



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

**ANNUAL AUDIT PLAN FOR FISCAL YEAR 2021
AND LONG-TERM PLANS FOR FISCAL YEARS 2022 AND 2023**

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 2020 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 2020 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 December Audit Committee Meeting. After receiving their input, OIG staff collectively determined which areas would be included in the 2021 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.

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 2021.²

AUDIT PLAN FOR FISCAL YEAR 2021

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 2021:

Audit Services

Internal Audits, Consulting Engagements, and Reviews:

- Audit of the Procurement Process (Initiated in 2020 and ongoing)
- Audit of the Hurricane Housing Recovery Program (HHRP)
- Financial Expenditure Audit - Corporate Credit Card Process
- Financial Expenditure Audit - Payroll Processes
- Audit of the HOME Investment Partnerships (HOME) Program
- Compliance Audit of Coronavirus Relief Fund (CRF) Program
- Consulting Engagement for Public Records Request Process
- Review of Information Technology Security Tools and Policies for Remote Work Facilitation
- Review of the Information Security Management Vendor performance
- 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 2020 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
- Audits and Reviews of the CRF Program
- Other External Audits Performed in 2021

Audit Follow-Up:

- Follow-up on Audit of Records Management
- Follow-up Management Review of the Predevelopment Loan Program
- Follow-up on Review of the Portable and Attractive Assets Inventory
- Follow-up on Audit of the Procurement Process
- 2nd Follow-up on Audit of Multifamily Programs – Selected Controls (Report No. 2019-06)

Other Services

Special Projects:

- 2021 Quality Assurance Self-Assessment of the Internal Audit Function
- Quality Assurance Review of Lottery Number Assignments for 2020-2021
- Technical Assistance – Foreclosure Counseling Program Close-out
- Continue to Monitor Implementation of Enterprise Risk Assessment Framework
- Tracking 2021 Legislation Applicable to Inspectors General
- OIG Outreach (Fraud Training)
- Completion of 2021 Audit Plan
- 2021 Risk Assessment and Development of 2022 Audit Plan
- Preparation of the 2020 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 2022 AND 2023

The long-term audit plans for Fiscal Years 2022 and 2023 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 2020 risk assessment, the OIG plans to allocate direct audit hours in Fiscal Years 2022 and 2023 to audit activities in the following areas:

- Carryover Projects from the Prior Year Audit Plan
- Audit of Multifamily Programs Grant Funding for Persons with a Developmental Disability (2022)
- Financial Expenditure Review – Personnel/Travel (2022)
- Review of Loan Servicing and Related Internal Controls (2022)
- Quarterly Review of Performance Measurement Data Submitted to the Department of Economic Opportunity (2022/2023)
- Audit of Information Technology Data Management Program (2023)
- Audit of Multifamily Mortgage Revenue Bonds (2023)

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.

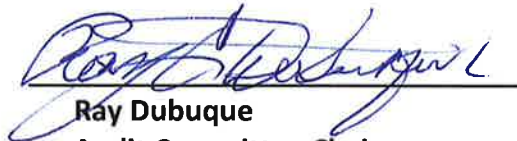
Respectfully Submitted by:



Chris Hirst
Inspector General

Date: 12.4.20

Audit Plan Approved by:



Ray Dubuque
Audit Committee Chair

Date: 12/4/20