



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

**ANNUAL AUDIT PLAN FOR FISCAL YEAR 2015  
AND LONG-TERM PLANS FOR FISCAL YEARS 2016 AND 2017**

**INTRODUCTION**

The authority and responsibilities of the Florida Housing Finance Corporation (Florida Housing or the Corporation) 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 promotes accountability, integrity, efficiency and compliance in the Corporation'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 analyses<sup>1</sup> of Florida Housing's operations. These analyses must be informed, logical, supportable and 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 generally accepted governmental auditing standards.

Section 20.055, Florida Statutes, 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 November 2014 through January 2015 to identify areas within Florida Housing with the highest level of risk. Risk is any threat to achieving the Corporation's mission or the likelihood that an event or action may negatively impact the Corporation.

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<sup>1</sup> 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 risk assessment process included interviewing the Corporation's senior managers and administrators to gather their perspectives on the Corporation's current risks and exposures. The information and perspectives gained from the interviews were important parts of the overall assessment and project identification. Other matters considered during the risk assessment process and development of the annual and long-term audit plans included:

- Personnel hours and resources available;
- The dates and results of prior engagements;
- Requests by the Executive Director and senior managers;
- Recent changes in operations, staff and systems;
- Opportunities to achieve more efficient and effective operating benefits;
- Opportunities to improve risk management, control and governance processes;
- Opportunities to improve Corporation governance of information resources; and
- The results of a separate risk assessment of the processes of the Hardest-Hit-Fund (HHF) Program.

Based on the information gathered, several auditable units were identified for further evaluation of risks. The OIG staff collectively ranked the risk level (very high, high, medium or low) for each auditable unit applying each of the following weighted risk factors:

- Compliance and Legal Requirements – 10%
- Management Concern – 15%
- Financial Impact – 15%
- Complexity/Volume of Transactions – 10%
- Information Security Risks – 10%
- Operational Changes – 10%
- Reputational Risks – 10%
- Internal Control Risks – 15%
- Prior Audit Coverage – 5%

The results of identifying the risk level for each auditable unit as it applied to each risk factor were documented on a risk ranking spreadsheet. The total risk score for each auditable unit was calculated and used as the basis for developing the audit plans.

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

## THE IMPACT OF OVERSIGHT BY OTHER ENTITIES

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 Florida 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) and the external financial statement auditors, Ernst & Young LLP. Currently, Ernst & Young LLP is scheduled to perform external oversight functions during 2015.

Within Florida Housing, other units perform accountability activities. For example, the Quality Assurance Unit performs compliance reviews of agencies and organizations who contract with Florida Housing to provide services under various Florida Housing programs. For HHF, contracted underwriters verify the eligibility determinations made by advisor agencies and then the HHF Compliance Unit verifies, on a sample basis, the underwriters' assessments.

These external and internal oversight activities 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. For those four OIG positions, a total of 3284 hours are available for audits and audit-related projects for Fiscal Year 2015<sup>2</sup>.

An additional OIG position is funded through the federal Hardest Hit Funds Program and 1482 hours are dedicated to audits and investigations related to that program.

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<sup>2</sup>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 PLAN FOR FISCAL YEAR 2015

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 2015:

### Audit Services

#### Internal Audits, Consulting Engagements and Reviews:

- Completion of Advisory Report on Personally Identifiable Information (PII)
- Audit of Corporation's Ethical Climate (IIA Standard 2110.A1)
- Compliance Audit of Foreclosure Counseling Program
- Compliance Audit of State Housing Initiatives Partnership (SHIP) Program
- Review of Records Management Processes and Procedures
- Review of Process for Responding to Public Records Requests
- Review of Business Continuity Plan / Disaster Recovery Plan
- Monitor Development and Implementation of Enterprise Risk Assessment Framework
- Reviews of Performance Measurement Data Submitted to the Dept. of Economic Opportunity
- Audit/Review of Selected Areas in the Hardest Hit Fund (HHF) Program
  - Advisor Agencies' Security of PII
  - Periodic Follow-up on Eligibility Determinations by Advisor Agencies
  - Results of Quality Assurance Reviews of Determinations of Ineligibility
  - Loan Servicing Process and Controls

#### Coordination of External Audits:

- Ernst & Young's Audit of Corporation's 2014 Financial Statements
- Ernst & Young's Agreed Upon Procedures related to HHF
- Other External Audits Performed in 2015

#### Audit Follow-Up:

- OIG Audit of IT Policies
- OIG Consulting Engagement – Review of Contract Management Process
- Internal audits issued by June 30, 2015

### Other Services

#### Special Projects:

- Completion of 2015 Audit Plan
- 2015 Risk Assessment and Development of 2016 Audit Plan
- OIG Outreach (Educating Corporation staff on OIG's role and services)
- Investigative assistance projects as assigned by the Inspector General
- Projects assigned by the Inspector General or Audit Committee

## LONG-TERM AUDIT PLANS FOR FISCAL YEARS 2016 AND 2017

The long-term audit plans for Fiscal Years 2016 and 2017 will continue to focus on those areas with the highest levels of risk. Based on the results of the current risk assessment, we plan to allocate direct audit hours each year to audit activities that include the following:

- Hardest Hit Funds Program
- Internal Control Review – Personnel/Payroll
- Compliance with Travel Policies

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 the Corporation’s programs and functions. Using the knowledge gained, the staff will monitor the Corporation’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: 1-30-15

**Chris Hirst**  
**Inspector General**

Audit Plan Approved by:  \_\_\_\_\_ Date: 1/30/15

**Brian Katz**  
**Audit Committee Chair**