits to those who have served and continue to serve their country.

## **HOMEOWNERS**

Florida Housing also offers assistance to homeowners such as the SHIP Disaster Relief Programs.

## **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.

## **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.

# FLORIDA HOUSING'S PROGRAMS

## **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.

- **Hurricane Housing Recovery Program (HHRP)**

HHRP is a locally administered fund established to accommodate the different housing needs of different communities. The funding for the program is allocated among 28 qualified counties. The funds are given directly to local SHIP offices and may go towards hurricane recovery purposes such as repair and replacement of housing; acquisition of building materials for home repair and construction; housing reentry assistance; and assistance paying home insurance deductibles.



# 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.

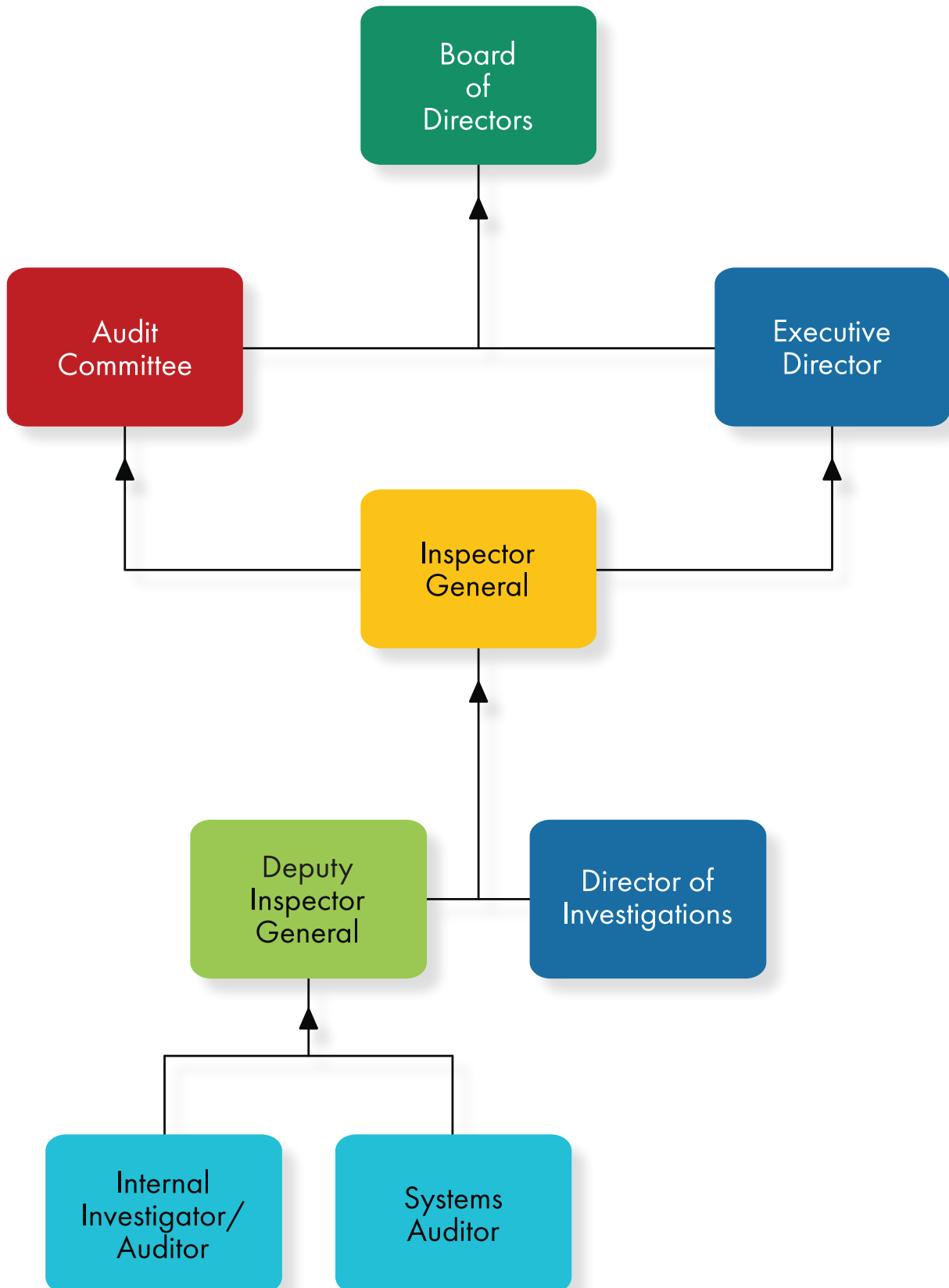
**Strategy 2** - Up to \$120 million in housing assistance for impacted homeowner and renter households with incomes up to 120 percent of the area median income. The primary use of the funding was for rental and mortgage assistance, but other allowable household expenses included emergency repairs, utility 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.

# ORGANIZATIONAL CHART





# INVESTIGATIONS

## **INVESTIGATIVE SECTION**

The Investigative Section's primary responsibility is working towards accomplishing the OIG's mission by conducting investigations of fraud, waste, abuse, and misconduct. This is accomplished by 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 requests for assistance or complaints from the Office of the Chief Inspector General, Florida Housing or contracted entities employees, and the general public via the online Fraud, Waste, and Abuse (FWA) complaint form submission, telephone, letter, fax, or email.

The online FWA complaint form allows the public, stakeholders, and others to report suspected corruption, fraud, waste, and abuse.

The Investigative Section complies with the *General Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General. Additionally, the Investigative section adheres to the Commission for Florida Law Enforcement Accreditation's, *The Florida Inspectors General Standards Manual (Green Book)* for the investigative section.

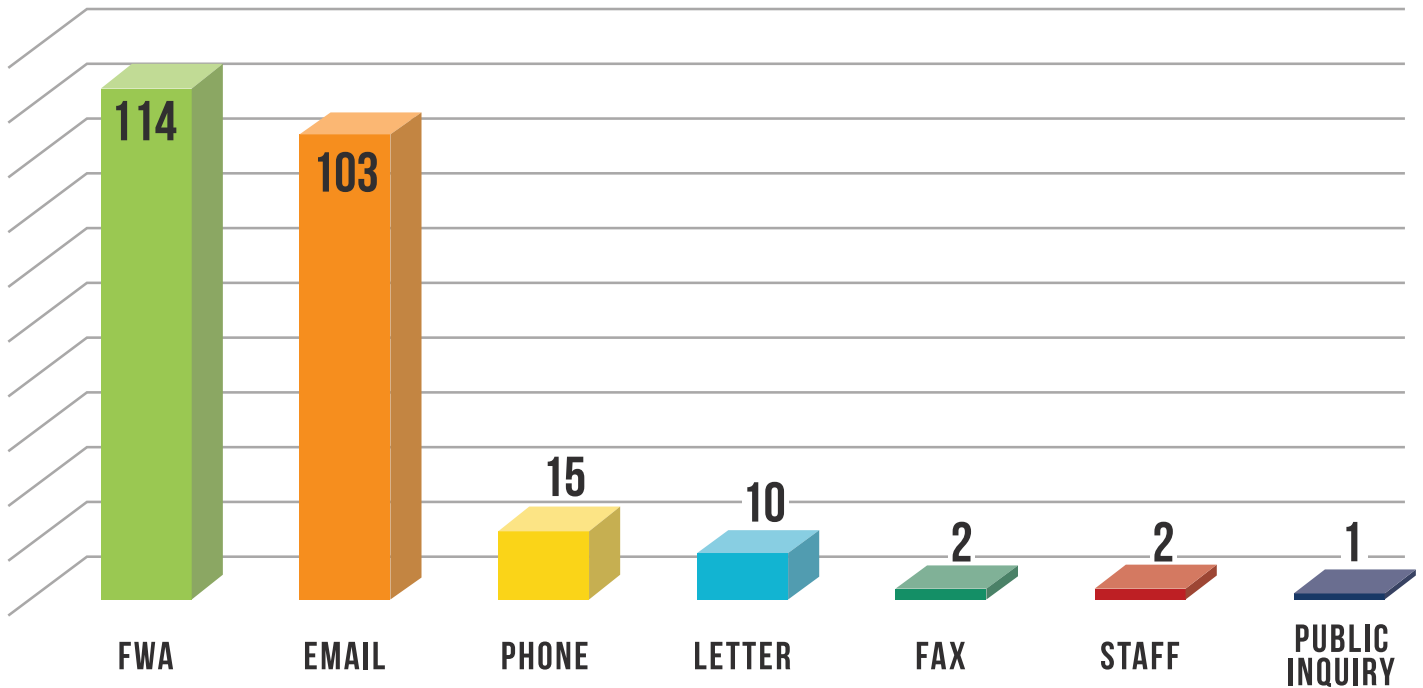
The Investigative Section is comprised of two staff members: a Director of Investigations and an Internal Investigator/Auditor. The investigative staff members have a wide variety of skills, knowledge, and experience. Both staff members hold the Association of Inspectors' General, Certified Inspectors General Investigator certification. Additional certifications held by the staff members include Certified Fraud Examiner, Certified Inspector General Auditor, Certified Government Auditing Professional, as well as a Certified Public Manager.



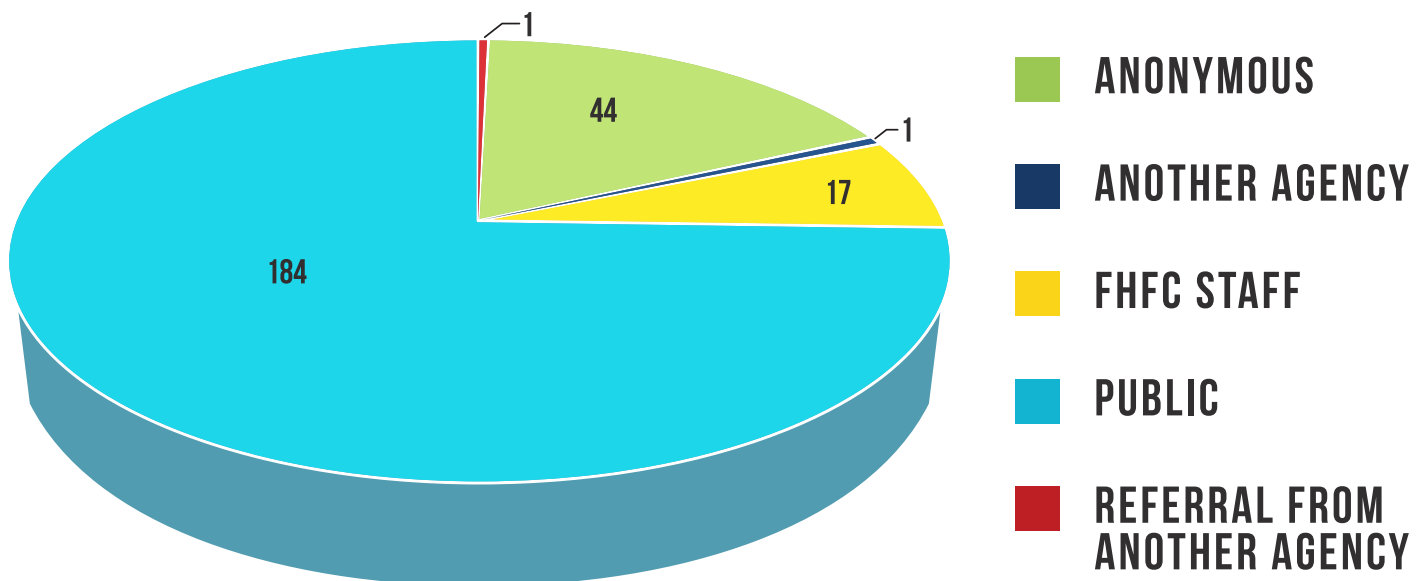
# INVESTIGATIONS SECTION

The OIG received a total of 247 requests for assistance/complaints in 2022. The method of receipt for these requests for assistance/complaints and the sources of those requests for assistance/complaints are listed below:

## SUMMARY OF 247 COMPLAINTS/REQUESTS FOR ASSISTANCE RECEIVED IN 2022



## SUMMARY OF SOURCE 247 COMPLAINTS/REQUESTS FOR ASSISTANCE IN 2022

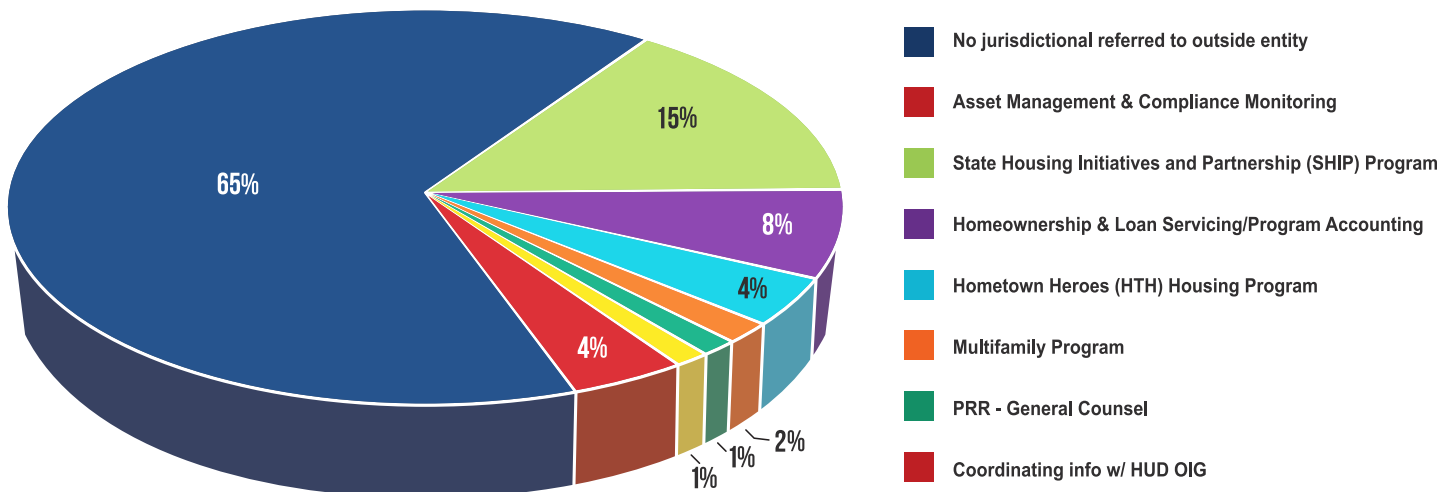


# INVESTIGATIONS SECTION

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 2022	
<b>226 requests for assistance were received in 2022:</b>	
147	requests were non-jurisdictional and were referred to the appropriate outside entity;
34	requests involved coordination and review by the Asset Management and Compliance Monitoring staff;
17	requests involved coordination and review by the State Housing Initiatives and Partnership (SHIP) Program staff;
9	requests involved coordination and review by the Homeownership Program and Loan Servicing/Program Accounting staff;
4	requests involved requests for assistance with the Hometown Heroes (HTH) Housing Program;
3	requests involved coordination and review by the Multifamily Program staff;
3	requests involved coordination and review by the General Counsel; and
9	requests involved OIG staff coordinating information with the US Department of Housing and Urban Development (HUD) OIG.
<b>226</b>	<b>Total requests for assistance</b>

## SUMMARY OF 2022 REQUESTS FOR ASSISTANCE



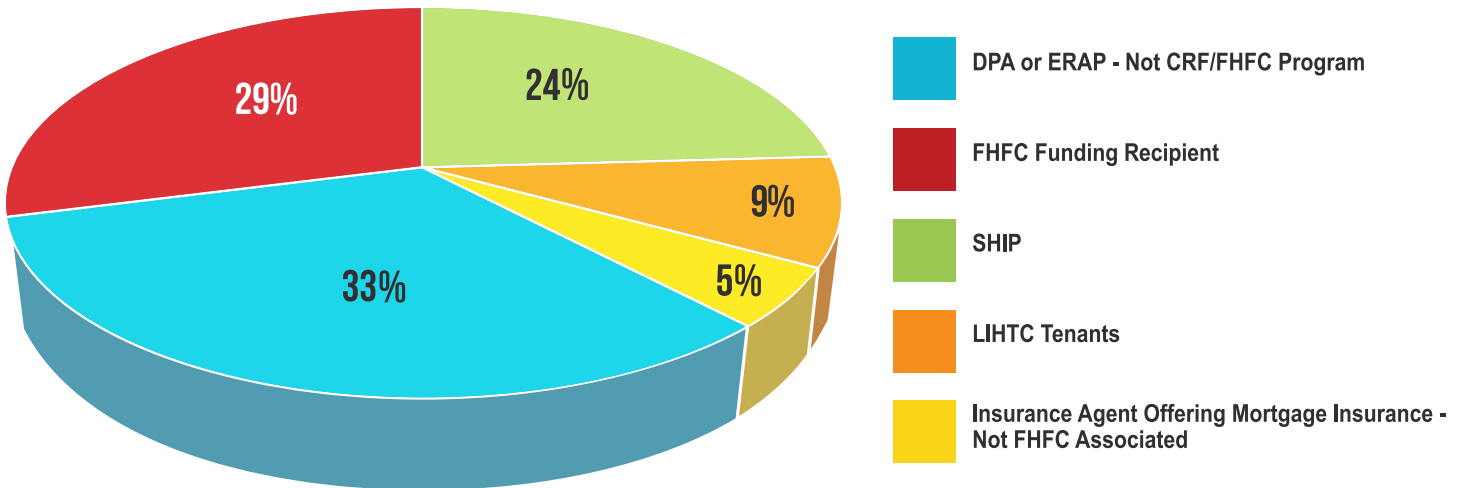


# INVESTIGATIONS SECTION

Total Complaints Received in 2022	
<b>21 Complaints were received in 2022:</b>	
7	complaints involved: 1 down payment assistance (DPA); and 6 Emergency Rental Assistance Program (ERAP) funding not administered by Florida Housing, which were non-jurisdictional and were referred to the appropriate outside entity;
6	complaints involved recipients of Florida Housing Program funding: DPA; Florida Hardest Hit Fund (HHF); or HOME ownership loan;
5	complaints involved SHIP Program assistance administered by the local governments;
2	complaints involved LIHTC funding and related apartment complexes in Florida Housing's Affordable Housing Portfolio; and
1	complaint involved an external party/insurance agent offering mortgage insurance, but they were not associated with Florida Housing.
<b>21</b>	<b>Total complaints</b>

The OIG requests responses for any action taken on the referred complaints. Those responses are evaluated, and the complaint may be closed, the OIG may seek further clarification, or may initiate an investigation.

## SUMMARY OF 2022 COMPLAINTS BY PROGRAM AREA



# INVESTIGATIONS

## 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.<sup>2</sup> The findings are based on facts and evidence obtained while completing the management reviews, investigative reviews, and investigations.

While the investigations are administrative in nature, the results and recommendations can lead to monetary recoveries. In addition, 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 2022:

2022 Investigative Activity from Complaints Received		
Activity	Opened in 2021	Closed in 2022
Number of cases/complaints (investigations, investigative or management reviews) previously referred to other governmental or law enforcement agencies pending results of their investigation:	4	4
Activity	Opened in 2022	Closed in 2022
Number of complaints resulting in either investigation, investigative or management review:	21	17
Activity	Opened in 2022	Closed in 2022
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	7
Activity	Opened in 2022	Closed in 2022
Number of complaints – requests for assistance from Florida Housing Program areas:	8	7

During the FY 2022, OIG staff conducted 25 investigative/management reviews, with 13 of those cases involving complaints about the activities of Florida Housing Program recipients.

<sup>2</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

## **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 2022**

### **ACRONYMS**

#### **Programs**

Coronavirus Relief Fund (CRF) Program  
Coronavirus Disease 2019 (COVID)  
Florida Hardest Hit Fund (HHF) Program<sup>3</sup>  
Homeownership Pool (HOP) Program  
Hometown Heroes (HTH) 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 Financial Services (DFS)  
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)

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<sup>3</sup> The HHF Program closed in December 2020. This program was funded by the US Treasury to assist: first-time homebuyers with down payment/closing costs funding in specified counties; seniors who were in arrears on their reverse mortgage; and home owners in need of assistance with their existing mortgage



# INVESTIGATIONS

## 210721-01 IR

**Allegation:** On July 21, 2021, OIG staff received a complaint from an individual alleging fraudulent activity related to the awarding of a bid/Request for Application (RFA) by a local government to a former employee of the individual's company.

**Results of Review:** OIG staff: determined that Florida Housing was not involved in the RFA; discussed this matter with Program staff, who said funding was provided by our agency, but the local government has jurisdiction over the bid process. Due to the possible involvement and related activity of the local government staff during the bid/award process and in accordance with §20.055(7)(c), F.S., the OIG forwarded this matter to FDLE on July 22, 2021, for possible violations of federal and/or state laws. FDLE recommended the information be forwarded to the local police department; and the complainant provided an update that they had filed a civil suit. Due to the local government administering the SHIP Program, if additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results of this review, OIG staff closed this matter.

## 220210-01 IR

**Allegation:** On February 10, 2022, OIG staff received a complaint from an individual titled, "Fraud by my Father," with allegations including that their father: was physically abusing their mother; had a criminal history to include being a "serial rapist"; but he was able to apply and become a tenant of a LIHTC complex.

**Results of Review:** OIG staff worked with Compliance staff, who conducted a review of the LIHTC complex file and determined that background checks were completed on the adult members of the household. In addition, searches of the FDLE Sexual Predator database did not list the individual as a sexual offender/predator. The complainant was directed to contact FDLE directly if they had legal documentation related to their father's alleged criminal activity; and they were reminded to contact local law enforcement with safety concerns. Based on the results of this review, OIG staff closed this matter.

## 220523-01 IR

**Allegation:** On May 23, 2022, OIG staff received an anonymous complaint about an individual, who allegedly misreported income and failed to report another adult tenant on their LIHTC rental application.

**Results of Review:** OIG staff: corresponded with Compliance and property management staff; and spoke to the tenant. Compliance staff determined that the file was handled appropriately. However, the tenant was going through a divorce/custody battle and would provide an update to property management in the future. The additional tenant was not living their fulltime but was in the process of applying to become a tenant. Based on the results of this review, OIG staff closed this matter.

## 220622-01 IR

**Allegation:** On June 22, 2022, OIG staff received a complaint from an individual, who expressed concerns about the activities of their landlord and property manager. Allegedly, the landlord and property manager falsified information on rental assistance applications in order to receive rental assistance benefits.

**Results of Review:** OIG staff: documented the properties owned by the landlord; and corresponded with SHIP Program staff, who determined no CRF funds had been provided and recommended to contact the agencies providing rental assistance in that area. Two agencies responded that they had not provided funding; however, one agency did not respond. So, OIG staff forwarded the information to their local government OIG. Based on the results of this review, OIG staff closed this matter.

# INVESTIGATIONS

## 220705-01 IR

**Allegation:** On July 5, 2022, OIG staff received a request for assistance from another state Housing Development Authority regarding an individual, who was believed to be living in their state, but applying for rental assistance in Florida. However, the timeframe for the possible applications was after the Florida Housing CRF Program had ended.

**Results of Review:** OIG staff: located possible addresses for the individual in Florida from a contracted database; and corresponded with Program staff and related outside entities to notify them of this matter – for their review and action deemed appropriate. Based on the results of this review, OIG staff closed this matter.

## 220718-01 IR

**Allegation:** On July 18, 2022, OIG staff received an email from the SHIP Program Administrator about an individual reported to have received a SHIP loan, but instead of living in the home as required, their family members occupied the home.

**Results of Review:** OIG staff: reviewed the related documents, which included occupancy requirements; and corresponded with SHIP Program and General Counsel staff, along with the local government and the property appraiser. Based on the information reviewed, it was determined that the individual had not occupied the residence. In addition, the local government SHIP Program was listed on the loan documents and would be considered the victim. Therefore, Florida Housing was not included in the loan documents and does not have jurisdiction over this matter of enforcement of the terms of the loan – occupancy requirements. Based on the results of this review, OIG staff closed this matter. In addition, SHIP Program staff were provided a copy of the final investigative report for their review and consideration during future compliance reviews of the county SHIP Program.

## 220901-01 IR

**Allegation:** On September 1, 2022, OIG staff received an anonymous complaint about a landlord, who was reported to have collected cash from some tenants, but still applied for rental assistance for the tenants. However, the landlord did not report the cash payments on the rental assistance applications. The complainant stated that the IRS has been investigating the landlord.

**Results of Review:** OIG staff: verified the rental property information; corresponded with Program staff, the local governments, other state agencies providing rental assistance, and the IRS for their review and action deemed appropriate. Florida Housing CRF records did not list the landlord or properties as receiving rental assistance. Based on the results of this review, OIG staff closed this matter.

## 210520-01 MR

**Allegation:** On May 20, 2021, OIG staff received an anonymous complaint about a local government staff member.

**Results of Review:** Due to the allegation involving possible misconduct of a local government employee, OIG staff referred the information to the local government OIG for their review and action deemed appropriate. Since Florida Housing has a contract with the local government as a SHIP Program provider, OIG staff were monitoring this referral. However, Broward OIG staff had not concluded their review by the end of 2022. OIG staff closed this matter but will continue to monitor the referral.

## 210629-01 MR

**Allegation:** On June 29, 2021, OIG staff received a complaint from an individual, who expressed concerns about the award of a SHIP Program rehabilitation (rehab) project on their parent's home. Allegedly, a sibling, who lived with the parent, was an employee of the local government.

# INVESTIGATIONS

**Results of Review:** OIG staff: corresponded with SHIP Program staff and local government staff, who conducted a review of this matter. The local government's review resulted in the termination of the employee, and referral to the county State Attorney's Office for potential criminal charges. Based on the results of this review, OIG staff closed this matter.

## **211102-01 MR**

**Allegation:** On November 2, 2021, OIG staff received a complaint from an individual, who expressed concerns about the alleged activity of property management of a LIHTC complex, which includes additional HUD funding. Specifically, they reported issues with the selection of new residents from a waiting list, the sale of parking decals, the processing of maintenance requests, and pest control.

**Results of Review:** OIG staff corresponded with Compliance staff, who explained that the most recent Management Review/Physical Inspection (MRPI) was November 25, 2019, and property management were working on the pest control issues. Due to COVID, the 2020 review had been cancelled. However, on November 3, 2021, an inspection of the property was conducted, and minor violations were corrected within 24 hours of the review.

OIG staff also corresponded with HUD OIG staff, who said, "...The best place for this complaint is the HUD Contractor responsible for the oversight of this property..." Between November 2021 and September 2022, Compliance staff and HUD staff corresponded and exchanged information regarding the results of inspections of the property. In addition, HUD previously had conducted a Real Estate Assessment Center (REAC) inspection on July 10, 2019, with a failing score, which was appealed to receive a higher, passing score. A HUD OIG staff person stated, "It does appear that HUD is actively engaging with the property to remedy its troubled status..." Compliance staff responded that they have joined weekly HUD calls about the property and they were "...convinced they are working hard to assist residents in the troubled properties. If the allegations against property management were systemic as described in the complaint, it seems HUD's call center and/or Florida Housing would have received complaints from other residents." Based on the results of this review, OIG staff closed this matter.

## **220113-01 MR**

**Allegation:** On January 13, 2022, OIG staff received an anonymous complaint about an individual, who was reported to have received DPA funds to buy a home, but is now renting the home to a family member.

**Results of Review:** OIG staff corresponded with Loan Servicing and Homebuyer Loan Programs staff, who stated that Florida Housing did not provide the DPA loan. The local government staff were also contacted, and a representative stated, "This second mortgage has recently been paid off. The Satisfaction of Mortgage is pending." Based on the results of this review, OIG staff closed this matter.

## **220127-01 MR**

**Allegation:** On January 27, 2022, OIG staff received an anonymous complaint about an individual, who was reported to have received HHF Program funds, but the home was not their primary residence.

**Results of Review:** OIG staff corresponded with: Loan Servicing staff, who explained that the HHF Program required occupancy until November 2018; and the local property appraiser staff, who stated that the individual's homestead exemption was removed in June 2020. Based on the results of this review, OIG staff closed this matter.

## **220221-01 MR**

**Allegation:** On February 21, 2022, OIG staff received an email from SHIP Program staff, who had received a request from an individual to review their complaint about a SHIP contractor previously received by Florida Housing in 2013.



# INVESTIGATIONS

**Results of Review:** OIG staff: reviewed OIG records, which showed this complaint was previously forwarded to the appropriate state agencies, with completed investigations resulting in the contractor's license being revoked. The complainant did not provide any new information. Therefore, they were notified that based on the completed investigation, no additional reviews of this matter would be conducted by Florida Housing staff. Based on the results of this review, OIG staff closed this matter.

## 220622-02 MR

**Allegation:** On June 22, 2022, OIG staff received an anonymous complaint about an individual, who was reported to have applied for rental assistance in May 2022 but failed to report their husband's income.

**Results of Review:** OIG staff: corresponded with Compliance and Program staff, who did not locate a LIHTC property at the address provided; and the CRF funding provided by Florida Housing ended on December 30, 2020. Therefore, Florida Housing had not provided any assistance to this individual. Local government staff were notified of the allegations for their review and action deemed appropriate. Based on the results of this review, OIG staff closed this matter.

## 220630-01 MR

**Allegation:** On June 30, 2022, OIG staff received an email from Program staff regarding an individual requesting assistance with a local government SHIP contractor, who had completed a rehab project on their home.

**Results of Review:** OIG and SHIP Program staff corresponded with local government staff, who said they had been working with the individual to address the issues, with all items resolved except the tile repair. OIG staff corresponded with the complainant, notifying them that the contractual relationship was between them and the contractor. Therefore, Florida Housing does not have jurisdiction over this matter. They were encouraged to continue working to complete the project with the local government staff, as they are the government entity with authority to administer the SHIP rehab project. Based on the results of this review, OIG staff closed this matter.

## 220708-01 MR

**Allegation:** On July 8 and 23, 2022, OIG staff received two anonymous complaints about an individual, who allegedly was employed fulltime, but was submitting falsified late rent ledgers for his company on applications to the OUR Florida Rental Assistance Program in November 2021.

**Results of Review:** OIG staff confirmed the individual had not received CRF funding; and corresponded with Compliance staff, who explained that the individual was a tenant of a LIHTC apartment complex. However, the rental assistance would not be counted as income; and if DCF's review results in a conviction, then it could affect his eligibility for a LIHTC unit. This information was forwarded to DCF for their review and action deemed appropriate. Due to the report of the individual having his own company, OIG staff located a possible business and information indicating they received a Paycheck Protection Program (PPP) Loan. Therefore, this information was forwarded to the US Small Business Administration (SBA) for their review and action deemed appropriate. Based on the results of this review, OIG staff closed this matter.

## 220711-01 MR

**Allegation:** On July 11, 2022, OIG staff received an email from Program staff regarding an individual requesting assistance with a local government SHIP contractor, who was working on a rehab project on their home.

**Results of Review:** OIG and SHIP Program staff corresponded with local government staff, who said they "... were willing to do whatever we need to do in order to complete this project." However, they were aware that the individual would not allow the contractor back on their property; and that they could re-bid the project but were concerned about future potential bidders in their rural area. OIG staff corresponded with the complainant, notifying them that the contractual relationship was between them and the contractor. Therefore, Florida Housing does not have jurisdiction over this matter. They were encouraged to continue working to complete the project with

# INVESTIGATIONS

the local government staff, as they are the government entity with authority to administer the SHIP rehab project. The individual directed the local government to close the rehab project. Based on the results of this review, OIG staff closed this matter.

## **221020-01 MR**

**Allegation:** On October 20, 2022, OIG staff received an email from Loan Servicing staff regarding an individual, who requested assistance because they said a HHF lien from another individual was placed on their property in error.

**Results of Review:** OIG staff were provided details from Loan Servicing staff, which showed the HHF recipient had been notified by a law firm representing the complainant, who had the lien placed on their property in error. Loan Servicing and Program staff conducted a review and determined the wrong legal description was included in the HHF loan document, with no fraudulent activity related to this error. Based on the results of this review, OIG staff closed this matter.

## **221114-01 MR**

**Allegation:** On November 14, 2022, OIG staff received a complaint from individuals regarding the activities of a contractor completing the construction of their home under the HOP Program.

**Results of Review:** OIG staff corresponded with Loan Servicing and Program staff, who explained that they did not find “any discrepancies in the building of the home from the HOP Property Standards.” However, they verified there were “...on-going struggles between the homebuyer and the builder...” OIG staff corresponded with the complainants, notifying them that the contractual relationship was between them and the contractor. Therefore, Florida Housing does not have jurisdiction over this matter. They were provided the information to file a complaint against the contractor, with the DBPR, and the contact information for the Florida Bar for legal information. Based on the results of this review, OIG staff closed this matter.

## **221117-01 MR**

**Allegation:** On November 17, 2022, OIG staff received an email from Program staff regarding two complaints received from individuals reporting they received a phone call from a male offering mortgage protection insurance – claiming to represent Florida Housing. One of the individuals was able to provide the telephone number from the male caller; and both said that they did not have any mortgages with Florida Housing. Program staff called the number and received voicemail, which included the full name of the individual. They searched the DFS licensee information and located this individual by name, with the same phone number. According to the DFS licensee records, the individual has an active insurance license in the State of Florida.

**Results of Review:** OIG staff: verified the information provided for the individual on the DFS website; and forwarded the information to the DFS OIG and DFS Division of Insurance Agent and Agency Services. The Chief of the Bureau of Licensing responded that the Bureau of Investigations would review the information. Based on the results of this review, OIG staff closed this matter.

## **221201-01 MR**

**Allegation:** On December 1, 2022, OIG staff received an email from Asset Management staff regarding a former tenant of an apartment complex, who is alleging property management staff were not applying ERAP funds to rent ledgers, which has caused some tenants to be evicted, to include discrimination against some of the tenants.

**Results of Review:** OIG staff corresponded with the complainant, along with Compliance staff, who explained that the property is not under contract with Florida Housing to provide LIHTC affordable housing units. Therefore, the complainant was notified that Florida Housing does not have jurisdiction over this matter. They were provided the contact information for OUR Florida and the local government for assistance. Based on the results of this review, OIG staff closed this matter.

# INVESTIGATIONS

## **ACCREDITATION**

In December of 2022, IG Hirst welcomed a team of assessors from the CFA to examine all aspects of the OIG's investigative policies, procedures, management, and operations. The OIG must maintain compliance with more than 48 standards in order to receive reaccreditation status.

The CFA Assessment Team consisted of Team Leader, Deputy Sheriff David Pate of the Leon County Sheriff's Office and Team Member, Jeremy Billington, Director of Investigations, of the Department of Economic Opportunity, Office of Inspector General. The Summary and Final Report, which will be presented to the CFA Commission in February 2023, stated the following:

The Florida Housing Finance Corporation Office of Inspector General serves as a model of efficiency within the inspector general community. While the Florida Housing Finance Corporation is in fact a corporation, they operate above and beyond the expectations of any state agency Office of Inspector General.

This office has embraced their responsibilities as a steward of public trust for the citizens. The assessment team observed a work group which not only has defined the FHFC OIG mission, but genuinely understands the value the Inspector General System provides to their agency and the functions of the corporation and the services they provide to the citizens of Florida.

The assessment was flawless, with no discussion of noncompliance issues or corrective actions. The policies of the FHFC OIG are sound, allow for effective workflow, and are compliant with state statute, agency policy, and established principles for operation for investigative functions in an Office of Inspector General.

The assessment team recommends the Florida Housing Finance Corporation Office of Inspector General be favorably reviewed for reaccredited status by the Commission for Florida Law Enforcement Accreditation as the next commission meeting.







# INTERNAL AUDIT

## **INTERNAL AUDIT SECTION**

The Internal Audit Section's primary responsibility is to support the overall OIG mission, by conducting audits and reviews to detect fraud, waste, abuse, and mismanagement. Just as importantly, the Internal Audit Section also assists 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.

Audit engagements generally conclude with the issuance of a final audit report which contains the OIG's findings/observations, and recommendations regarding the audited subject matter. Additionally, the final report contains the auditee's response to those findings/observations and recommendations.

Most of the audits and reviews performed originate from the annual audit plan. However, there are times a request may come from the Audit Committee/Board or Executive Director when there is an area of interest or concern warranting a more in-depth look.

The Internal Audit Section completed one audit and five management reviews. Two additional audits were initiated; however, they were not completed by the end of the fiscal year (FY). Coordination and/or follow-up on one external audit and one internal audit project were completed. Internal audit reports and advisories are posted on the Florida Housing website.

<http://www.floridahousing.org/contact-us/inspector-general/audits>

The Internal Audit Section conducts audits in accordance with the current *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc. (Red Book), or, where appropriate, in accordance with *Generally Accepted Governmental Auditing Standards* (Yellow Book).

Just as the Investigations Section uses accreditation to ensure the policies and procedures, work product, supervision, personnel, and training are held to the highest standard of professionalism, the Internal Audit Section undergoes the statutorily mandated Quality Assurance Review (QAR) process performed by the Auditor General's Office. These reviews are conducted every three years and serve to ensure the section 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 most recent review was conducted in 2020, with the next one due in 2023.

The Internal Audit Section is comprised of a Deputy Inspector General (Audit Director) and a Senior Systems Auditor. On occasion, as needed, the Director of Investigations and Internal Investigator/Auditor also participate in the internal audit activities. All staff members hold the Association of Inspectors' General Certified Inspectors General Auditor certification. Additional certifications held by the staff members include Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor, Certified Inspector General Investigator, Certified Government Audit Professional, Certified Governance Risk and Compliance, Certified Information Systems Security Professional - Information Systems Security Management Professional, Certified Inspector General, as well as Certified Public Manager.

As of December 31, 2022, all corrective actions for significant recommendations described in previous annual reports have been completed.

# INTERNAL AUDIT

## **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 2022**

### **2021-13 Audit of the Home Investment Partnership (HOME) Program**

In accordance with the OIG's Annual Audit Plan for FY 2021, an audit of Florida Housing's HOME Program processes was conducted. The objectives of this audit were to determine whether:

- Florida Housing's HOME Program funds were timely committed and expended in accordance with HOME program requirements:
  - Reductions of FY 2014 and prior FY allocations
  - Reductions of FY 2015 and subsequent FY allocations
- Required documentation was obtained, reviewed, and approved prior to disbursing HOME Program funds.
- HOME Program funding was provided to eligible recipients (developers).
- HOME Program administrative expenses were adequately documented and compliant with the requirements of OMB A-87.
- Tenant-Based Rental Assistance (TBRA) Program recipient files contained adequate validating information for participant eligibility and payment documentation.



# INTERNAL AUDIT SECTION

The OIG concluded within the scope of testing and validation, the following:

- HOME Program funding disbursements were timely committed and expended in accordance with HOME Program requirements.
- Required documentation was obtained, reviewed, and approved prior to disbursing HOME Program funds.
- HOME Program funding was provided to eligible recipients.
- The HOME Program is compliant with the requirements of OMB A-87 for HOME Program administrative expenses.
- TBRA Program recipient files contained adequate validating information for participant eligibility and payment documentation.

There were no recommendations for the audit.

## **SUMMARY OF MANAGEMENT REVIEWS COMPLETED DURING FY 2022**

### **2021-14 Review of Information Technology Security Tools and Policies for Telework Facilitation**

In accordance with the OIG's Annual Audit Plan for FY 2021, a Review of Information Technology Security Tools and Policies for Telework Facilitation was conducted. Florida Housing has a responsibility to safeguard the release of information in a public document that might expose potential IT security vulnerabilities. Internal Audit follows guidance provided by Section 282.318, Florida Statutes, providing that findings related to IT security should be considered confidential information and exempt from public disclosure.<sup>4</sup>

### **2022-04 – Review of 2021 4th Quarter Performance Measures Review**

### **2022-09 – Review of 2022 1st Quarter Performance Measures Review**

### **2022-11 – Review of 2022 2nd Quarter Performance Measures Review**

### **2022-16 – Review of 2022 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.

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<sup>4</sup> Section 282.318(4)(g) Ensure that periodic internal audits and evaluations of the agency's information technology security program for the data, information, and information technology resources of the agency are conducted. The results of such audits and evaluations are confidential information and exempt from s. 119.07(1), except that such information shall be available to the Auditor General, the Cybercrime Office of the Department of Law Enforcement, the Agency for State Technology, and, for agencies under the jurisdiction of the Governor, the Chief Inspector General.

# INTERNAL AUDIT SECTION

## **COORDINATED EXTERNAL AUDIT REPORTS DURING FY 2022**

### **Ernst & Young’s Audit of Florida Housing’s 2021 Financial Statements**

The Office of Inspector General ensures effective coordination and cooperation during the annual financial statement audit.

## **FOLLOW-UP REVIEWS COMPLETED DURING FY 2022**

### **Project No. 2022-12 – 1st Follow-up on the Audit of the Procurement Process**

The International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, require that the OIG monitor implementation of Florida Housing’s corrective action responses to observations and recommendations made in audit reports issued by the Internal Audit Section.

The objective of this follow-up was to determine the status of the four observations and associated corrective actions related to Project# 2020-19, *Audit of the Procurement Process*. In addition, the OIG wanted to assess the validity and reliability of the information provided to determine the adequacy of the corrective actions in mitigating the associated risk to an acceptable level.

To achieve this objective, the OIG performed certain verification procedures with respect to the information provided, which included inquiries and examinations of supporting documentation. Based on the review, nothing indicated that the corrective actions, taken by the auditee to mitigate the risks associated with the four observations, were inadequate. Therefore, the OIG considered all recommendations and associated corrective actions completed and closed.



# 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.

### **Random Number Generation (Lottery Number) Assignments**

Lottery numbers<sup>5</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 2022, OIG staff assigned lottery numbers for the following RFAs listed below:

- **RFA 2021-206**
- **RFA 2022-102**
- **RFA 2022-103**
- **RFA 2022-104**
- **RFA 2022-106**
- **RFA 2022-109**
- **RFA 2022-210**
- **RFA 2022-301**

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.

### **2022 Florida Cybersecurity Standards Risk Assessment (Cybersecurity Phase 1)**

During the second and third quarters of 2022, Florida Housing IT and IG staff conducted an internal IT Security Risk Assessment utilizing the FCS (Florida Cybersecurity Standards) Risk Assessment Tool published by Florida Digital Services (FL[DS]). The tool provides a uniform way to comply with risk assessment requirements outlined in section 282.318, Florida Statutes, and the Florida Cybersecurity Standards (60GG-2, Florida Administrative Code). The tool was used to perform an initial maturity assessment of major Functions, Categories and Subcategories of the NIST Cybersecurity Framework that the Florida Cybersecurity Standards (FCS) are based on.

Internal Audit follows guidance provided by Section 282.318, Florida Statutes, providing the results of the assessment which are related to IT security, should be considered confidential information and exempt from public disclosure

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<sup>5</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.

## 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 2022 Annual Audit Plan identified the programs and activities to be audited or reviewed. The Audit 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 Audit Plan also identified additional areas that may be included in the audit plans for FY 2023 and FY 2024. The Audit Plan was approved during the December Audit Committee meeting.

## 2022-13 Quality Assurance Review – Self Assessment

In accordance with the internal auditing standards, the OIG initiated a self-assessment of our internal audit activities. The OIG staff were guided in the assessment by the most recent 2017 version of the Quality Assessment Manual for the Internal Audit Activity as promulgated by the Institute of Internal Auditors (IIA).

The objective of this review was to provide reasonable assurance that internal audit activities conform to the IIA's Standards, the Code of Ethics, the OIG Charter, and other applicable standards. This review process helped to ensure that documentation submitted for the upcoming external peer review is complete, accurate, and timely. Additionally, the information utilized in this review will assist in improving the current audit process.



# OFFICE OF INSPECTOR GENERAL FY 2022 INTERNAL AUDIT PROJECTS

Project Number	Project Type	Project Name	Final Report Issued
2019-13	Special Project	CDBG – DR Oversight Activities	In Progress
2021-13	Audit	Audit of the HOME Investment Partnerships (HOME) Program	Report Issued 4/20/2022
2021-14	Management Review	Review of Information Technology Security Tools and Policies for Telework Facilitation	Report Issued 10/11/2022
2022-01	Special Project	OIG Admin (staff meetings; P&P reviews; Annual Report; etc.)	Closed 12/31/2022
2022-02	Special Project	Random Number Generation (RNG) for RFAs/ Review Committee Meetings (RCM)	Closed 12/31/2022
2022-03	Special Project	Investigative Assistance	Closed 12/31/2022
2022-04	Management Review	Review of 2021 4th Quarter Performance Measures Report	Memo Issued 1/27/2022
2022-05	Special Project	Cybersecurity Phase 1 – Risk Assessment	Closed 8/31/2022
2022-06	Special Project	General ERM	Closed 12/31/2022
2022-07	Special Project	General Program Area Work (Servicer Meetings, Informational Meetings, etc.)	Closed 12/31/2022
2022-08	Special Project	Ship Assistance	Closed 12/31/2022
2022-09	Management Review	Review of 2022 1st Quarter Performance Measures Report	Memo Issued 4/29/2022
2022-10	Audit	Audit of Multifamily Mortgage Revenue Bonds	In Progress
2022-11	Management Review	Review of 2022 2nd Quarter Performance Measures Report	Memo Issued 7/28/2022
2022-12	Management Review	Follow-up on Audit of the Procurement Process	Memo Issued 9/06/2022
2022-13	Special Project	Quality Assurance Review – Self Assessment	In Progress
2022-14	Special Project	2022 Risk Assessment and Development of 2023 Audit Plan	Plan Approved 12/08/2022
2022-15	Audit	Audit of Purchasing Card Controls	In Progress
2022-16	Management Review	Review of 2022 3rd Quarter Performance Measures Report	Memo Issued 10/27/2022
2022-17	Special Project	Tracking Legislation	Closed 12/31/2022
2022-18	Special Project	Office of the Chief Inspector General Enterprise Project	In Progress

# OIG INITIATIVES

Since the start of 2022, 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, Detect-Continuous Monitoring** - 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.
- **Association of Government Auditors, 2022 Government Training Event (AGA-GTE)** - At the Florida State University’s Turnbull Conference Center, OIG staff delivered a presentation entitled *Planning and Implementing an Enterprise Cybersecurity Audit*. This presentation provided an overview of the processes involved in developing the audit program for the Enterprise-Wide Cybersecurity Audit, Detect-Continuous Monitoring including the scope, objectives, preliminary survey, planning, fieldwork, reporting, and finalization phases of the audit. Conference attendees are professionals in the field of governmental financial management which includes accounting, auditing, budgeting, financial reporting, performance reporting, grants management, contract management, and information systems.
- **Enterprise-Wide Cybersecurity Audit, Protect-Identity Management and Access Control** – Building upon the previous success of implementing a cybersecurity audit of Detect-Continuous Monitoring and at the request of the Office of the Governor’s Chief Inspector General, the OIG again participated in a workgroup composed of Inspector General community IT audit experts to conduct a risk assessment in order to plan and implement another enterprise-wide cybersecurity audit for state agencies. This audit also 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 Protect-Identity Management and Access Control as outlined under Chapter 60GG-2.003(1), 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.*

