

Ray Debuque, Chairman  
Trey Price, Executive Director

Natacha Bastian, Audit Committee Chairman  
Chris Hirst, Inspector General

**Project #2018-10**

**Final Report -  
Audit of Ethical Climate**

**April 1, 2019**

## SUMMARY

The Office of Inspector General (OIG) conducts audits of Florida Housing Finance Corporation's (Florida Housing) programs to provide management and other stakeholders with unbiased, timely, and relevant information for use in promoting accountability, stewardship, and efficient operations.

This audit disclosed that, overall, staff held a positive, favorable view of Florida Housing's ethical climate. Furthermore, it was concluded that Florida Housing was adequately complying with the requirements of applicable ethics and sexual harassment codes and regulations; however, some key areas could be improved, such as adding additional language to Florida Housing's ethics and sexual harassment policies to strengthen compliance with the requirements of the Governor's Executive Orders on ethics, fraud and sexual harassment.

## OBJECTIVES, SCOPE AND METHODOLOGY

This audit was conducted in accordance with the OIG's Annual Audit Plan for Fiscal Year 2018. The *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors, requires the internal audit activity to evaluate the design, implementation, and effectiveness of the organization's ethics and sexual harassment related objectives, guidance and activities. The audit objectives were to:

- Determine whether the following are applicable to Florida Housing:
  - Office of the Governor's Executive Order Number (Executive Order) 11-03, (Ethics and Open Government);
  - Executive Order 17-319, (Preventing Sexual Harassment in State Agencies);
  - Executive Order 19-11 (Ethics, Open Government, and Preventing Sexual Harassment); and
  - Chapter 112, Part III, Florida Statutes (Code of Ethics for Public Officers and Employees).
- Evaluate the implementation, compliance, and effectiveness of Florida Housing's ethics and sexual harassment related objectives, guidance, and activities to identify areas of potential weakness.

The audit scope included ethics codes and sexual harassment related guidance, policies and procedures which were in effect at the time of the audit.

To achieve these objectives, the OIG reviewed Executive Order 11-03 (Ethics and Open Government); Executive Order 17-319, (Preventing Sexual Harassment in State Agencies); Executive Order 19-11 (Ethics, Open Government, and Preventing Sexual Harassment); Chapter 112, Part III, Florida Statutes; and Florida Housing's policies, procedures, and program requirements. The OIG: prepared a list of applicable ethics and sexual harassment related requirements; and, determined what actions were being taken to ensure compliance with those requirements, based on interviews and reviews of records. Additionally, the OIG distributed an Ethics Survey to the Florida Housing staff to determine their understanding and opinions regarding the ethical climate.

It should be noted that on January 9, 2019, Governor DeSantis issued Executive Order 19-11 (Ethics, Open Government, and Preventing Sexual Harassment). This Executive Order directed the immediate adoption and implementation of a revised Code of Ethics applicable to the Executive Office of the Governor, as well as all agency heads, deputy agency heads and chiefs of staff at executive branch agencies serving at the pleasure of the Governor. Additionally, the Executive Order re-established the Governor's Office of Open Government previously established by Executive Order 07-01 and Executive Order 11-03 and affirmed the Administration's commitment to Florida's Sunshine and Public Records Laws. Furthermore, the Executive Order also re-established Executive Order 17-319 (Preventing Sexual Harassment in State Agencies) and directed all state agencies headed by an official serving at the pleasure of the Governor to review its policies and procedures regarding sexual harassment and misconduct.

## BACKGROUND

In January 2011 Governor Scott issued Executive Order 11-03, directing the immediate adoption and implementation of a revised Code of Ethics by the Office of the Governor and that it applies to all employees within the Office of the Governor, as well as the secretaries, deputy secretaries, and chiefs of staff of all executive agencies under the Governor's purview.

In December 2017, Governor Scott issued Executive Order 17-319, directing the immediate adoption and implementation of "new protections for victims of sexual harassment to encourage reporting of instances of harassment and to avoid further harassment or retaliation against victims of harassment and the implementation of uniform sexual harassment reporting and investigative practices across state agencies."

In January 2019, Governor DeSantis signed two executive orders regarding ethics and sexual harassment, reaffirming the previous executive orders put in to place by former Governor Scott.

Lastly, Chapter 112, Part III., Florida Statutes (Code of Ethics for Public Officers and Employees), does not apply to Florida Housing except for Section 112.313, Florida Statutes (Standards of conduct for public officers, employees of agencies, and local government attorneys), based on guidance from

Florida Housing's General Counsel. However, Florida Housing recognizes the value in using the orders and statutes as a standard for guidance in developing their ethics and sexual harassment-related policies and procedures.

Ethics can be defined as “the discipline dealing with what is good and bad and with moral duty and obligation; a set of moral principles: a theory or system of moral values; the principles of conduct governing an individual or a group; a guiding philosophy; a consciousness of moral importance or a set of moral issues or aspects.”<sup>1</sup> Florida Housing defines sexual harassment as “unwelcomed sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature that creates a hostile or offensive work environment, or when it results in an adverse employment decision such as being demoted or terminated”.<sup>2</sup>

Florida Housing sets the ethical tone for the organization through the *Strategic Plan* which states that “As Florida Housing carries out its mission and vision, we will conduct business in an honest, ethical, open and respectful manner.” In addition, Florida Housing has created and implemented, on their intranet, an entire “Policy Category” and “Policy Section” that contains the following ethics-related policies:

- 2.01 - Code of Ethics General Provisions
- 2.02 - Conflicts of Interest
- 2.03 - Mission, Vision and Guiding Principles
- 2.04 - Gifts
- 2.05 - Employment of Relatives
- 2.06 - Outside Employment and Contractual Relationships
- 2.07 - Post - Employment Restrictions
- 2.08 - Equal Employment Opportunity
- 2.09 - Americans with Disability Act
- 2.10 - Written Statement for Collection of Social Security Numbers
- 2.11 - Preventing Workplace Sexual harassment and Unlawful Discrimination
- 2.12 - Drug - Free Workplace

For the Hardest Hit Fund Program, Florida Housing's emphasis on integrity and ethical values have been included in the Program's internal control plan.

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<sup>1</sup> <https://www.merriam-webster.com/dictionary/ethic>

<sup>2</sup> Florida Housing Policy #2.11 - Preventing Workplace Sexual Harassment and Unlawful Discrimination

## ETHICS SURVEY RESULTS

As part of the audit, the OIG assessed the ethical climate of Florida Housing. To accomplish this task, the Inspector General distributed an agency-wide survey that asked staff to rate the ethical climate and structure within Florida Housing and to provide the most appropriate response based on their personal experience. On October 1, 2018, the OIG sent a survey used to assess Florida Housing's ethical climate and structure to all 127 Florida Housing staff members with a valid corporate email address. Responses were received from 115 staff members, a 91% response rate.

The responses indicated that members feel that Florida Housing has a favorable ethical climate. For example:

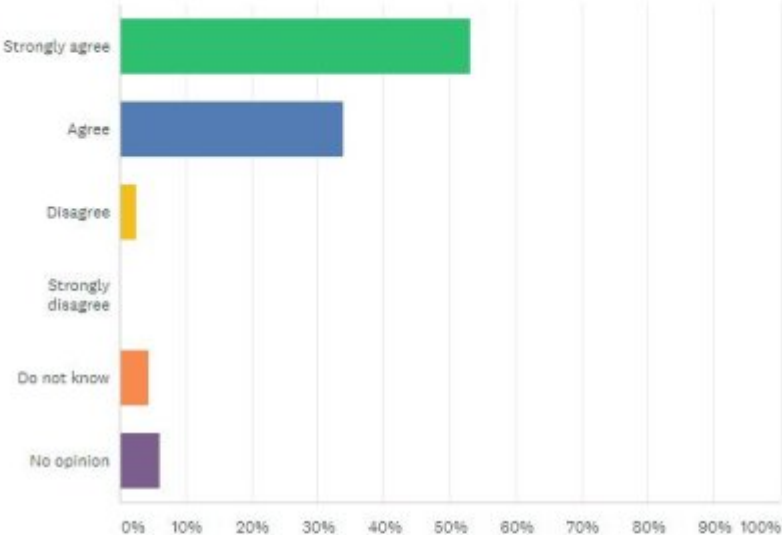
- 87% of respondents agree or strongly agree that senior management models and promotes ethical behavior, while 93% responded favorably regarding their supervisors and co-workers.
- Of the 109 responses received explaining why staff members had never reported unethical behavior and/or fraud, 96% indicated it was because they "did not observe or was unaware" (i.e. they had not encountered unethical or fraudulent activity that they felt should have been reported).

Below are the graphical results <sup>3</sup>of all survey questions:

Q1

Florida Housing's senior management models and promotes ethical behavior.

Answered: 115 Skipped: 0



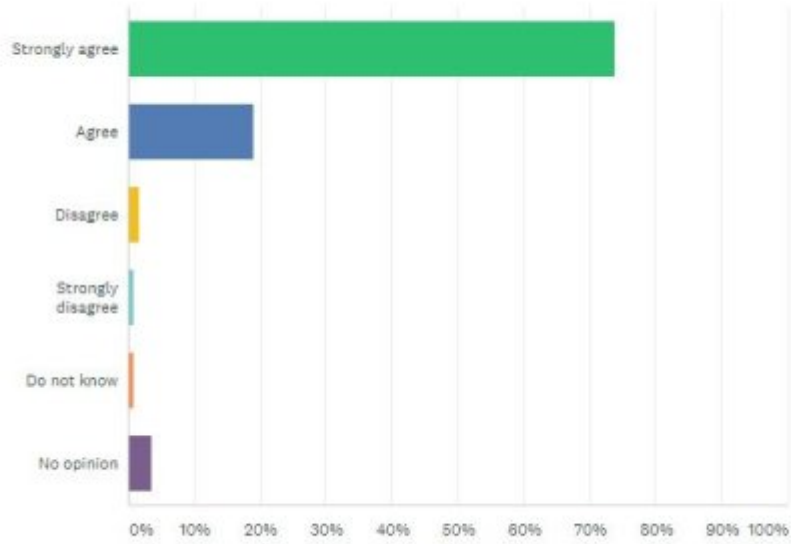
ANSWER CHOICES	RESPONSES	
Strongly agree	53.04%	61
Agree	33.91%	39
Disagree	2.61%	3
Strongly disagree	0.00%	0
Do not know	4.35%	5
No opinion	6.09%	7
<b>TOTAL</b>		<b>115</b>

<sup>3</sup> As compiled by SurveyMonkey (<https://www.surveymonkey.com/>). SurveyMonkey is an online survey development cloud-based software as a service company. They provide customizable surveys, as well as a suite of back-end programs that include data analysis, sample selection, bias elimination, and data representation tools.

## Q2

My supervisor models and promotes ethical behavior.

Answered: 115 Skipped: 0

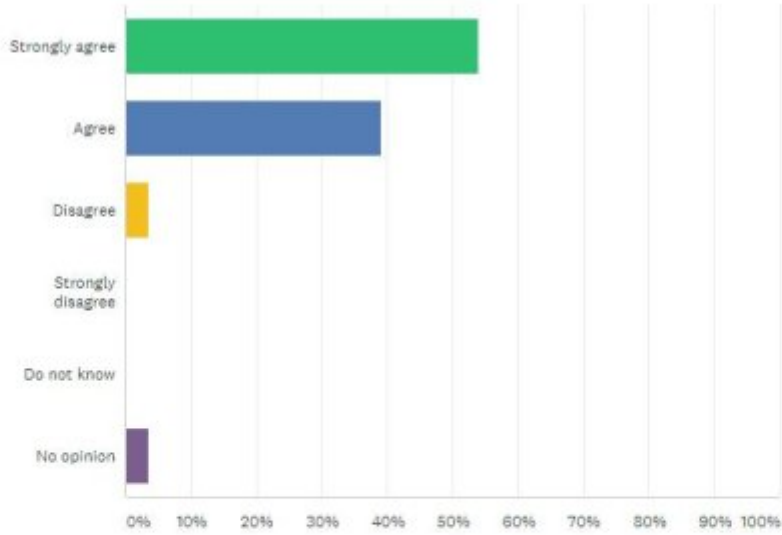


ANSWER CHOICES	RESPONSES
Strongly agree	73.91% 85
Agree	19.13% 22
Disagree	1.74% 2
Strongly disagree	0.87% 1
Do not know	0.87% 1
No opinion	3.48% 4
<b>TOTAL</b>	<b>115</b>

### Q3

My coworkers model and promote ethical behavior.

Answered: 115 Skipped: 0

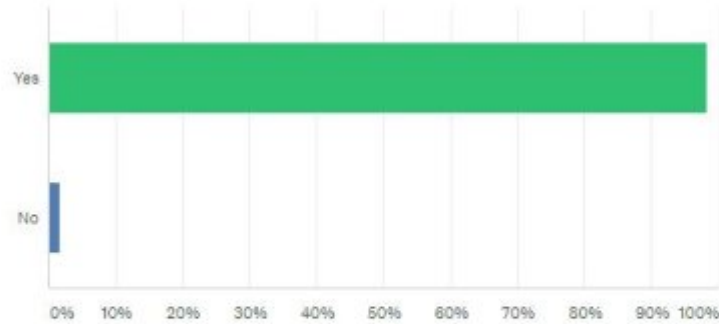


ANSWER CHOICES	RESPONSES
Strongly agree	53.91% 62
Agree	39.13% 45
Disagree	3.48% 4
Strongly disagree	0.00% 0
Do not know	0.00% 0
No opinion	3.48% 4
<b>TOTAL</b>	<b>115</b>

### Q4

I know how to report suspected unethical behavior, sexual harassment, and fraud within Florida Housing.

Answered: 115 Skipped: 0

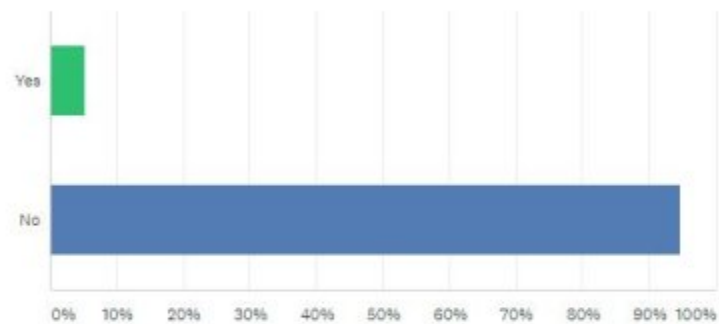


ANSWER CHOICES	RESPONSES
Yes	98.26% 113
No	1.74% 2
<b>TOTAL</b>	<b>115</b>

### Q5

In the last three years, have you reported unethical behavior, sexual harassment, and/or fraud within Florida Housing?

Answered: 115 Skipped: 0



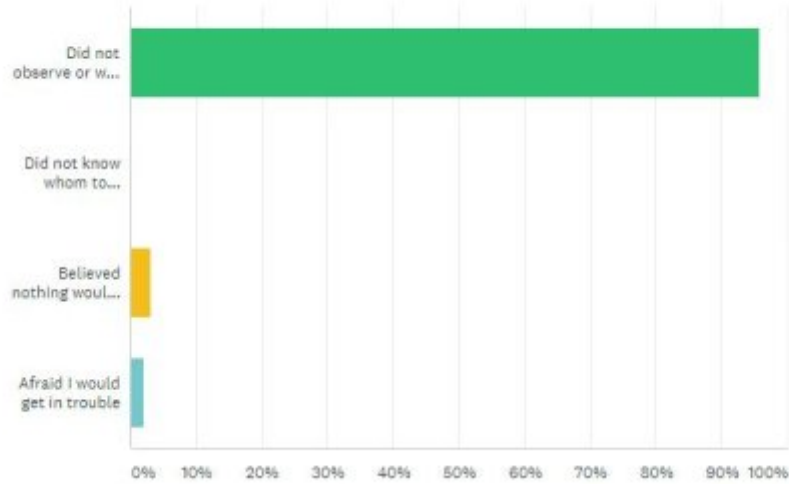
ANSWER CHOICES	RESPONSES
Yes	5.22% 6
No	94.78% 109
<b>TOTAL</b>	<b>115</b>



## Q6

If you answered "No" to question #5, why not? Select all that apply.

Answered: 94 Skipped: 21

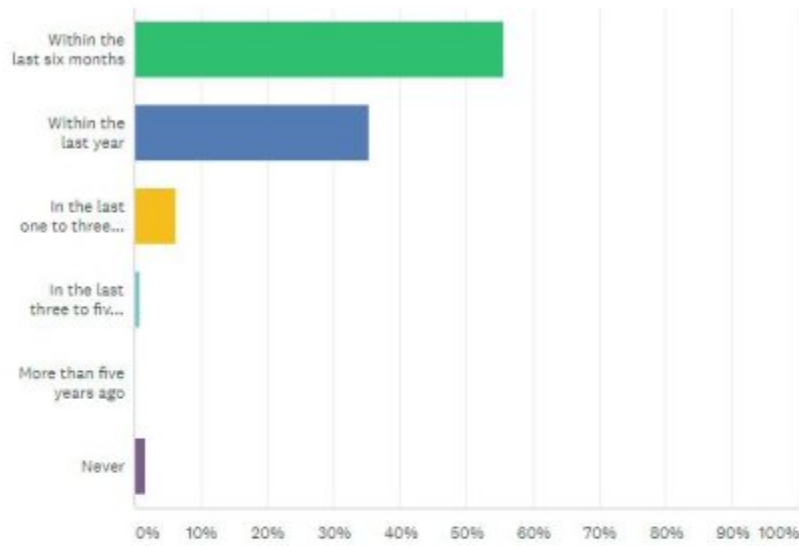


ANSWER CHOICES	RESPONSES
▼ Did not observe or was unaware	95.74% 90
▼ Did not know whom to ask/tell	0.00% 0
▼ Believed nothing would be done	3.19% 3
▼ Afraid I would get in trouble	2.13% 2
<b>Total Respondents: 94</b>	

### Q7

I have received ethics training provided by Florida Housing (choose the appropriate time period).

Answered: 113 Skipped: 2

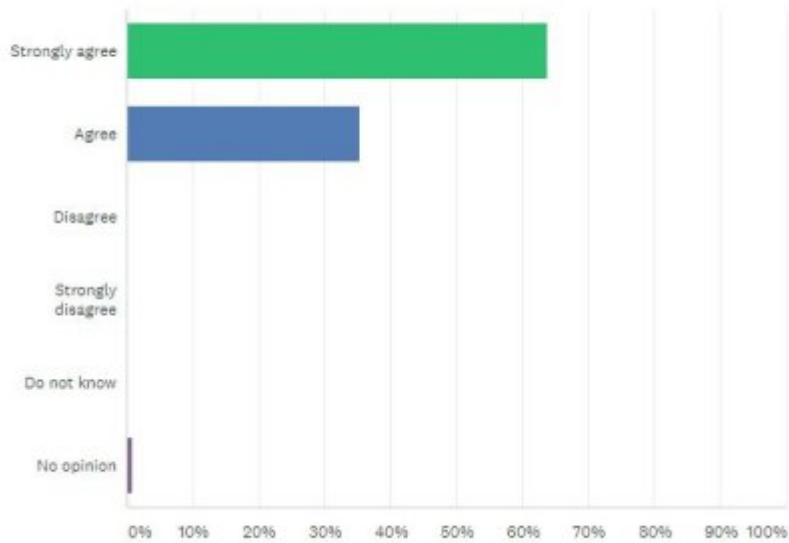


ANSWER CHOICES	RESPONSES	
▼ Within the last six months	55.75%	63
▼ Within the last year	35.40%	40
▼ In the last one to three years	6.19%	7
▼ In the last three to five years	0.88%	1
▼ More than five years ago	0.00%	0
▼ Never	1.77%	2
<b>TOTAL</b>		<b>113</b>

### Q8

I have been adequately trained by Florida Housing to know what constitutes ethical and unethical behavior.

Answered: 113 Skipped: 2

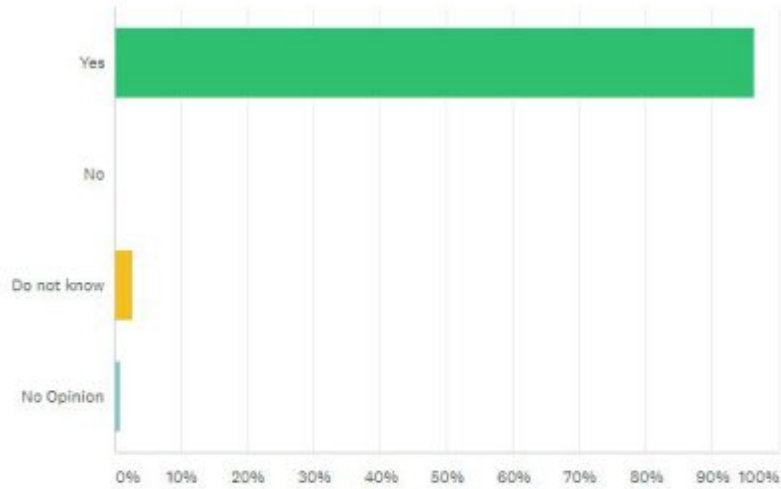


ANSWER CHOICES	RESPONSES
Strongly agree	63.72% 72
Agree	35.40% 40
Disagree	0.00% 0
Strongly disagree	0.00% 0
Do not know	0.00% 0
No opinion	0.88% 1
<b>TOTAL</b>	<b>113</b>

### Q9

Florida Housing has written ethical guidance, such as a code of conduct, policy, and/or other guidance.

Answered: 113 Skipped: 2

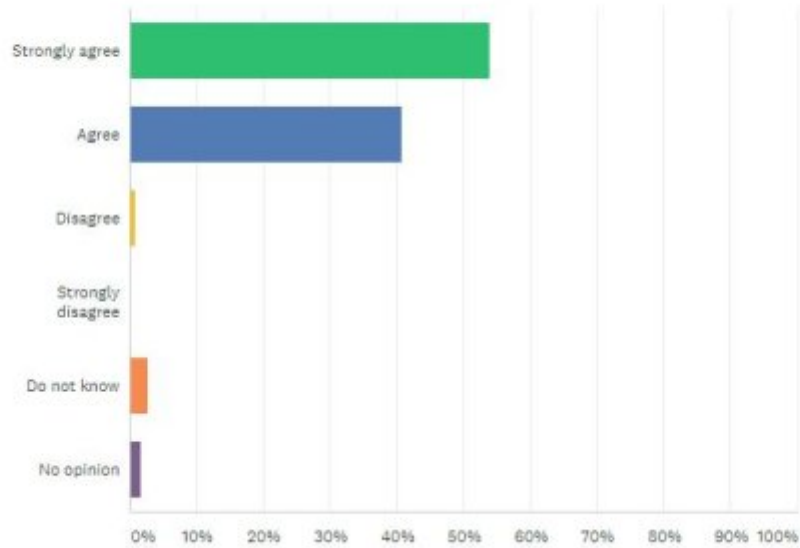


ANSWER CHOICES	RESPONSES
▼ Yes	96.46% 109
▼ No	0.00% 0
▼ Do not know	2.65% 3
▼ No Opinion	0.88% 1
<b>TOTAL</b>	<b>113</b>

### Q10

Florida Housing's ethical guidance, including code of conduct, policy, and/or other guidance is clear and comprehensive.

Answered: 113 Skipped: 2

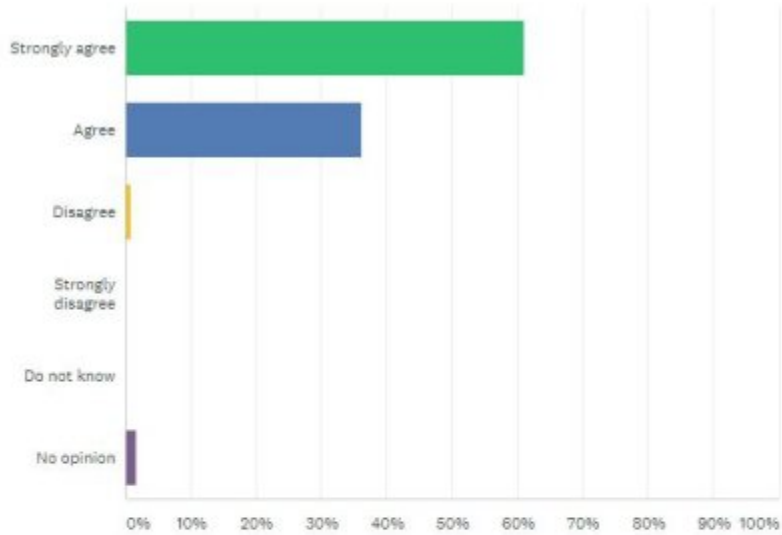


ANSWER CHOICES	RESPONSES	
Strongly agree	53.98%	61
Agree	40.71%	46
Disagree	0.88%	1
Strongly disagree	0.00%	0
Do not know	2.65%	3
No opinion	1.77%	2
<b>TOTAL</b>		<b>113</b>

### Q11

I believe Florida Housing has made clear my ethical responsibilities.

Answered: 113 Skipped: 2

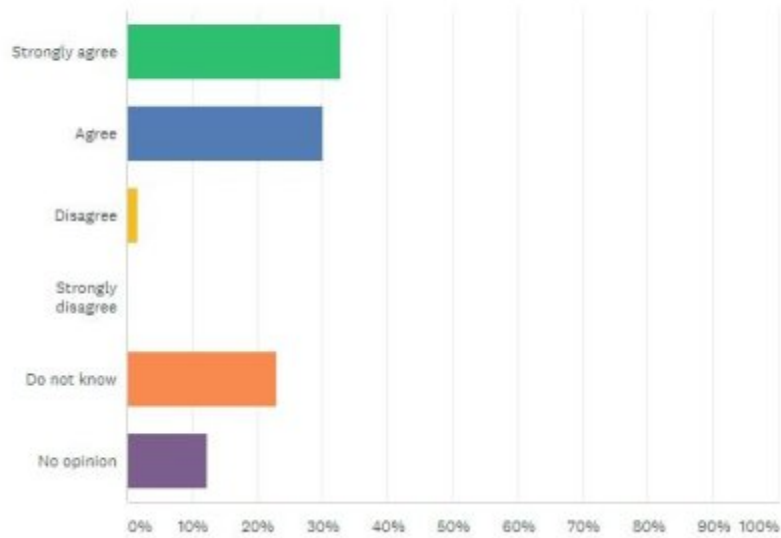


ANSWER CHOICES	RESPONSES
Strongly agree	61.06% 69
Agree	36.28% 41
Disagree	0.88% 1
Strongly disagree	0.00% 0
Do not know	0.00% 0
No opinion	1.77% 2
<b>TOTAL</b>	<b>113</b>

## Q12

Unethical conduct is appropriately handled by Florida Housing's management.

Answered: 113 Skipped: 2

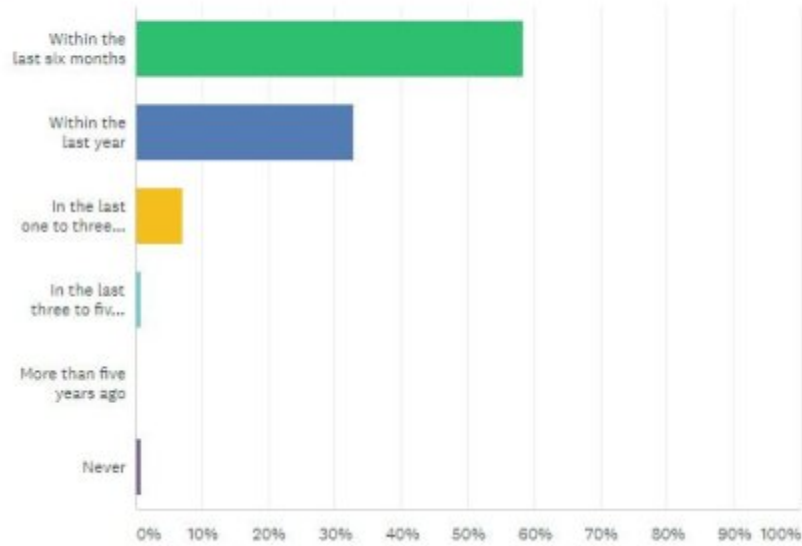


ANSWER CHOICES	RESPONSES
Strongly agree	32.74% 37
Agree	30.09% 34
Disagree	1.77% 2
Strongly disagree	0.00% 0
Do not know	23.01% 26
No opinion	12.39% 14
<b>TOTAL</b>	<b>113</b>

Q13

I have received sexual harassment training provided by Florida Housing (choose the appropriate time period).

Answered: 113 Skipped: 2



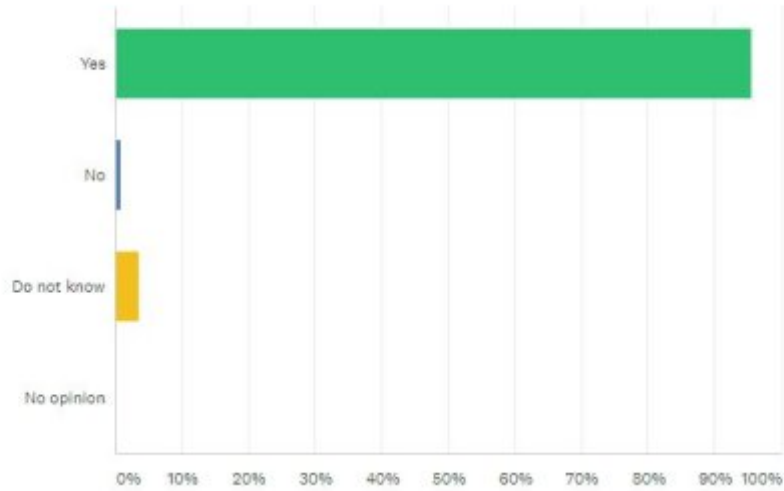
ANSWER CHOICES	RESPONSES	
▼ Within the last six months	58.41%	66
▼ Within the last year	32.74%	37
▼ In the last one to three years	7.08%	8
▼ In the last three to five years	0.88%	1
▼ More than five years ago	0.00%	0
▼ Never	0.88%	1
<b>TOTAL</b>		<b>113</b>



### Q14

Florida Housing has a written sexual harassment guidance, such as a policy and/or other guidance.

Answered: 113 Skipped: 2

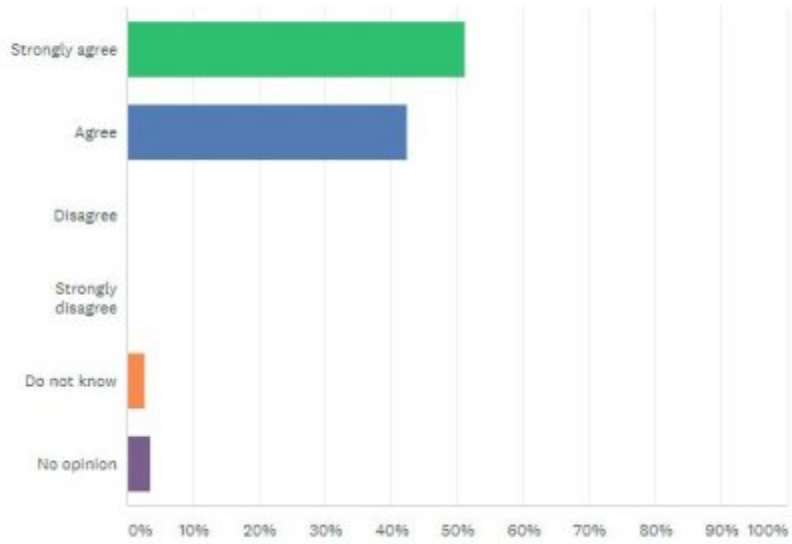


ANSWER CHOICES	RESPONSES
▼ Yes	95.58% 108
▼ No	0.88% 1
▼ Do not know	3.54% 4
▼ No opinion	0.00% 0
<b>TOTAL</b>	<b>113</b>

Q15

Florida Housing's sexual harassment guidance, including code of conduct, policy, and/or other guidance, is clear and comprehensive.

Answered: 113 Skipped: 2



ANSWER CHOICES	RESPONSES
Strongly agree	51.33% 58
Agree	42.48% 48
Disagree	0.00% 0
Strongly disagree	0.00% 0
Do not know	2.65% 3
No opinion	3.54% 4
<b>TOTAL</b>	<b>113</b>

## OBSERVATIONS AND RECOMMENDATIONS

### Observation 1: Sexual harassment policies and procedures

Florida Housing's current sexual harassment policies and procedures could be improved by adding additional language from Executive Order 17-319, (Preventing Sexual Harassment in State Agencies).

**Recommendation:** The OIG recommends that Florida Housing's current sexual harassment policy be amended to include additional language from Executive Order 17-319, as detailed below.

1. Training timeframes - Florida Housing "shall provide training addressing sexual harassment for all new employees no later than 30 days after the start of employment."
2. Additional training – Florida Housing "shall provide additional training addressing sexual harassment for all employees in a management or supervisory position."
3. Privacy - Florida Housing "take steps to protect the privacy of those involved during its review and any related investigation and to protect against the disclosure of personal identifying information of a victim in an allegation of sexual harassment. To the extent practicable, Florida Housing will take action to eliminate further contact between the complainant and the subject of the complaint until the conclusion of the investigation."
4. Communication - Florida Housing "shall confer with the person filing the sexual harassment complaint to address any steps that have been taken by the agency and to offer any resources available from the state's employee assistance program. Each agency shall maintain the confidentiality of personal identifying information of an alleged victim in accordance with state law."
5. Acknowledgment - Florida Housing "shall make available to all employees a copy of the agency's procedures for investigating and resolving complaints of sexual harassment. Documented evidence of each employee's acknowledgement of the agency's procedures shall be retained in the employee's personnel file."

In addition, procedures should be developed and implemented to place these policy statements into practice. Language in the policy that mirrors the above "must and shall" statements of Executive Order 17-319, (Preventing Sexual Harassment in State Agencies) will provide a clearer understanding of Florida Housing's compliance expectations and of what controls should be implemented to address these requirements.

## **Observation 2: Protocol when receiving and disposing of gifts received by Florida Housing staff members**

Florida Housing often receives gifts via mail or courier; however, they do not have documented procedures to provide guidance to staff members for the disposition of gifts received. These gifts may be from lobbyists or principals as defined in Chapter 112, Part III Florida Statutes and Florida Housing's Policy 2.04 Gifts, or any other individuals doing business or attempting to do business with Florida Housing.

Lack of procedures to provide guidance to staff members for the disposition of gifts they receive may result in:

- inconsistent disposition of the gift(s) from one instance to another; and
- improper disposition of the gift resulting in an ethical violation or the appearance thereof and a potential loss of public trust.

**Recommendation:** The OIG recommends that the Office of General Counsel amend the current Gift policy and develop documented procedures to provide guidance to Florida Housing staff members for the documenting/recording of gift(s) received and their subsequent disposition. A log of all gifts received should be maintained and should, at a minimum, include:

- date item received;
- item description;
- estimated value of item;
- who sent the item;
- who received the item;
- disposition of item; and
- date of disposition.

## ACKNOWLEDGEMENT

The Office of Inspector General would like to extend our appreciation to the management and staff of Florida Housing for their assistance and cooperation during this audit.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors. The audit was conducted by Jennifer Guillermo, Investigator/Auditor, CFE, David Merck, Systems Auditor, CIA, CISA, CISSP-ISSMP, CAP, CPM and Christopher Hirst, Inspector General, CIG, CIGI, CIGA, under the supervision of Justin Evans, Director of Auditing, CIA, CFE, CIGA, CPM. This report and other reports prepared by Office of Inspector General can be obtained from the Corporation's website, <http://www.floridahousing.org/AboutUs/OfficeOfInspectorGeneral>.

## APPENDIX A- MANAGEMENT RESPONSE

On the following pages, Operations and the General Counsel each provided responses and corrective actions for their respective areas of responsibility.

March 26, 2019

Mr. Chris Hirst, Inspector General  
Florida Housing Finance Corporation  
227 North Bronough Street, Suite 5000  
Tallahassee, FL 32301

Re: Observations and Recommendations on Audit of Ethical Climate

Dear Mr. Hirst:

In accordance with Section 20.055, Florida Statutes, enclosed you will find our response to the Observations and Recommendations on the Audit of Ethical Climate dated March 5, 2019.

We appreciate the work that you and your team did on this audit. The attached document outlines the steps we are taking to implement some of the observations and/or recommendations the Audit makes.

Please contact me if you have any questions or if you need any additional information.

Sincerely,



Jessica Cherry  
Assistant Director of Operations

Attachments

cc: Harold "Trey" Price III, Executive Director

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Ron DeSantis, Governor

Board of Directors: Ray Dubuque, Chairman • Ron Lieberman, Vice Chairman  
Natacha Bastian • Renier Diaz de la Portilla • LaTasha Green-Cobb • Creston Leifried • Bernard "Barney" Smith  
Ken Lawson, Florida Department of Economic Opportunity

Harold "Trey" Price, Executive Director

## Response to Observations and Recommendations on Audit of Ethical Climate

### Observation 1: Sexual harassment policies and procedures

Florida Housing's current sexual harassment policies and procedures could be improved by adding additional language from Executive Order 17-319, (Preventing Sexual Harassment in State Agencies).

**Recommendation:** The OIG recommends that Florida Housing's current sexual harassment policy be amended to include additional language from Executive Order 17-319, as detailed below.

1. Training timeframes - Florida Housing "shall provide training addressing sexual harassment for all new employees no later than 30 days after the start of employment."
2. Additional training – Florida Housing "shall provide additional training addressing sexual harassment for all employees in a management or supervisory position."
3. Privacy - Florida Housing "take steps to protect the privacy of those involved during its review and any related investigation and to protect against the disclosure of personal identifying information of a victim in an allegation of sexual harassment. To the extent practicable, Florida Housing will take action to eliminate further contact between the complainant and the subject of the complaint until the conclusion of the investigation."
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5. Acknowledgment - Florida Housing "shall make available to all employees a copy of the agency's procedures for investigating and resolving complaints of sexual harassment. Documented evidence of each employee's acknowledgement of the agency's procedures shall be retained in the employee's personnel file."

In addition, procedures should be developed and implemented to place these policy statements into practice. Language in the policy that mirrors the above "must and shall" statements of Executive Order 17-319, (Preventing Sexual Harassment in State Agencies) will provide a clearer understanding of Florida Housing's compliance expectations and of what controls should be implemented to address these requirements.

### We will take the following steps to implement observations:

1. Florida Housing's Policy 2.11 Preventing Workplace Sexual Harassment and Unlawful Discrimination has been edited to cover most of the points above. That draft policy will be reviewed and approved by the Inspector General, General Counsel and Operations Director prior to review/approval by Trey Price, Executive Director.



## **Response to Observations and Recommendations on Audit of Ethical Climate**

2. Human Resources will ensure that all new employees, including supervisors, continue to attend Sexual Harassment training within 30 days of their first day of employment. Currently that consists of a group of new employees watch a recording of the training presentation together in a conference room. The Corporation is currently in the final stages of procuring a Learning Management System (LMS) so once that system is in place, the training will be viewed via the LMS.
3. Human Resources has already revised their new hire paperwork to include the addition of Policy 2.11 Preventing Workplace Sexual Harassment and Unlawful Discrimination as a policy sign off. This form was revised in February 2019, and is stored in the personnel file of all new employees.

March 28, 2019

Christ Hirst, Inspector General  
Florida Housing Finance Corporation  
227 North Bronough Street  
Suite 5000  
Tallahassee, Florida 32301

RE: Observations and Recommendations on Audit of Ethical Climate

Dear Mr. Hirst:

In accordance with Section 20.055, Florida Statutes, please find enclosed our response to the Observations and Recommendations of the Audit of Ethical Climate dated March 5, 2019.

We appreciate the work of you and your team on this audit. The attached document outlines the steps we are taking to address the observations and implement the recommendations made.

Please contact me if you have any questions or if you need any additional information.

Sincerely,



Hugh R. Brown  
General Counsel/Ethics Officer

Attachment

cc: Harold "Trey" Price III, Executive Director

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Ron DeSantis, Governor

Board of Directors: Ray Dubuque, Chairman • Ron Lieberman, Vice Chairman  
Natacha Bastian • Renier Diaz de la Portilla • LaTasha Green-Cobb • Creston Leifried • Bernard "Barney" Smith  
Ken Lawson, Florida Department of Economic Opportunity

Harold "Trey" Price, Executive Director

## **Response to Observations and Recommendations on Audit Ethical Climate**

### **Observation 2: Protocol when receiving and disposing of gifts received by Florida Housing staff members.**

Florida Housing often receives gifts via mail or courier; however, they do not have documented procedures to provide guidance to staff members for the disposition of gifts received. These gifts may be from lobbyists or principals as defined in Chapter 112, Part III Florida Statutes and Florida Housing's Policy 2.04 Gifts, or any other individuals doing business or attempting to do business with Florida Housing

Lack of procedures to provide guidance to staff members for the disposition of gifts they receive may result in:

- inconsistent disposition of the gift(s) from one instance to another; and,
- improper disposition of the gift resulting in an ethical violation or the appearance thereof and a potential loss of public trust.

**Recommendation:** The OIG recommends that the Office of General Counsel amend the current Gift policy and develop documented procedures to provide guidance to Florida Housing staff members for the documenting/recording of gift(s) received and their subsequent disposition. A log of all gifts received should be maintained and should, at a minimum, include:

- date item received;
- item description;
- estimated value of item;
- who sent the item;
- who received the item;
- disposition of item; and
- date of disposition.

**The Office of General Counsel will take the following steps to implement the above recommendations:**

- Creation and maintenance of a log (spreadsheet) tracking all gifts per the criteria above.
- Additionally, this log will serve as a tracking mechanism for potential conflicts of interest and any other ethical issues, showing similar information as in regard to gifts: person(s) involved; relevant dates; nature of the issue; resolution of the issue (unless ongoing), etc. Legal staff will consult this log prior to Board meetings to ensure any existing, ongoing or potential conflicts of interest are handled appropriately, including recusal of a Board member if deemed necessary per the standards in Chapter 112, Florida Statutes, as applicable.