

**Florida Housing Finance Corporation
Office of Inspector General**

**ANNUAL AUDIT PLAN FOR FISCAL YEAR 2020
AND LONG-TERM PLANS FOR FISCAL YEARS 2021 AND 2022**

INTRODUCTION

The authority and responsibilities of the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General (OIG) are established in Sections 20.055 and 420.506, Florida Statutes (F.S.). The OIG serves as a central point for coordination of activities that promote accountability, integrity, efficiency, and compliance in Florida Housing's programs and activities.

The OIG's mission is to provide an independent, objective assurance and consulting activity designed to add value and improve Florida Housing's operations. The OIG accomplishes its mission by independently performing and reporting objective analyses¹ of Florida Housing's operations. This analysis must be informed, logical, supportable, timely, and related to issues and matters of importance to Florida Housing and its stakeholders. Projects are conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc. (IIA), the *General Principles and Standards for Offices of Inspector General* as published by the Association of Inspectors General, and where appropriate, in accordance with the Generally Accepted Governmental Auditing Standards.

Section 20.055, F.S., provides that the Inspector General shall develop annual and long-term audit plans based on findings of periodic risk assessments. The OIG conducted a risk assessment during the period from September through November 2019 to identify areas within Florida Housing with the highest level of risk. Risk is any threat to achieving Florida Housing's mission or the likelihood that an event or action may negatively impact Florida Housing.

¹ The mission statement uses the term "objective analyses" rather than terms such as audit, internal audits, administrative investigations, evaluations, reviews or surveys which are traditionally associated with this body of work. The focus is on the end product rather than on the means by which the analysis was performed. All of the means of performing an analysis – audit, investigation, review, survey - are valid ways of performing objective analyses; and the OIG will employ the method most appropriate under the circumstances.

OVERVIEW OF METHODOLOGY USED TO DETERMINE AREAS SELECTED FOR AUDIT PLAN

The development of the annual and long-term audit plans is risk-based to provide the most effective coverage of programs, activities, and functions. The OIG conducted a risk assessment during the period from September through November 2019 and included each of the auditable areas identified within Florida Housing. For each of the auditable areas, the Senior Managers assigned a risk level (very high, high, medium or low) based on the following risk factors:

- Compliance, Legal, and Liability Risk
- Financial/Funding/Allocation Impact
- Frequency/Complexity/Volume of Transactions
- Information Security
- Operational Changes
- Reputational Risks
- Internal Control Risks
- Other Management Concerns

The results of Management assigning a risk level for each auditable area, as it applied to each risk factor, were documented within the Consolidated Enterprise Risk Management spreadsheet. The total risk score for each auditable area was then calculated and analyzed by OIG staff. Senior managers were interviewed if additional information was needed regarding their ratings. The risk rankings were then discussed with the Audit Committee and Executive Director during the October Audit Committee Meeting. After receiving their input, OIG staff collectively determined which areas would be included in the 2020 audit plan.

In addition to the auditable areas determined through the risk assessment process, other projects required by statute, contract, or professional auditing standards were also included in the audit plan.

THE IMPACT OF OVERSIGHT BY OTHER AREAS

Section 20.055(2)(g), F.S., requires the Inspector General to ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication. In past years, Florida Housing has been the subject of oversight by the Auditor General, the Office of Program Policy Analysis and Government Accountability, the U. S. Department of Housing and Urban Development, the U. S. Department of Treasury, the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), the Florida Department of Economic Opportunity, and the external financial statement auditors, Ernst & Young LLP.

Within Florida Housing, other units perform accountability activities. For example, the Quality Assurance Unit performs compliance reviews of agencies and organizations that contract with Florida Housing to provide services under various Florida Housing programs. A separate Compliance Monitoring Unit performs compliance reviews of local government entities receiving funds from the State Housing Initiatives Partnership (SHIP) Program. For the Hardest Hit Fund (HHF) Program, contracted underwriters verify the eligibility determinations made by advisor agencies and then the HHF Compliance Unit verifies, on a sample basis, the underwriters' assessments.

The activities of these external and internal oversight entities were taken into consideration when developing this audit plan.

AVAILABLE HOURS

The OIG has two positions, including the Director of Auditing, assigned to perform audits and audit-related activities. Two other OIG positions provide assistance to the Internal Audit section as needed. From these four OIG positions, a total of 2744 hours are available for audits and audit-related projects for Fiscal Year 2020.²

AUDIT PLAN FOR FISCAL YEAR 2020

Based on the results of the risk assessment and consideration of available resources, the following audits and audit-related activities are planned for Fiscal Year 2020:

Audit Services

Internal Audits, Consulting Engagements, and Reviews:

- Audit of Records Management (Initiated in 2019 and ongoing)
- Audit of the Portable and Attractive Assets Inventory
- Compliance Audit of the Procurement Process
- Audit of the Hurricane Housing Recovery Program
- Audit of Information Technology Data Management Program
- Multifamily Programs – Final Cost Certification Audits/Reviews
- Review of the Information Security Management Vendor performance
- Review of the Predevelopment Loan Program
- Quarterly Review of the Performance Measurement Data Submitted to the Department of Economic Opportunity

²Florida Housing's fiscal year is January through December. There are 2080 work hours available per year for each full-time position. Hours not allocated to audit-related activities will be used for internal investigative activities, administrative duties, staff meetings, training, leave and holidays.

Audit Services (continued)

Coordination of External Audits:

- Ernst & Young's Audit of Florida Housing 2019 Financial Statements Audit
- Audits and Reviews of the Community Development Block Grant – Disaster Recovery Program
 - U.S. Department of Housing and Urban Development
 - Florida Department of Economic Opportunity
- Other External Audits Performed in 2020

Audit Follow-Up:

- Follow-up on Enterprise IT Audit (Report No. 2018-06)
- Follow-up on Audit of Multifamily Programs – Selected Controls (Report No. 2019-06)

Other Services

Special Projects:

- 2020 Quality Assurance Review of the Internal Audit Function
- Technical Assistance – Foreclosure Counseling Program Close-out
- Continue to Monitor Implementation of Enterprise Risk Assessment Framework
- Tracking 2020 Legislation Applicable to Inspectors General
- OIG Outreach (Fraud Training)
- Completion of 2020 Audit Plan
- 2020 Risk Assessment and Development of 2021 Audit Plan
- Preparation of the 2019 OIG Annual Report
- Responsibilities Related to Random Number Assignment during the Requests for Application Process
- Investigative assistance projects as assigned by Inspector General
- Projects assigned by the Inspector General or Audit Committee

LONG-TERM AUDIT PLANS FOR FISCAL YEARS 2021 AND 2022

The long-term audit plans for Fiscal Years 2021 and 2022 will continue to focus on the areas with the highest levels of risk. In addition to risk identified by the OIG's annual risk assessment, the high-risk areas will be determined by the continued implementation of the Enterprise Risk Assessment Framework. Based on the results of the current risk assessment, the OIG plans to allocate direct audit hours in Fiscal Years 2021 and 2022 to audit activities in the following areas:

- Carryover Projects from the Prior Year Audit Plan
- Financial Expenditure Review – Personnel/Payroll/Travel (2021)
- Review of Loan Servicing and Related Internal Controls (2021)
- Audit of Multifamily Mortgage Revenue Bonds (2021)
- Quarterly Review of Performance Measurement Data Submitted to the Department of Economic Opportunity (2021/2022)
- Audit of Public Records Requests (2022)
- Audit of the HOME Investment Partnerships (HOME) Program (2022)

During the current year, the OIG staff will continue to review procedures, perform walk-throughs and observe the operation of the various organizational units to gain a more comprehensive understanding of Florida Housing's programs and functions. Using the knowledge gained, the staff will monitor Florida Housing's risk environment and identify emergent issues that may require immediate attention. Changes in the audit plan may also occur in response to requests made by the Audit Committee and senior management to evaluate particular programs.

Respectfully Submitted by:  _____ Date: 12.12.19
Chris Hirst
Inspector General

Audit Plan Approved by:  _____ Date: 12-12-19
Ron Lieberman
Audit Committee Chair

