

ENHANCING PUBLIC TRUST IN FLORIDA'S AFFORDABLE HOUSING

OFFICE OF THE INSPECTOR GENERAL



ANNUAL REPORT FISCAL YEAR 2023

FLORIDA HOUSING FINANCE CORPORATION



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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).¹ 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 2023 (January 1 – December 31).

¹ 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 received their initial accreditation in 2017 and has subsequently received reaccreditation in 2020 and 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 (2)
- Certified Information Systems Security Professional - Information Systems Security Management Professional (1)
- Certified Inspector General (2)
- Certified Inspector General Auditor (5)
- Certified Inspector General Investigator (5)
- Certified Internal Auditor (2)
- Certified Equal Employment Opportunity (EEO) Investigator (2)
- Certified Public Manager (3)
- Notary Public (4)

PROFESSIONAL ORGANIZATIONS

Current staff members belong to the following organizations:

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

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 2016-2023
- 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.

FLORIDA HOUSING'S PROGRAMS

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

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.

FLORIDA HOUSING'S PROGRAMS

- **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.

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

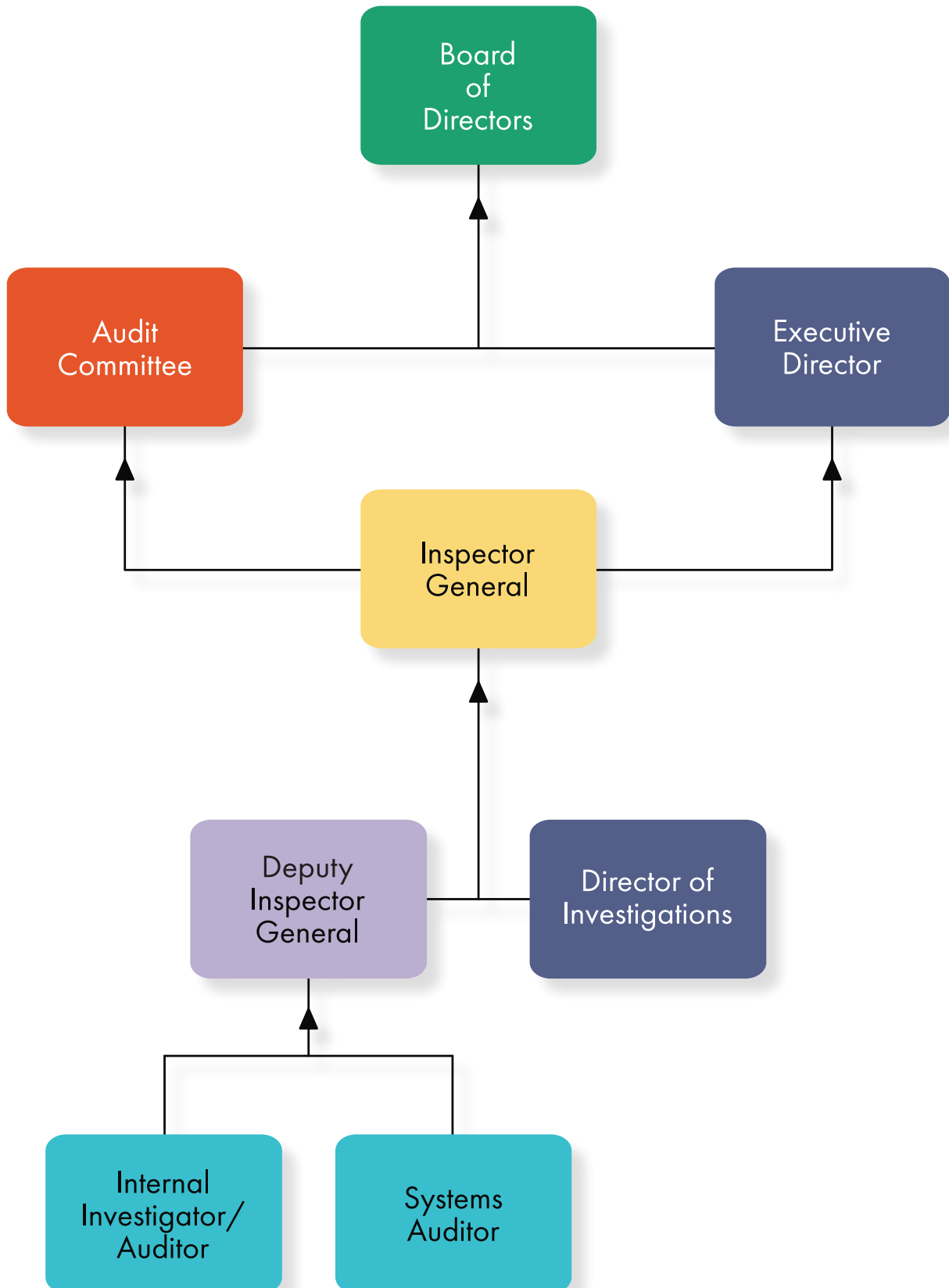
Works with state and federal officials to provide information on disaster relief resources and information and provides available resources to assist individuals with recovery efforts.

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

HHRP is currently available to assist families with hurricane recovery purposes that include, but are not limited to, repair and replacement of housing; acquisition of building materials for home repair and construction; payment of insurance deductibles for storm-related damages, and housing reentry assistance such as security deposits, utility deposits, and temporary storage of household items.

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.

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.

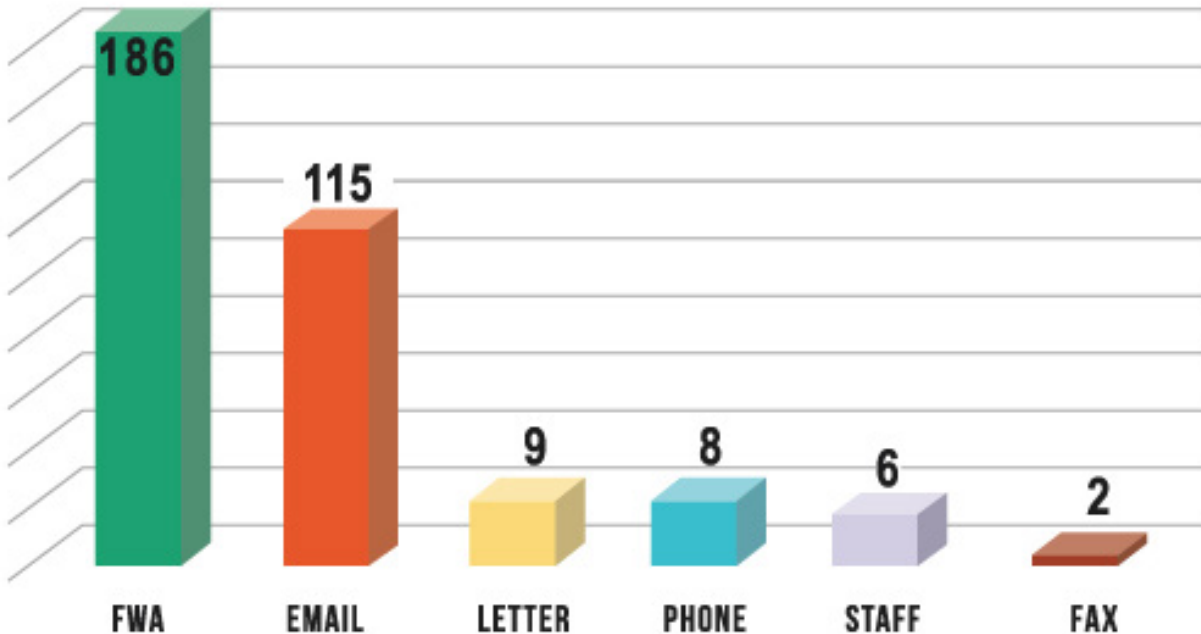
The online FWA complaint form allows the public, stakeholders, and others to report suspected corruption, fraud, waste, and abuse.

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: an Investigations Director 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 Certified Public Manager.

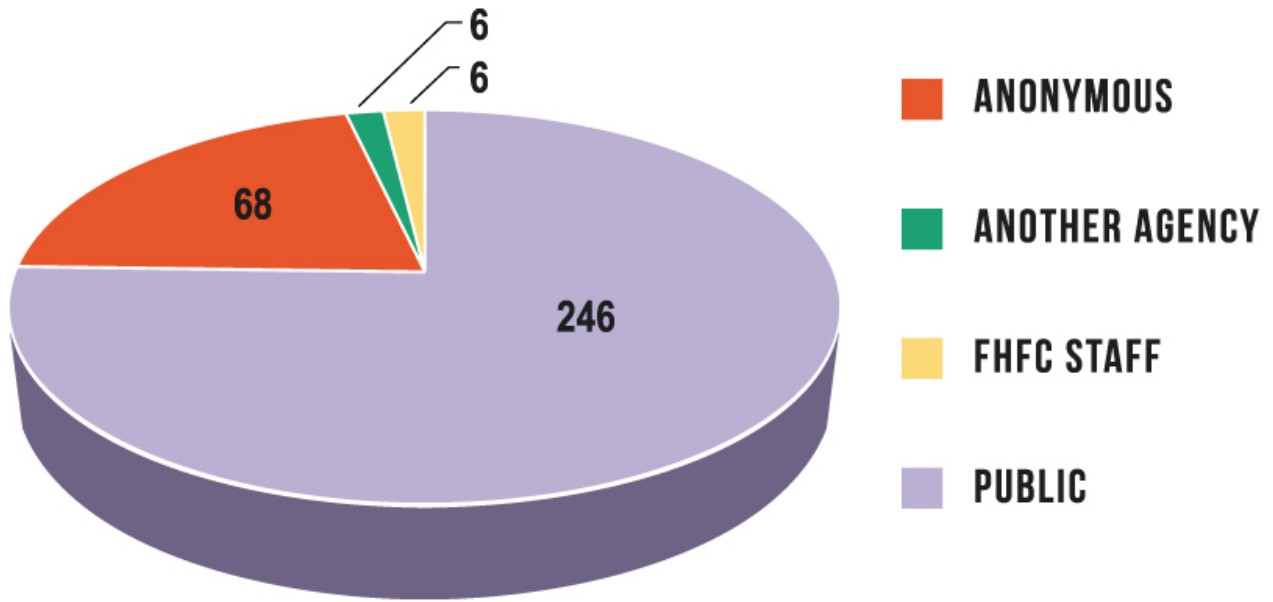
The OIG received a total of 326 requests for assistance/complaints in 2023. The method of receipt for these requests for assistance/complaints and the sources of those requests for assistance/complaints are listed below:

SUMMARY OF 326 COMPLAINTS/REQUESTS FOR ASSISTANCE RECEIVED IN 2023



INVESTIGATIONS

SUMMARY OF SOURCE 326 COMPLAINTS/REQUESTS FOR ASSISTANCE RECEIVED IN 2023

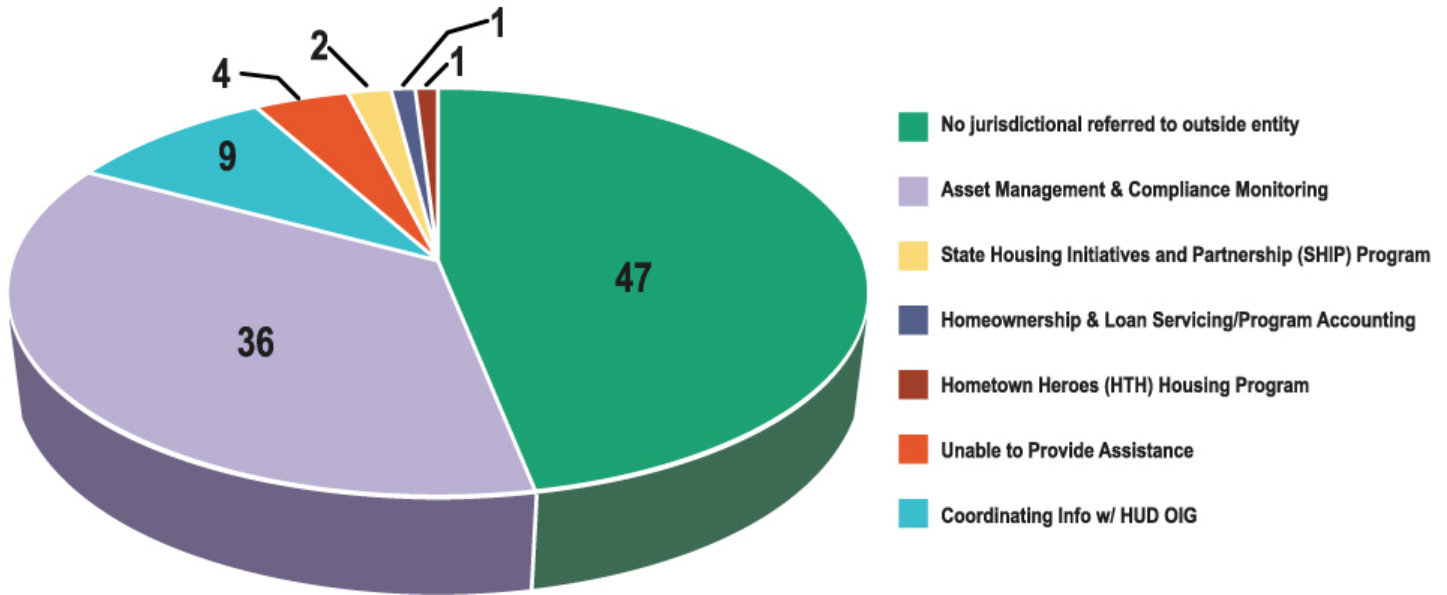


Requests for Assistance/complaints received by the OIG are reviewed and either resolved, referred, or investigated as detailed below:

Total Requests for Assistance Received in 2023	
313 requests for assistance were received in 2023:	
148	requests were non-jurisdictional and were referred to the appropriate outside entity;
112	requests involved coordination and review by the Asset Management and Compliance Monitoring staff;
27	requests did not result in assistance due to lack of information or failure to respond to requests for additional information;
14	requests involved OIG staff coordinating information with the US Department of Housing and Urban Development (HUD) OIG;
7	requests involved coordination and review by the State Housing Initiatives and Partnership (SHIP) Program staff;
3	requests involved requests for assistance with the Hometown Heroes (HTH) Housing Program
2	requests involved coordination and review by the Homeownership Program staff;
313	Total requests for assistance

INVESTIGATIONS SECTION

**SUMMARY OF 313 REQUESTS FOR ASSISTANCE RECEIVED IN 2023
BY FLORIDA HOUSING PROGRAM AREA**



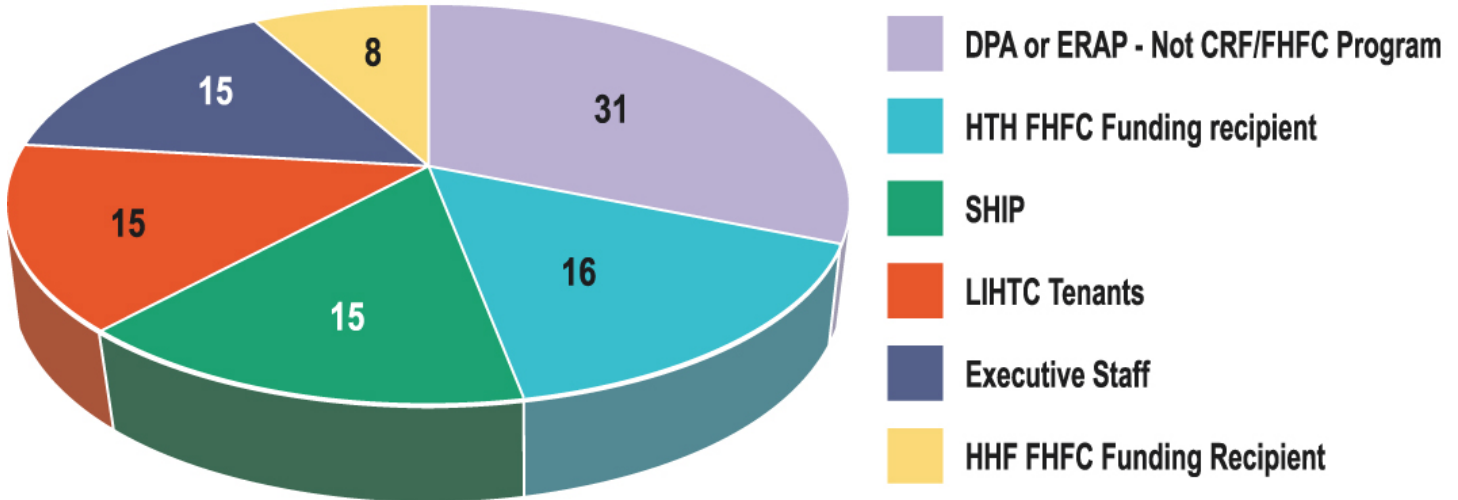
Total Complaints Received in 2023

13 complaints were received in 2023:

4	complaints involved Emergency Rental Assistance Program (ERAP) funding not administered by Florida Housing, which were non-jurisdictional and were referred to the appropriate outside entity;
2	complaints involved applicants/recipients of Florida Housing Program funding Hometown Hero's;
2	complaints involved SHIP Program assistance administered by the local governments;
2	complaints involved low-income housing tax credits (LIHTC) funding and related apartment complexes in Florida Housing's Affordable Housing Portfolio;
2	complaints involved the former Executive Director of Florida Housing; and
1	complaint involved a recipient of Florida Housing Program funding of the Hardest Hit Funds.
13	Total complaints

INVESTIGATIONS SECTION

SUMMARY OF 2023 COMPLAINTS BY PROGRAM AREA



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

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.² 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.

During the FY 2023, OIG staff conducted/closed 1 investigation and 11 investigative/management reviews.

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

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 2023

ACRONYMS

Programs

Coronavirus Relief Fund (CRF) Program
Coronavirus Disease 2019 (COVID)
Hometown Heroes (HTH) Program
Down Payment Assistance (DPA) Program
State Housing Initiatives Partnership (SHIP) Program
Hurricane Housing Relief Program (HHRP)
Community Redevelopment Agency (CRA)
Emergency Rental Assistance (ERA) Program

Agencies

Florida Department of Business and Professional Regulations (DBPR)
Florida Department of Children and Families (DCF)
Florida Department of Economic Opportunity (DEO)
Florida Department of Law Enforcement (FDLE)
Highway Safety and Motor Vehicles (HSMV)
Internal Revenue Service (IRS)

INVESTIGATIONS

221021-01 MR

Allegation: On October 21, 2022, OIG staff received an email from the Special Programs Director related to activities involving a former employee of the City of Panama City. The email stated: the former Director of Community Development/CRA administrator of the Panama City and Bay County Programs had been arrested relating to a misuse of funds through a non-profit where they were on the Board. There was no indication of where the funds originated, but they were over SHIP and HHRP. Therefore, Florida Housing had to be concerned that our funding may be involved.

Results of Review: OIG staff reviewed relevant information and corresponded with program staff, to include contacting the Panama City Police Department and conducting two site visits to Panama City. Additionally, OIG staff coordinated contact information between Panama City Police Department investigators, DEO, and DCF OIG staff due to this matter having possible involvement of disaster recovery funds administered by these two agencies in Panama City after Hurricane Michael.

The criminal investigation, conducted by several agencies, resulted in a criminal conviction for Grand Theft, Money Laundering, and 19 counts of Official Misconduct for misuse of federal funds, not related to Florida Housing Program funds. However, the Florida Housing Compliance Review and the Warren Averett Forensic Audit are still ongoing. If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Therefore, OIG staff are closing this matter.

221219-01 MR

Allegation: On December 19, 2022, OIG staff received an anonymous complaint about an individual who allegedly:

- provided false information to obtain a taxpayer funded grant for \$10,000 to purchase another property;
- owns several other rental properties in Volusia County, in which their partner owns and runs several business from that location, that they benefit from;
- owns several hundreds of thousands of dollars in equipment and each drive Cadillacs; and
- the company is registered as G-Pivot, Inc.

Results of Review: OIG staff reviewed relevant information and corresponded with program staff, who stated that it appears that someone with the same name as the individual owns three properties in Volusia County; however, it is not the same person who received the \$10,000 DPA, as the birthdates and signatures are different. Additionally, OIG conducted searches to determine if the individual and address is the one associated with the G-Pivot, Inc business. The addresses associated with the business did not match the individual's address. Based on this information, the individual associated with the DPA address, is not the owner of the other two parcels; and their name, along with the DPA address, are not associated with the business. If additional information is received, then it will be reviewed for action deemed appropriate. Therefore, OIG staff are closing this matter.

230105-01 MR

Allegation: On January 5, 2023, OIG staff received an anonymous complaint about an individual who allegedly:

- received SHIP funds for the rehabilitation of their home.
 - claimed to have two children living with them on their SHIP application, but they are grandchildren and do not live with them;
 - did not report all of their assets/income on the SHIP application because they own five properties between Gilchrist and Levy Counties;
 - purchased a commercial property during the SHIP rehab process by paying \$22,000 down-payment and now has a mortgage of \$2000/month;

INVESTIGATIONS

- o operated a barber shop out of that location, but does not report all of the cash they receive from the customers;
- o rented the one commercial property to a bookstore for \$500/month; and
- o previously sold items online, but did not report the income on their taxes.

Results of Review: OIG staff reviewed relevant information on-line and corresponded with SHIP Program staff, who contacted the Gilchrist County SHIP provider, the Suwannee River Economic Council, Incorporated (SREC, Inc.). The SREC reviewed the matter and stated:

- The individual is the only household member on the application;
- The \$22,000 down payment was from a previous boyfriend and the property was purchased after the SHIP RIC [Resident Income Certification] was signed and SHIP funds encumbered;
- They reviewed the income documents provided for verification, and noted, there was nothing present in said documents that would have alerted to additional income; and
- upon questioning, the individual denied any additional income from online sales.

The SREC, Inc. staff also provided an updated Income Eligibility summary based on the information they gathered during their review, which they said showed the individual's total income was below the limit for the very low-income category. The SREC, Inc. staff also stated, "Investigation determined client would remain eligible for SHIP services in the same income category as initially determined." 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.

230120-01 MR

Allegation: On January 20, 2023, OIG staff received a complaint regarding an individual who received SHIP funding for the rehabilitation of their home. The complainant alleged the individual:

- took out the grant with their (the individual's) mother, who died shortly after the grant was issued (10/15/2018);
- did not maintain this home as a primary residence, and in fact had the individual's family living there and then ultimately used it as a rental property;
- rented the property from March 2020 until November of 2022 to the complainant's daughter;
- did not maintain the property as there is sewage draining from the kitchen sink outside as well as numerous electrical problems within the structure;
- did not replace a broken window in the master bedroom;

The complainant also stated:

- they believed these issues are in violation of the grant agreement;
- Dixie County Property Appraiser had the property in the individual's name exclusively even though their mother was listed on the grant request;
- They had concerns for their daughter that she unknowingly was involved in state fraud by renting a house that was not rentable under the terms of SHIP; and
- to contact them for photographs as to the condition of the house and further information.

Results of Review: OIG staff reviewed relevant information on-line and corresponded with SHIP Program staff, who contacted the Dixie County SHIP provider, the Suwannee River Economic Council, Incorporated (SREC, Inc.). The SREC conducted a review, attached the completed investigation, and stated the following:

- the individual is back living in the home and once again fulfilling the terms of the lien; and
- expressed that Dixie County Manager related during a phone call that the County will not seek foreclosure on the property.

INVESTIGATIONS

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.

230221-01 MR

Allegation: On February 21, 2023, OIG staff received an anonymous complaint alleging that an individual lives in New York, used vacant land they own in Putnam County to receive reimbursement for tenants reported to be affected by the pandemic. The timeframe of this activity was listed as 2022. They used the identities of two individuals, one of which was reported deceased in June 2021.

Results of Review: OIG staff reviewed relevant information on-line and corresponded with Program staff, who determined no CRF funds had been provided. This information was forwarded to DCF for their review, where it was determined that the individual had created three applications – with two being paid and one denied. “The payments totaling \$26,970 were made in early 2022, and they are in the process of recovering this funding.” Due to this information, and the end of Florida Housing’s CRF Program on December 30, 2020, Florida Housing did not provide rental assistance to the individuals or address provided by the anonymous complainant. If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results from this review, OIG staff closed the matter.

230227-01 MR

Allegation: On February 27, 2023, OIG staff received an anonymous complaint alleging an individual lied by claiming another individual was their landlord at a property from which they received rental assistance through Our Florida, a DCF program. The complainant further stated that the two individuals cashed and split the checks amongst themselves.

Results of Review: OIG staff reviewed relevant information on-line and corresponded with Program staff, who determined no CRF funds had been provided. This information was forwarded to DCF for their review, where it was determined that payments were made to Third Coast, LLC and not the individual named in the complaint. Due to this information, and the end of Florida Housing’s CRF Program on December 30, 2020, Florida Housing did not provide rental assistance to the individuals or address provided by the anonymous complainant. If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results from this review, OIG staff closed the matter.

230307-01 MR

Allegation: On March 7, 2023, OIG staff received an anonymous complaint regarding an individual who was reported to have received rental assistance in 2022. Specifically, the complainant stated the individual:

- is a property manager for two people who live in New York but have rental investment properties in Polk County;
- received rental assistance by using their son’s name on a rental assistance application, but he was not a tenant of the property listed on the application; and
- may have used other names and addresses to apply for additional rental assistance.

INVESTIGATIONS

Results of Review: OIG staff reviewed relevant information on-line and corresponded with Program staff, who determined no CRF funds had been provided. This information was forwarded to DCF for their review, where it was determined that the individual and names/addresses associated with them was able to be matched. Therefore, it became,

“High Level – two recoupments will come from this, one as a potential FWA recoupment for \$14,050, and the other as a standard recoupment for program error for \$9,000.”

Due to this information, and the end of Florida Housing’s CRF Program on December 30, 2020, Florida Housing did not provide rental assistance to the individuals or address provided by the anonymous complainant. If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results from this review, OIG staff closed the matter.

230324-01 MR

Allegation: On March 24, 2023, OIG staff received a telephonic complaint alleging:

- an individual received rental assistance in 2020 by using their father’s name, who had previously passed away;
- falsified several documents stating that multiple people were renter’s of his father’s residence, by acting as though they were the father;
- filled out several applications and stated that people living at his home were behind on their rent; and
- none of the people he received money for ever lived at the home.

Results of Review: OIG staff reviewed relevant information and corresponded with Program staff who determined that no CRF funds had been provided. This information was forwarded to DCF for their review where it was determined that:

- Five tenant applications were found with the individual’s name as landlord;
- Seven applications were found with the address and all seven were referred for special file review due to file inconsistencies and multiple tenants at the same address;
- Two of the tenant applications were approved for and received ERA funding based on landlord and lease agreement stating tenants rented rooms within the residence;
 - One of the paid applications was referred for FWA recoupment;
- A tenant application received two payments for prospective rental payments totaling \$1,800 from ERA 2;
 - Recoupment letters were sent for these payments;
- Another tenant application received four payments from ERA 2 totaling \$13,075 (\$10,225 for 12 months of past due rent and \$2,850 for three months of prospective rental payments); and
- Additional research finds a warranty deed recorded with Pasco County 1/02/2020 naming the individual grantor of the property upon the death of the father.

Due to this information, and the end of Florida Housing’s CRF Program on December 30, 2020, Florida Housing did not provide rental assistance to the individual for the address or names provided by the complainant. If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results from this review, OIG staff closed the matter.

230403-01 IR

Allegation: On April 3, 2023, OIG staff received an anonymous complaint regarding the Royalton Apartments. The complaint specifically stated:

- The problems have been going on for many years.
- They are poor mentally disabled residents.

INVESTIGATIONS

- It is a supportive housing building called the Royalton Apartments and is run by Carrfour Supportive Housing.
- There is an infestation of drug dealers, prostitution, poor living conditions.
- Director of property has mental problems, bipolar and narcissistic tendencies.
- Residents want a director who is present and will fix the problems.

Results of Review: OIG staff reviewed relevant information and corresponded with the Compliance Monitoring Administrator who stated:

- Royalton received a 2004 allocation of Housing Credits and a 2005 SAIL. The development was placed in service on August 1, 2008. The SAIL loan requires 80% of the units (80 units) be occupied by homeless persons.
- I didn't find where Compliance had received any complaints regarding the Royalton Apts. There was a letter dated August 13, 2021 describing a complete refurbishing of the sole elevator in the building which required the relocation of several disabled residents for an extended period of time.
- The most recent annual Management Review/Physical Inspection (MRPI) of November 16, 2022, is attached. There were no major physical deficiencies noted in the report- three (3) units had roaches visible in the kitchen and/or bathroom areas; six (6) units had missing or inoperable smoke detectors- all six were corrected on the date of inspection. The 2022 review was closed on February 15, 2023. The 2020 and 2021 MRPI were cancelled due to COVID-19. The 2019 MRPI had no findings.

In another email dated May 4, 2023, the Compliance Monitoring Administrator provided the two most recent (DBPR) inspections dated June 7, 2022 and September 15, 2020 and stated:

- The two most recent inspection reports from DBPR cited trash and debris scattered around the dumpster area. It must have not been a huge mess given the result of "met inspection standards".

If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results from this review, OIG staff closed the matter.

230508-01 IR

Allegation: On May 8, 2023, OIG staff received a forwarded complaint from the Homebuyer Loan Program Director, which alleged fraud within the HTH program. Specifically, a Broker requested the buyer, a law enforcement officer with the HSMV, pay \$4,000.00 on the side since they were only being paid one percent on the transaction. Results of Review: OIG staff reviewed relevant information and corresponded with appropriate program staff. Additionally, due to potential criminal offenses and in accordance with Section 20.055(7)(c), F.S., this complaint was forwarded to the Florida Department of Law Enforcement (FDLE) on and the Florida Department of Highway Safety and Motor Vehicles (DHSMV), on June 5, 2023, for possible violations of federal and state laws.

On June 19, 2023, Inspector General, DHSMV, provided an Investigative Work Summary which concluded that:

Based on the information obtained in this inquiry, the OIG determined that the complaint does not rise to the level requiring any further OIG investigation and considers this matter closed.

On December 11, 2023, Special Agent Supervisor, FDLE, responded and stated:

We conducted a preliminary inquiry of the available information. Based on the information reviewed, FDLE will not be initiating an investigation at this time. However, the information will be forwarded to the IRS for their review. If you have any particular questions, please do not hesitate to contact me at the number below.

INVESTIGATIONS

If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results from this review, OIG staff closed the matter.

230824-01

Allegation: On August 24, 2023, the OIG received a complaint from the Chief Inspector General (CIG), (CIG Assignment 2023-08-0003). This complaint was originally filed on August 2, 2023, with the Florida Commission on Human Relations (FCHR), (FCHR No. 202443659), by former Florida Housing Board Liaison and Policy Manager. On August 8, 2023, FCHR forwarded the complaint to the CIG. Specifically, the complaint alleged the subject used Florida Housing's purchasing card for personal reasons, although they claimed them as work related charges.

Results of Review: OIG staff reviewed relevant information and corresponded with appropriate program staff. The OIG determined the purchasing card charges were made in accordance with policy. If additional information is received by OIG staff, then it will be considered for action deemed appropriate. Based on the results from this review, OIG staff closed the matter.

SUMMARY OF INVESTIGATIONS COMPLETED DURING FY 2023

230629-01

Allegations: On June 29, 2023, the OIG received a mandatory report/complaint alleging a hostile work environment and harassment by the Subject. An investigation was initiated to determine whether:

1. The subject engaged in inappropriate workplace behavior, which if supported, would constitute a violation of Florida Housing Policy # 6.01, *Maintaining a Professional and Respectful Workplace*.
2. The subject created a hostile work environment through harassment of female staff, which if supported, would constitute a violation of Title VII of the Federal Civil Rights Act of 1964; The Florida Civil Rights Act, Chapter 760, Florida Statutes; and/or Florida Housing Policy # 2.11, *Preventing Workplace Sexual Harassment and Discrimination*.

Issues: Based on information disclosed during the course of this investigation, the following additional issues were reviewed:

1. The subject is serving as a Board Member with First Housing³ which is an entity that contracts with Florida Housing.
2. The subject instructed the CFO to sell The Walt Disney Company Bond (Disney Bond) at a loss to Florida Housing before House Bill 3 was signed into law amending Section 560.114, Florida Statutes, to disallow investing based on any social, political, or ideological factors in investing and can only be done using pecuniary factors.
3. Florida Housing did not follow Florida Housing's Employee Selection policy when hiring the subject.

³ First Housing Development Corporation mobilizes capital to finance multifamily housing for individuals and families of all income levels.

INVESTIGATIONS

Findings:

1. Supported
2. Not Supported

Issues:

1. Supported
2. Supported
3. Supported

Corrective Action:

The OIG recommended the following:

- Florida Housing Board review the conclusion of each allegation/issue for action deemed appropriate.
- Florida Housing review all policies to ensure they are up-to-date and comply with all current laws and rules.
- Florida Housing follow all policies and procedures when hiring new employees.
- Florida Housing is considered a financial institution and after an informal poll of other financial institutions and their requirements⁴ when hiring new staff, the Office of Inspector General recommends Florida Housing consider adopting additional background checks for executive leadership⁵.
- Furthermore, if it is determined that additional background checks are required, the Office of Inspector General recommends that current executive leadership be subject to these requirements.

ACCREDITATION

In order to obtain accredited status, a team of assessors from the Commission for Florida Law Enforcement Accreditation (CFA) must examine all aspects of an OIG's investigative policies, procedures, management, and operations. The OIG must maintain compliance with more than 48 standards in order to receive accredited status. The OIG received their initial accreditation in 2017. Subsequently, they have received reaccreditation in 2020 and 2023. The OIG will be up for reaccreditation in 2026.

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 was 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.

⁴ Requirements include but are not limited to criminal, financial, past employment, and social media background checks.

⁵ Executive leadership consists of the Executive Director, Chief Financial Officer, General Counsel, and the Inspector General.

INVESTIGATIONS

The assessment was flawless, with no discussion of noncompliance issues or corrective actions. The polices 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.

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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 two audits, with a total of three recommendations, 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 three internal audit follow-up projects 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 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, 2023, 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 2023

2022-15 Audit of Purchasing Card Controls

In accordance with the OIG's Annual Audit Plan for FY 2022, an audit of Florida Housing's purchasing card controls was conducted. The objectives of this audit were to determine the effectiveness of internal controls for Florida Housing's purchasing card process and to ascertain whether:

- adequate information and documentation exist validating compliance with Florida Housing's purchasing card request process;
- adequate information and documentation exist validating the employees' acknowledgment and acceptance to abide by Florida Housing's purchasing card rules and requirements with sign-off by the employee and management;
- information and documentation exist with sufficient detail for validating the performance of adequate review, approval, and auditing in support of purchasing card transaction reconciliation in compliance with authoritative source requirements;

INTERNAL AUDIT

- adherence to policy and procedural control requirements for using tax exemption status for purchasing items, when applicable;
- terminated employees' purchasing cards were deactivated timely and in accordance with policy and procedural control requirements; and
- adherence to control requirements regarding what constitutes an improper purchase.

The audit disclosed that Florida Housing's purchasing card controls are generally compliant with Florida Statutes (F.S.), Florida Administrative Code (F.A.C.), and internal purchasing card policy, procedures, and guidelines. However, the OIG is recommending strengthening controls in one of the areas reviewed.

As such, the following recommendation was made:

The OIG **recommended** that Financial Accounting staff work with all responsible parties to develop a defined and documented procedure for the receipt of timely communication regarding an employee's separation from employment. This procedure should include guidance to ensure that if the separating employee is a cardholder, the purchasing card shall be deactivated by Financial Accounting staff no later than the day after the last day of employment.

2023-12 – Audit of Procurement

In accordance with the OIG's Annual Audit Plan for FY 2023, an audit of Florida Housing's procurement controls with a focus on vendor preference⁶ was conducted. The objectives of this audit were to determine the effectiveness of internal controls for Florida Housing's procurement process, with a focus on vendor preference and to ascertain whether:

- Florida Housing administers its procurement and contract execution functions in compliance with Section 215.985(14)(a), F.S.;
- any trends in vendor preference in the procurement and execution phases of the Department's contracts for calendar years 2019-2020 and 2021-2022; and
- procurement rules were followed under Section 287, F.S. for sampled high risk contracts.⁷

The audit disclosed that Florida Housing's procurement controls are generally compliant with Florida Statutes (F.S.), Florida Administrative Code (F.A.C.), and internal procurement policy, procedures, and guidelines. However, the OIG concluded that controls for the completeness of contract file documentation and accesses to contract payment information for a key staff member should be strengthened.

As such, the following recommendations were made:

- The OIG **recommended** that Florida Housing revise procedures to require that ITN contract file documentation include a short plain statement that explains the basis for the selection of the vendor and that sets forth the vendor's deliverables and price, pursuant to the contract, along with an explanation of how these deliverables and price provide the best value to the state.
- The OIG **recommended** that the Contract Administrator be given read/view only rights to the appropriate accounting platform in order to access contract payment information.

⁶ The state's purchasing laws are designed to promote fair and open competition in the public procurement process. The goal is to reduce the appearance and opportunity for vendor preference and favoritism and foster public confidence that contracts are awarded equitably and economically.

⁷ High risk factors may include contracts with any previously reported contract violations, contracts with vendors with more than one current contract, contracts that are Request for Proposal (RFP), Request for Quote (RFQ), Invitation to Negotiate (ITN), alternate contract sources (ACS), contracts with high dollar values and contracts with vendors that have been on the suspended vendor list

INTERNAL AUDIT SECTION

SUMMARY OF MANAGEMENT REVIEWS COMPLETED DURING FY 2023

2023-11 - Quality Assurance Review of 2021-2022 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 of the OIG's compliance with the random number generation process and that it was performed in accordance with policy and procedures.

The review determined that OIG staff members are following the applicable internal procedures while performing the random number generation process. Furthermore, it was concluded that internal controls in place are adequate to maintain the integrity of the process; however, the OIG should continue to look for ways to further enhance the process.

- 2023-04 – Review of 2022 4th Quarter Performance Measures Review**
- 2023-14 – Review of 2023 1st Quarter Performance Measures Review**
- 2023-18 – Review of 2023 2nd Quarter Performance Measures Review**
- 2023-19 – Review of 2023 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 Florida Commerce⁸ 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 Florida Commerce Secretary. Each of the OIG's reviews determined that the reports were accurate and supported by the appropriate documentation.

COORDINATED EXTERNAL AUDIT REPORTS DURING FY 2023

Ernst & Young's Florida Housing Finance Corporation 2022 Financial Report

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

FOLLOW-UP REVIEWS COMPLETED DURING FY 2023

Project No. 2023-13 – 1st Follow-up on Information Technology Security Tools and Policies for Telework Facilitation

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 actions related to Project No. 2021-14, *Review of Information Technology Security Tools and Policies for Telework Facilitation*. Florida Housing has a responsibility to safeguard the release of information in a public document that might expose potential IT security vulnerabilities.

⁸ Florida Commerce was formerly known as the Department of Economic Opportunity (DEO),

INTERNAL AUDIT SECTION

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.⁹

Project No. 2023-22 – 2nd Follow-up on the Audit of Records Management

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 follow-up was to determine the status of the last corrective action related to the audit. The other six corrective actions have previously been implemented as confirmed in Project No. 2021-12, the *1st follow - up on the Audit of Records Management*. 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 so far by the auditee to mitigate the risks were inadequate.

Project No. 2023-23 - 3rd Follow-up on the Enterprise Information Technology Audit

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 follow-up was to determine the status of actions related to Project No. 2021-08, the *2nd Follow - up on the Enterprise Information Technology Audit* and Project No. 2019-16, the *1st Follow-up on the Enterprise Information Technology Audit*. 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.¹⁰

⁹ 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.

¹⁰ 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.

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 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 2023, OIG staff assigned lottery numbers for the following RFAs listed below:

- RFA 2022-101
- RFA 2022-201
- RFA 2022-202
- RFA 2022-203
- RFA 2022-205
- RFA 2022-206
- RFA 2023-103
- RFA 2023-106
- RFA 2023-108
- RFA 2023-201
- RFA 2023-202
- RFA 2023-203
- RFA 2023-204
- RFA 2023-205
- RFA 2023-211
- RFA 2023-212
- RFA 2023-213
- RFA 2023-304

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.

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,

SPECIAL PROJECTS

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 2023 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 2024 and FY 2025. The Audit Plan was approved during the December Audit Committee meeting.

2023-17 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 2023 INTERNAL AUDIT PROJECTS

Project Number	Project Type	Project Name	Final Report Issued
2019-13	Special Project	CDBG – DR Oversight Activities	In Progress
2022-10	Audit	Audit of Multifamily Mortgage Revenue Bonds	Project Terminated
2022-15	Audit	Audit of Purchasing Card Controls	Report Issued 04/20/2023
2022-18	Special Project	Office of the Chief Inspector General Enterprise Project	Closed 12/31/2023
2023-01	Special Project	OIG Admin (staff meetings; P&P reviews, etc.)	Closed 12/31/2023
2023-02	Special Project	Random Number Generation (RNG) for RFAs/Review Committee Meetings (RCM)	Closed 12/31/2023
2023-03	Special Project	Investigative Assistance	Closed 12/31/2023
2023-04	Management Review	Review of 2022 4th Quarter Performance Measures Report	Memo Issued 01/25/2023
2023-05	Special Project	General ERM Activities	Closed 12/31/2023
2023-06	Special Project	General Program Area Work (Servicer Meetings, Informational Meetings, etc.)	Closed 12/31/2023
2023-07	Special Project	Auditor General Quality Assurance Review	Report Issued 04/04/2023
2023-08	Special Project	2022 OIG Annual Report	Report Issued 03/31/2023
2023-09	Special Project	Tracking Legislation	Closed 12/31/2023
2023-10	Special Project	Audit Committee Prep and Meeting	Closed 12/31/2023
2023-11	Management Review	Quality Assurance Review of 2021-2022 Lottery Number Assignments	Memo Issued 05/23/2023
2023-12	Audit	Audit of Procurement – Vendor Preference	Report Issued 10/17/2023
2023-13	Management Review	1st Follow-up on Review of Information Technology Security Tools and Policies for Telework Facilitation	Memo Issued 05/03/2023
2023-14	Management Review	Review of 2023 1st Quarter Performance Measures Report	Memo Issued 04/27/2023
2023-15	Special Project	Risk Assessment and Development of 2024 Annual Audit Plan	In Progress
2023-16	Consulting Engagement	Data Management Consulting Engagement	In Progress
2023-17	Special Project	Quality Assurance Review – Self Assessment	In Progress
2023-18	Management Review	Review of 2023 2nd Quarter Performance Measures Report	Memo Issued 07/27/2023
2023-19	Management Review	Review of 2023 3rd Quarter Performance Measures Report	Memo Issued 10/30/2023
2023-20	Audit	Audit of Hurricane Housing Recovery Program (HHRP)	In Progress
2023-21	Special Project	Quality Assurance Review of 2022-2023 Random Number Generation Assignments	In Progress
2023-22	Management Review	2nd Follow-up on Audit of Records Management	Memo Issued 08/17/2023
2023-23	Management Review	3rd Follow-up on Enterprise Information Technology Audit	Memo Issued 12/12/2023

OIG INITIATIVES

Since the start of 2023, 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:

- **Association of Government Auditors, 2023 Government Training Event (AGA-GTE)** – At the Florida State University’s Turnbull Conference Center, OIG staff delivered a presentation entitled NIST [National Institute of Standards and Technology] Cybersecurity Framework (CSF) Version 1.1 to Version 2.0 - What’s Changing? This presentation provided an overview of the upcoming changes between the current NIST CSF Version 1.1 and Version 2.0. Also presented was information on the current efforts to revise the State of Florida’s Cybersecurity Rule 60GG F.A.C. as this Rule draws guidance from the NIST CSF. 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, Identify-Asset Management** – Building upon the previous success of implementing a cybersecurity audit of Security and Incident Management and at the request of the Executive Office of the Governor’s Chief Inspector General, the OIG again participated in a workgroup composed of Inspector General community IT audit experts. The purpose was to conduct a review of Agency IT risk assessment information and select the next IT cybersecurity area for implementing 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 narrowed down the IT cybersecurity audit topics to three areas, ultimately choosing Identify-Asset Management as outlined under Chapter 60GG-2.002(1), Florida Administrative Code.
- **Florida Digital Service Workgroup** – The Florida Digital Service has assembled a group of cybersecurity professionals which includes Agency Chief Information Security Officers, Information Security Managers, Network Architects and Administrators, and Inspector General community IT audit experts. The OIG is participating in this work group to offer IT cybersecurity audit subject matter expertise to assist in efforts to revise the State of Florida’s Cybersecurity, Rule 60GG, Florida Administrative Code. The objective of the group is to revise the Rule to better align with the latest changes to the NIST Cybersecurity Framework from which the Rule draws guidance.

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.*

