

LOUISIANA HOUSING CORPORATION



PERFORMANCE AUDIT SERVICES
ISSUED FEBRUARY 17, 2022

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LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

February 17, 2022

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This audit was conducted after the Louisiana Legislative Auditor (LLA) was asked to evaluate the Louisiana Housing Corporation's (LHC) operational policies and procedures and compare them to relevant best practices in light of sexual harassment allegations against LHC's previous two executive directors. The purpose of the report was expanded to evaluate certain policies, board practices, and employee perspectives on the organizational culture at LHC.

We found LHC's sexual harassment policy generally complied with state law and recommendations from the Equal Employment Opportunity Commission. However, the policy should be updated to include additional provisions required by state law. In addition, LHC should develop a policy either prohibiting or requiring disclosure of relationships between supervisors and staff. Besides the state-mandated sexual harassment training for employees, LHC should also consider providing more comprehensive in-person and interactive training tailored to its specific workplace.

In addition, we found LHC could better define and communicate its values, principles, and acceptable behavior for employees and board members by developing a formal code of conduct. The code of conduct should include a clear definition of what constitutes a conflict of interest and what information should be held confidential.

We found, too, that LHC's grievance policy does not include all Civil Service recommendations. Lack of trust in how grievances will be handled also may be deterring employees from filing grievances. According to our survey of LHC employees, 31.5% of respondents felt LHC would not handle their grievance fairly, and 28.2% indicated they did not feel comfortable bringing up issues to their supervisor, which is the first step of the grievance policy. LHC might be able to increase reporting of grievances by setting up an anonymous hotline employees could use to report unethical behavior and providing additional training for supervisors.

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives
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In addition, we found that if LHC provided board members with a timely orientation and ongoing training on their roles and responsibilities, meeting procedures and etiquette, and LHC's programs, it could help them better fulfill their roles. Board members also could improve their evaluation of the executive director by seeking input from staff and other stakeholders, offering timely and ongoing feedback, and ensuring each board member provides feedback.

Our survey results indicated that most LHC employees were passionate about their work, but LHC needs to address issues with the organizational culture, including restoring trust in leadership, improving employee morale, and enhancing communication and accountability. Since its creation in 2011, LHC has had five executive directors. These changes have resulted in instability and uncertainty for LHC employees, which in turn has affected morale and other aspects of workplace culture.

The report contains our findings, conclusions, and recommendations. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the Louisiana Housing Corporation for its assistance during this audit.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Mike Waguespack', with a long horizontal flourish extending to the right.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/ch

Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Louisiana Housing Corporation



February 2022

Audit Control #40210020

Introduction

On July 28, 2021, the Chairman of the Board of Directors of the Louisiana Housing Corporation (LHC) requested a performance audit to evaluate LHC’s operational policies and procedures and compare them to relevant best practices¹ in light of allegations of sexual harassment against the previous two executive directors. During the background phase of our audit, we identified other areas of risk that are included in our review, including evaluating Board practices and conducting a survey to obtain employee perspectives on the organizational culture at LHC. To conduct this audit, we reviewed policies and procedures, researched best practices, interviewed LHC employees and Board members, and conducted an employee survey to evaluate the organizational culture at LHC. Based on the survey results and other risks identified during this audit, we plan to conduct a subsequent audit to more comprehensively evaluate the organizational culture at LHC, determine whether LHC is complying with certain policies and procedures, and make further recommendations for improvement.

The **mission** of LHC is to ensure that every Louisiana resident is granted an opportunity to obtain safe, affordable, energy-efficient housing.

Source: <https://www.lhc.la.gov/>

LHC was created in 2011² to direct and coordinate housing programs administered by the state to address the shortage of affordable, accessible, decent, safe, and sanitary residential housing. Specifically, Act 408 of the 2011 Regular Legislative Session merged the Louisiana Housing Finance Agency with housing programs from other state agencies, including Louisiana’s Office of Community Development. LHC administers programs that assist renters, homebuyers and owners, developers, nonprofit groups, local governments, and other stakeholders in creating safe, affordable, energy-efficient housing. Examples of programs include the Low-Income Housing Tax Credit Program, Multi-Family Mortgage Revenue Bond Program, Low-Income Home Energy Assistance Program, and the Weatherization Assistance Program.

¹ The Board approved the engagement and subsequent extension on July 28, 2021, and October 14, 2021, respectively.

² Louisiana Revised Statutes (R.S.) 40:600.88

The LHC Board of Directors (Board) is comprised of 13 members, eight of which are appointed by the Governor,³ two by the president of the Senate, two by the speaker of the House of Representatives, and one who is the State Treasurer or his/her designee.⁴ As of December 2021, LHC had 144 full-time and five part-time employees.

In fiscal year 2021, LHC's total revenue of approximately \$325.4 million came primarily from federal funds (\$299.1 million, or 91.9%). Fees and self-generated revenue accounted for \$18.5 million, or 5.7%, and the remaining income came from other sources such as investment income and restricted mortgage income. The majority of LHC's total expenses of \$290.6 million in fiscal year 2021 were for distributions of federal funds (\$267.2 million, or 92.0%) followed by salaries and related benefits (\$17.0 million, or 5.9%).

The objective of this audit was:

To evaluate certain policies, Board practices, and employee perspectives on the organizational culture at the Louisiana Housing Corporation.

Our results are summarized on the following pages. Appendix A includes LHC's response, Appendix B contains our scope and methodology, and Appendix C summarizes the results of our November 2021 survey of LHC employees on the organizational culture at LHC.

³ Act 302 of the 2021 Regular Legislative Session added two more Board members appointed by the Governor, increasing the total members from 11 to 13.

⁴ R.S. 40:600.89

Objective: To evaluate certain policies, Board practices, and employee perspectives on the organizational culture at the Louisiana Housing Corporation.

Overall, we found the following:

- **While LHC’s sexual harassment policy generally complies with state law and recommendations from the Equal Employment Opportunity Commission (EEOC), developing a policy that either prohibits or requires disclosure of relationships between supervisors and staff would help better guard against sexual harassment.** In addition, although LHC employees are statutorily required to complete sexual harassment training like other state employees, LHC should consider providing more comprehensive in-person and interactive training that is tailored to its specific workplace.
- **Developing a formal code of conduct as part of its operational policies would allow LHC to define and communicate its values, principles, and acceptable behavior for its employees and Board members.** LHC’s code of conduct should also include a clear definition of what constitutes a conflict of interest and what information should be held confidential.
- **While LHC has developed a grievance policy as required by State Civil Service rules, this policy does not include all Civil Service recommendations. In addition, lack of trust in how grievances will be handled may deter employees from filing grievances.** According to our survey, 31.5% of respondents felt that LHC would not handle their grievance fairly, and 28.2% indicated that they did not feel comfortable bringing up issues to their supervisor, which is the first step of LHC’s grievance policy. One way that LHC may be able to increase reporting of grievances is to offer an anonymous employee hotline for reporting unethical behavior, such as bullying, harassment, and other safety and health violations.
- **Providing Board members with a timely orientation and ongoing training on their roles and responsibilities, meeting procedures and etiquette, and LHC’s programs could help Board members better fulfill their roles.** In addition, the Board could improve its evaluation of the executive director by seeking input from staff and other stakeholders, providing timely and ongoing feedback, and ensuring each Board member provides feedback.
- **Survey results indicate that most employees at LHC are passionate about the work they do, but LHC needs to address other ongoing issues with the organizational culture, including restoring trust in leadership, improving employee morale, and enhancing communication and accountability.** Since its creation in 2011, LHC has had five executive directors. These changes have

resulted in instability and uncertainty for LHC employees, which in turn affects employee morale and other aspects of workplace culture.

These issues are discussed in more detail on the pages that follow, along with recommendations to improve.

While LHC’s sexual harassment policy generally complies with state law and recommendations from the Equal Employment Opportunity Commission (EEOC), developing a policy that either prohibits or requires disclosure of relationships between supervisors and staff would help better guard against sexual harassment.

In May 2015, a previous LHC executive director resigned amid allegations that he sexually harassed employees. In April 2021, LHC’s most recent executive director was placed on administrative leave pending an investigation of sexual harassment allegations. In June 2021, his position was not confirmed by the Louisiana Senate. In May 2021, LHC hired a new Human Resources director who has started to revise LHC’s policies and procedures. In September 2021, LHC updated its sexual harassment policy to include more detail on what constitutes sexual harassment, outline discipline for retaliation, and remove language that the executive director determines the ultimate resolution of any report or allegation of sexual harassment.

According to the U.S. Equal Employment Opportunity Commission (EEOC), the cornerstone of a successful harassment prevention strategy is the consistent and demonstrated commitment of senior leaders to create and maintain a culture where harassment is not tolerated. This commitment includes allocating sufficient resources for effective harassment prevention strategies and allocating sufficient staff time for prevention efforts.

Source: [EEOC’s Promising Practices for Preventing Harassment](#)

We compared LHC’s new sexual harassment policy to requirements in state law⁵ and to guidance from the EEOC and found that it includes most required and recommended provisions. However, we found that LHC’s policy does not include possible disciplinary actions for false reports, nor a statement notifying its employees of their right to pursue a claim under state or federal law regardless of LHC’s investigation outcome, both of which are required by state law. However, responses to our November 2021 survey of LHC employees provided some assurance that sexual harassment is not a pervasive issue at LHC.⁶ According to the survey, most respondents stated that they have not experienced or witnessed unwanted sexual advances or comments that were sexual in nature. Specifically, within the last year, two (2.0%) of the 99 employees who responded to our survey⁷ stated they experienced unwanted sexual advances, and nine (9.3%) either experienced or witnessed comments that were sexual in nature. In addition to

⁵ R.S. 42:341-2

⁶ See Appendix C for a summary of results of our November 2021 survey of LHC employees on the organizational culture at LHC.

⁷ We received responses from 99 employees, achieving an overall response rate of 72.8%. However, the number of responses varied by question because seven employees started but did not complete the entire survey.

the impact sexual harassment can have on victims, even a few instances in a workplace can affect overall morale.

To better guard against sexual harassment, LHC should develop a policy that either prohibits or requires disclosure of relationships between supervisors and staff. LHC's new sexual harassment policy does not prohibit relationships between employees and their supervisors, nor does it require them to disclose such relationships to Human Resources. According to interviews with LHC staff and survey responses, in the past, LHC has had a history of relationships between supervisors and staff. While not prohibited by law, these types of personal relationships between supervisors and subordinates can create real or perceived bias or unfairness, and they may also negatively impact employee morale and disrupt the workplace. In addition, these types of relationships could create liability for the agency as "quid pro quo" or hostile work environment claims could result. For example, courts have ruled that completely consensual workplace romances can create hostile work environments for others in the workplace.

Although LHC employees are statutorily required to complete sexual harassment training like other state employees, LHC should consider providing more comprehensive in-person and interactive training that is tailored to its specific workplace. State law⁸ also requires that employees and supervisors receive annual sexual harassment training. LHC has included sexual harassment in a PowerPoint presentation that new staff must view. The only other sexual harassment training provided are the online courses for employees and supervisors developed by State Civil Service. According to the EEOC, regular, interactive, and comprehensive training of all employees may help ensure that the workforce understands organizational rules, policies, procedures, and expectations, as well as the consequences of misconduct. Ideally, this training should be tailored to a specific workplace and workforce and be interactive so that employees are actively engaged and can ask questions.

Recommendation 1: LHC should update its sexual harassment policy to include possible disciplinary actions for false reports and a statement notifying its employees of their right to pursue a claim under state or federal law regardless of LHC's investigation outcome, as required by state law.

Summary of Management's Response: LHC agrees with this recommendation and stated that it will communicate the policy updates to all new hires during LHC's new hire orientation. See Appendix A for management's full response.

Recommendation 2: LHC should develop a policy that prohibits or requires disclosure of personal relationships involving supervisors and staff.

Summary of Management's Response: LHC agrees with this recommendation and stated that the current nepotism policy will be updated to include guidelines on personal relationships. The policy will prohibit personal relationships between

⁸ R.S. 42:343

employees who work directly for or supervise the employee with whom he or she is involved. See Appendix A for management's full response.

Recommendation 3: Given LHC's history with allegations of sexual harassment, LHC should routinely provide an in-person training on sexual harassment for its employees as recommended by the EEOC.

Summary of Management's Response: LHC disagrees with this recommendation and stated that the Louisiana Department of State Civil Service's Preventing Sexual Harassment course required by state law, coupled with the revisions being made to the existing sexual harassment policy, is sufficient especially in times of COVID-19 restrictions and protocols. By utilizing this course, LHC stated that it can ensure that the message received by LHC employees is consistent. In addition, LHC stated that in-person training does not equate to more efficient learning, and isolated acts of high-profile allegations of sexual harassment do not constitute a broad environment of inappropriate behavior. See Appendix A for management's full response.

LLA Additional Comments: The EEOC's Promising Practices states that effective harassment training should be conducted by qualified, live, interactive trainers if possible and be tailored to the specific organization and audience. Live training also gives employees the ability to ask questions about the harassment policy, complaint system, and related rules and expectations.

Developing a formal code of conduct as part of its operational policies would allow LHC to define and communicate its values, principles, and acceptable behavior for its employees and Board members.

The Governmental Accountability Office (GAO) recommends that agencies establish and use a formal code of conduct and other policies that communicate appropriate ethical and moral behavioral standards and address acceptable operational practices and conflicts of interest. While LHC has various policies that govern employee conduct, compiling these existing policies and developing others into a formal code of conduct would help reinforce and communicate LHC's values and principles. According to the Society of Corporate Compliance and Ethics,⁹ the most effective codes of conduct start with the organization's purpose, which leads to the core values, which in turn drives the desired behaviors that result in positive business outcomes. GAO also recommends that the code of conduct be periodically acknowledged by signature of all employees so that employees know what kind of behavior is acceptable and unacceptable, the penalties for unacceptable behavior, and what to do if they become aware of unacceptable behavior.

⁹ <https://complianceandethics.org/can-code-conduct-really-affect-culture-drive-better-behavior/>

Some of LHC’s current policies could be included in a formal code of conduct, including the dress code, nepotism, personal activities during work, and computer use policies. Other policies should be developed and included, such as one related to employee relationships, as discussed previously. LHC’s code of conduct should also include a clear definition of what constitutes a conflict of interest for employees and Board members, as well as what information should be held confidential. In addition, the code of conduct should include LHC’s vision, mission, and values, as well as the ethical principles that are important to LHC, including upholding the law, creating a culture of open and honest communication, and cultivating an environment where all individuals are treated with dignity and respect.

It is important that LHC define acceptable behavior, as employees who responded to our survey stated that they have been subjected to or witnessed unprofessional behavior. The most common unprofessional behaviors included yelling, demeaning comments, or intimidation, which 53¹⁰ (54.6%) of the 97 respondents stated they either experienced or witnessed. Exhibit 1 summarizes our survey results for the question on unprofessional behavior within the last year.

Exhibit 1			
November 2021 Survey Results on Unprofessional Behavior Within the Last Year			
Behavior		Number	Percent
Yelling, demeaning comments, or intimidation	Experienced	44	44.4%
	Witnessed	49	50.5%
Retaliatory behavior	Experienced	31	31.3%
	Witnessed	33	34.0%
Unethical behavior	Experienced	23	23.2%
	Witnessed	32	33.0%
Discriminatory Behavior	Experienced	12	12.1%
	Witnessed	14	14.4%
Pressure to Commit/Alleged Illegal Behavior*	Experienced	7	7.0%
	Witnessed	10	10.3%
<p>Note: The number of responses differs because not every employee answered this question.</p> <p>*Because our survey asked about employee perceptions of certain behaviors, we did not request details about any alleged illegal behavior. However, we will follow up on these allegations in a subsequent audit.</p> <p>Source: Prepared by legislative auditor’s staff using data from our November 2021 employee survey.</p>			

¹⁰ Some respondents stated that they witnessed and experienced this unprofessional behavior, while others only witnessed or only experienced it; therefore, the total number of respondents is different than what is presented in Exhibit 1.

Recommendation 4: LHC should develop a formal code of conduct for employees and Board members that includes areas already in policy and additional ones related to conflicts of interest and confidentiality.

Summary of Management’s Response: LHC agrees with this recommendation and stated that a formal code of conduct will be added to LHC’s operational policies. This policy will include a summary of LHC’s mission as well as the corporation’s values, principles, and rules for acceptable behavior. LHC’s position on conflicts of interest and confidentiality will also be addressed in the policy. In addition, supervisors will be instructed to include performance expectations annually that support the intent of this policy. Lastly, as part of the Board’s annual training schedule, a review of the organizational code will be conducted, and all future Board members will be presented with a copy of the code of conduct upon appointment to the LHC Board. See Appendix A for management’s full response.

While LHC has developed a grievance policy as required by State Civil Service rules, this policy does not include all Civil Service recommendations. In addition, lack of trust in how grievances will be handled may deter employees from filing grievances. According to our survey, 31.5% of respondents felt that LHC would not handle their grievance fairly, and 28.2% indicated that they did not feel comfortable bringing up issues to their supervisor, which is the first step of LHC’s grievance policy.

Conditions leading to dissatisfaction and misunderstanding may arise among employees in any organization; therefore, it is important that agencies have a policy that states how grievances are to be handled internally (*see text box on right*). As required by Department of State Civil Service (DSCS) rules,¹¹ LHC has developed a policy to handle classified employee complaints or grievances.¹² This policy defines and gives examples of grievances, describes the Grievance and Relief Sought statements that are required when filing a grievance, outlines the procedure for filing and resolving the grievance, and provides time limits for each step of the procedure.

A **grievance** is a formal complaint raised by an employee when they have been treated unfairly, there is a violation of regulations, policy or practice, or they have health and safety concerns.

Source: LHC’s grievance policy

While LHC has created a grievance policy as required by DSCS rules, this policy does not include all DSCS recommendations. These recommendations include providing employees with the ability to skip individuals in their chain of command if they feel they are

¹¹ These rules govern personnel practices and are binding for state classified employees in all state agencies and departments.

¹² Rule 3.1(m)

being harassed; clearly stating that performance evaluations are handled through DSCS; and clearly stating that complaints about letters of warning, reprimand, or counseling are handled by written response and not through the grievance process. In addition, prior to hiring the new Human Resources director in May 2021, LHC did not maintain documentation of grievances or the outcomes, as recommended by DSCS. As a result, LHC was only able to provide us with the five¹³ grievances it had on record and the outcome related to only one of the grievances. However, in our survey, employees reported filing at least eight formal grievances. LHC provided the new spreadsheet it plans to use to track grievances, which includes the outcome of the grievance, and stated that it would develop a process that requires it to maintain grievance records. DSCS further recommends that agencies should conduct an analysis of their grievances to determine if there are recurring problems, particularly if they are occurring in a given unit or relating to a particular supervisor.

“Our department is divided, demoralized, dysfunctional, and deteriorating, one departing employee at a time.”

Source: November 2021 LLA Survey of LHC Employees

A lack of trust in how grievances will be handled may deter LHC employees from filing grievances. According to our survey of LHC employees, only 18.2% of respondents indicated that morale was high at LHC. Specifically, employees cited several issues affecting morale, including unfair and unequitable pay and job responsibilities, policies and procedures not being followed, favoritism, lack of teamwork, lack of accountability, and bullying. However, between July 2018 and November 2021, LHC employees only filed four formal grievances, which may indicate that employees are not reporting all grievances. According to our survey, this may be due to a lack of trust in how LHC handles grievances, as 31.5% of respondents felt that LHC would not handle their grievance fairly or in accordance with policy. Additionally, 28.2% of employees who responded indicated that they did not feel comfortable bringing up issues to their supervisor, which is the first step of LHC’s grievance policy. Also, during multiple in-person interviews, employees described either perceived or real retaliation from LHC management in the past. However, it is imperative that LHC employees trust the grievance process so that conflict can be resolved timely. According to the Society of Human Resource Management (SHRM), the negative effects of workplace conflict can include work disruptions, decreased productivity, project failure, absenteeism, turnover, and termination.¹⁴ In addition, an effective grievance procedure may help employers correct issues before they become serious issues or result in litigation.¹⁵

While LHC has a fraud and abuse hotline where suspected theft, fraud, waste, or abuse can be reported, LHC may be able to increase reporting of grievances by also offering an anonymous employee hotline for reporting unethical behavior, such as bullying, harassment, and other safety and health violations. According to SHRM, hotlines may promote an ethical culture by offering employees a convenient, anonymous way to report wrongdoing.¹⁶ In addition, while most employees report improprieties to their immediate supervisor, hotlines can give them

¹³ This includes four grievances filed during our scope and one from December 2009.

¹⁴ <https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/managingworkplaceconflict.aspx>

¹⁵ <https://www.shrm.org/resourcesandtools/tools-and-samples/hr-ga/pages/aresolutionformanagementandemployees.aspx>

¹⁶ <https://www.shrm.org/hr-today/news/hr-magazine/spring2020/pages/are-ethics-hotlines-effective.aspx>

another way to voice their concerns. SHRM further states that employers can solicit employee concerns and complaints by training supervisors to listen and respond to workers, hosting employee focus groups, making ombudsmen and suggestions boxes available, and ensuring that Human Resources acts as an employee advocate.¹⁷ Survey respondents also suggested improvements to the LHC grievance process such as using a third party to investigate grievances, developing a second-level review process, and appointing a neutral grievances review panel.

Recommendation 5: LHC should update its grievance policy to include DSCS recommendations such as providing employees with the ability to skip individuals in their chain of command if they feel they are being harassed; clearly stating that performance evaluations are handled through DSCS; and clearing stating that complaints about letters of warning, reprimand, or counseling are handled by written response and not through the grievance process.

Summary of Management’s Response: LHC agrees with this recommendation. See Appendix A for management’s full response.

Recommendation 6: LHC should develop a process that requires it to maintain documentation of all employee grievances and the outcomes, as recommended by DSCS.

Summary of Management’s Response: LHC agrees with this recommendation and stated that it will update its grievance policy to include a statement that all grievance responses must also be submitted to the Human Resources Department. The updated policy will also include a statement that a copy of all grievance documents will be maintained in the Human Resources Office. See Appendix A for management’s full response.

Recommendation 7: LHC should evaluate ways to improve trust in its grievance process, such as implementing an anonymous employee hotline for reporting unethical behavior, training supervisors to listen and respond to workers, and making ombudsmen and suggestions boxes available.

Summary of Management’s Response: LHC agrees with this recommendation and stated that it has several initiatives implemented or pending to address these issues. In September 2021, LHC launched Moodtracker, an anonymous employee pulse survey tool to obtain feedback on organizational issues and find solutions that will help build a culture of transparency and trust. LHC is also in the process of reviewing several vendors who offer employee hotline solutions. In addition, LHC created a trainer position in December 2021 to help build out virtual, in-person and on-demand training in a variety of areas, including supervisory training. See Appendix A for management’s full response.

¹⁷ <https://www.shrm.org/hr-today/news/hr-magazine/pages/0808hirschman.aspx>

Providing Board members with a timely orientation and ongoing training on their roles and responsibilities, meeting procedures and etiquette, and LHC’s programs could help Board members better fulfill their roles. In addition, the Board could improve its evaluation of the executive director by seeking input from staff and other stakeholders, providing timely and ongoing feedback, and requiring each Board member to provide feedback.

According to state law,¹⁸ a Board of Directors must govern LHC. Specific statutory responsibilities of the Board include appointing an executive director, approving LHC’s staffing plan, and establishing statewide policy for the financing of housing for persons or families of low or moderate income, senior citizens, and persons with disabilities.¹⁹

As of August 2021, LHC’s Board consists of 13 members, including eight members who are appointed by the Governor.²⁰ These eight are required to have at least five years of experience in at least one of the following fields: banking or bonds, residential or multi-family construction, real estate, affordable housing development, non-profit residential development, or programs of the Department of Housing and Urban Development or any successor agency. One of these eight must also either be a consumer of or an advocate for affordable housing. The remaining five members include two appointed by the president of the Senate, two appointed by the speaker of the House of Representatives, and the State Treasurer or his/her designee. The eight Board members appointed by the Governor serve staggered four-year terms.

Because of the variety of backgrounds and turnover of members, it is important that LHC Board members receive a timely orientation and ongoing training. The Institute of Internal Auditors (IIA) states that a basic principle for boards is understanding and exercising oversight responsibility related to financial reporting, applicable laws and regulations, operating effectiveness and efficiency, and related internal controls.²¹ Training should be provided on an ongoing basis so that new Board members are onboarded timely since their terms are staggered and expire at different times. Ongoing training is also important when vacancies are filled prior to their expiration; according to LHC Board meeting minutes between July 2018 and February 2020, seven Board members resigned or were not reappointed.

While new LHC Board members do not receive an official orientation or training, members participated in a retreat in July 2021 that included presentations on LHC’s

“The Board members need to have all information provided to them before they can accurately assess the decisions before them. I have heard many Board members admit that they did not know about a program, situation or department enough to be confident enough to have a discussion. Information needs to be provided to them in a timely manner and open discussion between program directors and Board members should be encouraged.”

Source: November 2021 LLA Survey of LHC Employees

¹⁸ R.S. 40:600.89

¹⁹ R.S. 40:600.90-91

²⁰ R.S. 40:600.89

²¹ Institute of Internal Auditors, *Auditing the Control Environment*, April 2011

programs by the LHC Executive Management Team and Leadership Team, as well as a consultant’s presentation on “Board Governance: Roles and Responsibilities.” Board members also complete the statutorily-required annual training on sexual harassment and ethics. During individual interviews with Board members,²² several members stated that they feel additional training relating to board governance, professionalism, board meeting procedures, and grants/funds administered by LHC would be beneficial. We found that Board members would benefit from additional, ongoing training in the following areas:

Roles and responsibilities. According to the U.S. Chamber of Commerce Foundation,²³ a thorough orientation is necessary to ensure that Board members understand their roles and responsibilities, including training on reviewing financial statements and how to read them, reviewing Board policies and procedures, and clarifying Board governance versus operation and management roles.²⁴

Board meeting procedures and etiquette. During two public Board meetings observed by auditors in August and October 2021, there appeared to be confusion among Board members about proper meeting procedure and etiquette. For example, one member made a motion to vote on an item that was not on the agenda, and there was confusion about when the Board should go into executive session. Board members also expressed concerns during individual interviews about the process for adding items to the agenda, sticking to agenda items during meetings, and about the importance of Board members respecting each other despite having disagreements.

It is important for Board members to be trained on proper meeting procedures to ensure they remain in compliance with certain law and rules. Specifically, LHC is statutorily required to follow the Louisiana Open Meetings Law²⁵ that regulates meetings of public bodies and is meant to ensure that decisions made by the government are made in an open forum. This law details requirements related to quorums, public notice, agendas, public comment, meeting minutes, executive session, exceptions, etc.

Additionally, according to LHC’s bylaws, Robert’s Rules of Order²⁶ shall govern the Board. These rules detail what happens at a meeting including how to introduce and amend motions, postpone and refer agenda items to committee, request information, and point out incorrect procedure. There are also resources available on conducting effective meetings that include rotating which members lead each section of the meeting, giving agenda items a set time limit, testing technology in advance, and evaluating meetings at least once a year or using self-assessments or post-meeting surveys.²⁷

²² In September and October 2021, we requested to interview all 13 Board members; however, only seven responded.

²³ The U.S. Chamber of Commerce Foundation educates the public on the conditions necessary for business and communities to thrive, how business positively impacts communities, and emerging issues and creative solutions that will shape the future.

²⁴ <https://institute.uschamber.com/best-practices-in-board-governance/>

²⁵ R.S. 42:11-42:28

²⁶ Robert’s Rules of Order, a manual of parliamentary procedure that governs most organizations with boards of directors, was developed to ensure that meetings are fair, efficient, democratic, and orderly.

²⁷ <https://www.councilofnonprofits.org/tools-resources/effective-board-meetings-good-governance>

Agency-specific training. Because of the number and complexity of programs administered by LHC, it is important that Board members receive agency-specific training to ensure that they make informed decisions. This training could include the history of the organization and its key accomplishments, the annual strategic plan, organizational policies and procedures, and a clarification of Human Resources policies and procedures.

In addition, the Board could improve its evaluation of the executive director by seeking input from staff and other stakeholders, providing timely and ongoing feedback, and ensuring each Board member provides feedback. According to the Enterprise Foundation,²⁸ the performance of an executive director is critical to the organization fulfilling its mission, as the executive director influences the organization's success and financial health.²⁹ The Enterprise Foundation further recommends that all members complete assessments on the executive director's performance. In two of the past three years, LHC Human Resources has provided each Board member with the opportunity to provide feedback on the executive director. However, in fiscal year 2020, LHC staff did not provide the assessment to one (12.5%) of the Board members. In addition, in two of the last three fiscal years, there were Board members who did not provide feedback on the executive director, specifically two (20.0%) members in fiscal year 2018 and five (45.5%) members in fiscal year 2019.³⁰

Also, LHC has not been consistent on when it evaluates the executive director. In fiscal years 2018 and 2020, Board members evaluated the executive director within three months of the evaluation period ending June 30; however, in fiscal year 2019, the evaluation was not completed until almost six months later. Providing timely feedback is important to ensure any issues identified are corrected as soon as possible. LHC could further improve its process by not waiting until it conducts the annual evaluation to provide the executive director with feedback, but instead providing ongoing feedback throughout the year with intermittent observations and periodic reviews. For example, Board members could observe the executive director at a staff meeting or conduct periodic reviews to determine the executive director's progress towards accomplishing objectives set in the annual evaluation.

LHC has also not sought input on the executive director's performance from other staff or stakeholders. The Enterprise Foundation recommends gathering performance information from critical stakeholders in the organization, including Board members and senior staff, as well as critical external partners. In addition, the Board should collect information from LHC's financial statements, annual independent audits, and surveys of any other individuals with knowledge of the executive director's performance.

Recommendation 8: LHC Board members should all receive a timely orientation and ongoing training that includes their roles and responsibilities, meeting procedures and etiquette, and an overview of LHC programs, policies, and procedures.

²⁸ Launched in 1982, The Enterprise Foundation is a national, nonprofit housing and community development organization dedicated to bringing lasting improvements to distressed communities.

²⁹ https://www.wvcc.edu/CMS/fileadmin/PDF/Learning_Center/Evaluating_your_ED.pdf

³⁰ LHC did not have a permanent executive director to evaluate at the end of fiscal year 2021.

Summary of Management’s Response: LHC agrees with this recommendation and stated that the Board receives annual training on a variety of workplace issues as well as training on LHC programs. Going forward, LHC will incorporate training on their roles and responsibilities as well as training on the newly created code of conduct. LHC will ensure that all Board trainings are done in a timely manner. See Appendix A for management’s full response.

Recommendation 9: LHC should improve its evaluation of the executive director by developing a process that ensures that it seeks input from staff and other stakeholders, provides timely and ongoing feedback, and ensures each Board member provides feedback by a set deadline.

Summary of Management’s Response: LHC partially agrees with this recommendation and stated that going forward, it agrees that it is necessary to gather input from all Board members. HR, in conjunction with the Board secretary, will make every effort to ensure that the director’s evaluation is performed timely and in accordance with his/her written contract. However, LHC disagrees that seeking input from staff and stakeholders provides the best feedback, as the Executive Director’s contract provides sufficient criteria by which an objective evaluation can be performed. In addition, there are informal means by which the Corporation receives feedback to support the director’s evaluation, i.e., public comment, emails sent to the Corporation, etc. See Appendix A for management’s full response.

Survey results indicate that most employees at LHC are passionate about the work they do, but LHC needs to address other ongoing issues with the organizational culture, including restoring trust in leadership, improving employee morale, and enhancing communication and accountability.

Since its creation in 2011, LHC has had five³¹ executive directors. These changes have resulted in instability and uncertainty for LHC employees, which in turn affects employee morale and other aspects of workplace culture. Recognizing that it had issues with workplace culture, LHC commissioned the Department of State Civil Service (DSCS) in 2016 to perform a competency analysis on the organization that included focus groups with management and staff.³² This Competency Assessment Report found that LHC needed improvement in areas including leadership, accountability, developing others, workforce management, conflict management, fostering engagement, and teamwork and cooperation. Based on our interviews with staff and survey results, many of these issues persist today, as discussed below.

“There is room for overall improvement at LHC. It’s a great agency with great potential to help Louisiana citizens. Many staff work hard and are competent in their roles. It is very important to create stability in leadership as soon as possible to improve the overall health of the organization.”

Source: November 2021 LLA Survey of LHC Employees

Most employees feel passionate about the work they do, but have less favorable views of leadership. According to our survey, 89 (89.9%) of 99 respondents stated that they

Tone at the top refers to the ethical atmosphere that is created in the workplace by the organization’s leadership. Whatever tone management sets will have a trickle-down effect on employees of the company. If the tone set by managers upholds ethics and integrity, employees will be more inclined to uphold those same values. However, if upper management appears unconcerned with ethics, employees will be more prone to commit fraud because they feel that ethical conduct is not a focus or priority within the organization.

Source: [Association of Certified Fraud Examiners](#)

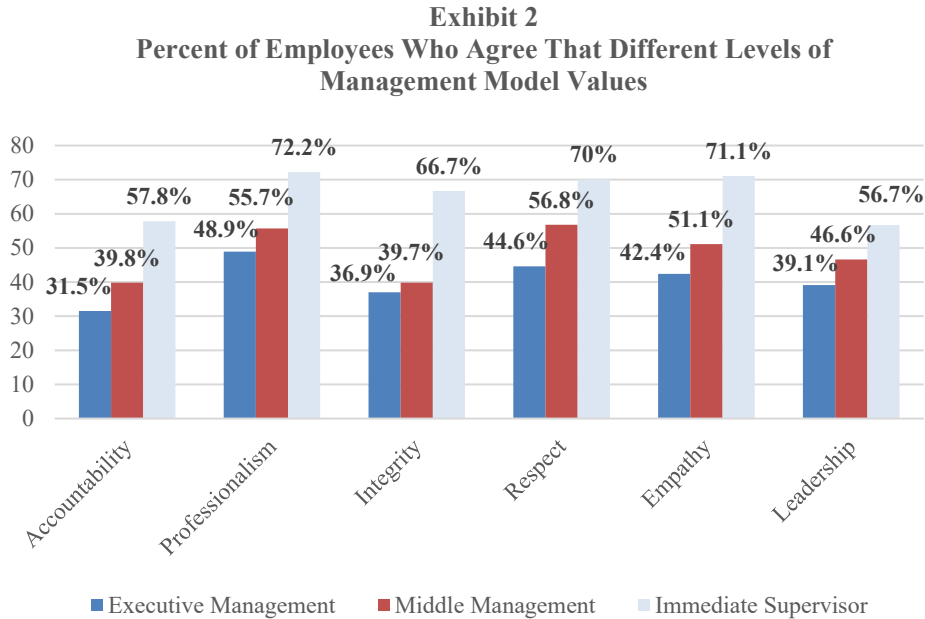
were passionate about the work they do at LHC. However, when asked whether they believed that agency leadership fosters an agency culture that emphasizes the importance of integrity and ethical values and demonstrates that staff wellbeing is a priority, only 35 (35.3%) of 99 stated that they did. Given the history of turnover in the executive director position, it is important that the new executive director establish the appropriate “tone at the top” (*see text box on left*) and model ethical values and integrity through their actions, as according to the Association of Certified Fraud Examiners, employees will do what they witness their

bosses doing. These actions should include rewarding ethical behavior and developing sanctions for engaging in, tolerating, or condoning improper conduct. The executive director should also develop a code of conduct that outlines acceptable behavior as recommended on page 8 of this report.

³¹ Including three interim-executive directors

³² In 2017, DSCS issued a subsequent report on *LHC Focus Groups: Report and Recommendations*.

Employees also provided varying responses regarding whether certain values, such as accountability, empathy, and integrity were modeled by different levels of management. Employees consistently agreed that their immediate supervisor exhibited these values more so than middle and executive management. Exhibit 2 summarizes this information.



Source: November 2021 LLA Survey of LHC Employees

Employees stated that employee morale is currently higher within their individual program than in the agency as a whole. Specifically, 44.4% of employees who responded to our survey agreed that morale was high in their program, but only 18.2% stated that it was high in the agency as a whole. Employees provided a wide range of suggestions for how to improve morale, including the following:

- Re-evaluate job specifications and compensate accordingly;
- Increase opportunities for advancement, such as more progression levels for promotions;
- Offer more educational opportunities and training for professional growth;
- Provide cross-training among departments and programs to understand everyone’s roles;
- Improve respect and understanding from leadership;
- Increase accountability, transparency, and strategic decision making;
- Develop clear policies and procedures that are adhered to;
- Improve teambuilding, collaboration, and organizational stability;

“Greater accountability and better internal communication would go a long way toward improving employee morale. One simply doesn’t know if one is valued, listened to, cared about or regarded as an interchangeable machine part, or whether anything one does is really making a difference or if anyone cares.”

Source: November 2021 LLA Survey of LHC Employees

- Show appreciation to employees; hold more employee appreciation events; and
- Treat everyone equally as far as Human Resources issues are concerned.

Better communication is needed among LHC’s different departments and programs, including how these departments fit into the overall mission and direction of LHC. According to our survey, only 24.7% of respondents agreed that information and data are shared across different programs within the agency. Survey comments also consistently cited the need for information on other departments. Examples of these comments include the following:

- “[I] do not feel like I have any idea of what is going on in other departments. Overall education on the mission of the whole and how each department fits would be informative and likely helpful.”
- “I think the intricacies of work done in each different department could be shared more, in-house, so that we are all more aware of the programs that LHC offers to members of the public.”
- “Employees hear little about strategic changes to the organization until after they are implemented. I do not know the long-term goals of the agency or how I play a role in them as I do not feel like a strategic vision has been shared widely. We don't need additional modules or training on communication, we need to feel valued and part of a larger mission. I would like to see decisions presented with actual data to back up why the decisions are made, what they are intended to do, and how they will be assessed in the future.”

The 2017 DSCS Focus Group Report also cited issues with communication among departments and recommended that LHC clearly articulate its vision, values, objectives, and goals with a comprehensive, agency-wide communication plan. DSCS also recommended that LHC create a functional organizational chart with related process maps for each function and link all positions with agency mission and vision. As a result, LHC developed a strategic plan for fiscal years 2017 through 2022 that includes an objective that all departments have their own mission statements, values, goals, and objectives that align with LHC’s overall strategic plan. LHC is currently working on the strategic plan for fiscal years 2022 through 2027 that is expected to be approved in October 2022.

According to DSCS, agencies that effectively communicate create an atmosphere in which timely and high-quality information flows smoothly up, down, and inside an organization and employees are encouraged to openly express ideas and opinions. LHC survey responses indicated that employees want more communication about why decisions are made, more input from staff on decisions, and clearer communication when changes are being made. Only 28.8% of survey respondents agreed that they receive information about why decisions are made when management makes a decision that affects

“Before decisions are made, it would be a great idea to at least hear the voices of your employees. Once the decision is made, the outcome should then be announced throughout the entire agency not just one or two departments.”

Source: November 2021 LLA Survey of LHC Employees

their work. In addition, 56.7% of respondents disagreed that they received clear information about changes made within the agency.

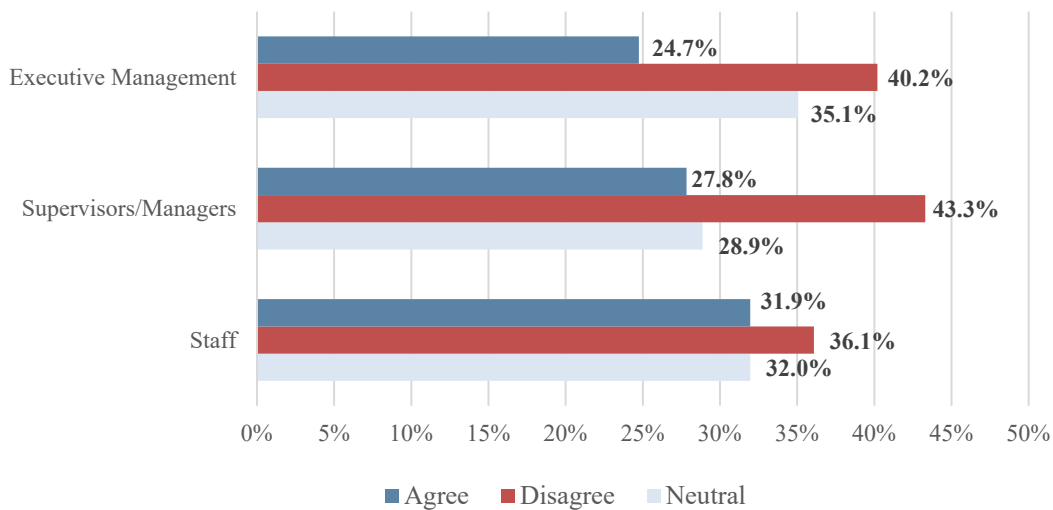
“The sweeping changes in LHC’s leadership are unsettling, but they’re also an opportunity for the agency to take the good things from the previous leadership, combine them with some new ideas, and develop a plan for an agency and a culture known for integrity, fairness, and valuing and developing its employees. Policies and procedures need to be applied consistently, instead of according to how well-connected a person is. LHC programs are aimed at doing good in our communities; why not do good to its employees, too?”

Source: November 2021 LLA Survey of LHC Employees

Consistently holding all employees accountable would help reduce the perception of favoritism. Survey comments and in-person interviews with staff suggested that favoritism exists regarding who receives promotions and increased pay. These comments were similar to comments made in the focus groups DSCS held in 2017. According to that report, managers stated that favored employees were not held accountable and those ‘out of favor’ were. Employees also perceived favoritism regarding not holding underperforming employees accountable.

Exhibit 3 summarizes survey responses to the question on whether the staff agrees that certain levels of employees are held accountable.

**Exhibit 3
Responses for Whether Different Levels of Employees are Held Accountable**



Source: November 2021 LLA Survey of LHC Employees

Because of the survey responses, the audit team plans to conduct a more comprehensive audit of LHC’s organizational culture and agency compliance with policies, including making further recommendations to improve LHC’s culture.

APPENDIX A: MANAGEMENT'S RESPONSE



Louisiana Housing Corporation

February 10, 2022

Mr. Michael J. "Mike" Waguespack
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Dear Mr. Waguespack,

In response to the findings noted in the performance audit recently completed for the Louisiana Housing Corporation (LHC), we issue the following responses:

Finding 1: While LHC's sexual harassment policy generally complies with state law and recommendations from the Equal Employment Opportunity Commission (EEOC), developing a policy that either prohibits or requires disclosure of relationships between supervisors and staff would help better guard against sexual harassment.

- **Recommendation 1:** LHC should update its sexual harassment policy to include possible disciplinary actions for false reports and a statement notifying its employees of their right to pursue a claim under state or federal law regardless of LHC's investigation outcome, as required by state law.

Agree

LHC will update its existing sexual harassment policy to include:

- A statement that notifies all employees that if they knowingly file a false report regarding allegations of sexual harassment, this offense will be subject to disciplinary action. This policy update will also be communicated to all new hires during LHC's new hire orientation.
 - A statement notifying all employees that regardless of the outcome of an internal investigation, they have a right to pursue a claim under state or federal law.
- **Recommendation 2:** LHC should develop a policy that prohibits or requires disclosure of personal relationships involving supervisors and staff.

Agree

LHC is currently revamping most of our personnel policies. The current nepotism policy will be updated to include guidelines on personal relationships. The policy will prohibit personal relationships between employees who work directly for or supervise the employee with whom he or she is involved.

- **Recommendation 3:** Given LHC's history with allegations of sexual harassment, LHC should routinely provide an in-person training on sexual harassment for its employees as recommended by the EEOC.

Disagree

Appropriate training is at the core of any sexual harassment prevention effort. Annually, LHC employees are required to complete the Preventing Sexual Harassment course as required by state law, which is administered by the Louisiana Department of State Civil Service (SCS). Supervisors are required to take an additional course geared towards managing a sexual harassment-free workplace. It is our opinion that this course, coupled with the revisions being made to the existing sexual harassment policy, is sufficient especially in times of COVID-19 restrictions and protocols. These two actions provide employees with clear expectations of acceptable and unacceptable behavior in the workplace. By utilizing the course provided by SCS, we can ensure that the message received by LHC employees is consistent with the law. Further, this method ensures that the information is consistent, and that it leaves very little room for deviation of message.

As it relates to the current remote culture that we are in, production is up and steady overall. Thus, in-person training, or other work tasks, does not equate to more efficient learning. Notwithstanding, isolated acts of high profile allegations of sexual harassment do not constitute a broad environment of inappropriate behavior. Albeit, we are taking all training opportunity and prevention efforts seriously and industriously, to include an annual acknowledgement of review by each employee of the LHC sexual harassment policy.

Finding 2: Developing a formal code of conduct as part of its operational policies would allow LHC to define and communicate its values, principles, and acceptable behavior for its employees and Board members.

- **Recommendation 4:** LHC should develop a formal code of conduct for employees and Board members that includes areas already in policy and additional ones related to conflicts of interest and confidentiality.

Agree

In order to provide well-defined expectations for professional conduct and behavior as well as promote a consistent level of standard for all employees and board members, a formal code of conduct will be added to LHC's operational policies. This policy will include a summary of LHC's mission as well as the corporation's values, principles, and rules for acceptable behavior. LHC's position on conflicts of interest and confidentiality will also be addressed in the policy.

In addition, supervisors will be instructed to include performance expectations annually that support the intent of this policy.

Lastly, as part of the Board's annual training schedule (Ethics and Sexual Harassment), a review of the organizational code of conduct will be conducted. All future board members will be presented with a copy of the code of conduct upon appointment to the LHC Board.

Finding 3: While LHC has developed a grievance policy as required by State Civil Service rules, this policy does not include all Civil Service recommendations. In addition, lack of trust in how grievances will be handled may deter employees from filing grievances. According to our survey, 31.5% of respondents felt that LHC would not handle their grievance fairly and 28.2% indicated that they did not feel comfortable bringing up issues to their supervisor, which is the first step of LHC's grievance policy.

- **Recommendation 5:** LHC should update its grievance policy to include DSCS recommendations such as providing employees with the ability to skip individuals in their chain of command if they feel they are being harassed; clearly stating that performance evaluations are handled through DSCS; and clearly stating that complaints about letters of warning, reprimand, or counseling are handled by written response and not through the grievance process.

Agree

LHC will update its grievance policy to include:

- A statement that if an employee claims harassment by anyone in the employee's chain of command, the employee may skip the grievance step that would directly involve that individual and may proceed to the next step.
- A statement that PES reviews are handled through Chapter 10 rules and not through the grievance process.
- A statement that complaints about letters of warning, reprimand, or counseling are handled by written response and not through the grievance process

- **Recommendation 6:** LHC should develop a process that requires it to maintain documentation of all employee grievances and the outcomes, as recommended by DSCS.

Agree

LHC will update its grievance policy to include:

- A statement that all grievances responses must also be submitted to the Human Resources Department.
 - A statement that a copy of all grievance documents will be maintained in the Human Resources Office.
- **Recommendation 7:** LHC should evaluate ways to improve trust in its grievance process, such as implementing an anonymous employee hotline for reporting unethical behavior, training supervisors to listen and respond to workers, and making ombudsmen and suggestions boxes available.

Agree

LHC has several initiatives implemented or pending to address these issues.

- In September 2021, LHC launched Moodtracker, an anonymous employee pulse survey tool. The goal of this initiative was to obtain feedback on organizational issues and find solutions that will help build a culture of transparency and trust.
- LHC is in the process of reviewing several vendors who offer employee hotline solutions.
- LHC created a trainer position in December 2021 to help build out virtual, in-person and on-demand training in a variety of areas, including supervisory training. Currently, LHC is reviewing several Learning Management Systems that offer pre-built courses, including several leadership courses and pre-built learning pathways.

Finding 4: Providing Board members with orientation and ongoing training on their roles and responsibilities, meeting procedures and etiquette, and LHC's programs could help Board members better fulfill their role. In addition, the Board could improve its evaluation of the Executive Director by seeking input from staff and other stakeholders, and requiring each Board member to provide feedback.

- **Recommendation 8:** LHC Board members should all receive a timely orientation and ongoing training that includes their roles and responsibilities, meeting procedures and etiquette, and an overview of LHC programs, policies, and procedures.

Mr. Michael J. "Mike" Waguespack

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February 10, 2022

Agree

As stated in our response to finding two, the LHC board receives annual training on a variety of workplace issues as well as training on LHC programs. Going forward, we will incorporate training on their roles and responsibilities as well as training on the newly created code of conduct. LHC will ensure that all board trainings are done in a timely manner.

- **Recommendation 9:** LHC should improve its evaluation of the Executive Director by developing a process that ensures that it seeks input from staff and other stakeholders, provides timely and ongoing feedback, and ensures each Board member provides feedback.

Disagree

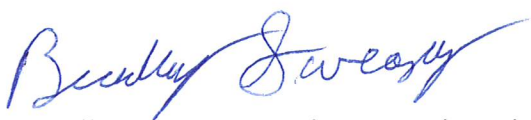
While it is vitally important to have a strong evaluation process for the Executive Director, we disagree that seeking input from staff and stakeholders provides the best feedback. It is our opinion that the Executive Director's contract provides sufficient criteria by which on objective evaluation can be performed. In addition, there are informal means by which the Corporation receives feedback to support the director's evaluation i.e. public comment, emails sent to the Corporation, etc. Moreover, the Board of Directors now has functioning sub-committees; specifically, the Administrative Committee meets regularly and is responsible for the Executive Director's performance wherein it utilizes key performance indicators for evaluation.

Agree

Going forward, we agree that it is necessary to gather input from all board members. HR, in conjunction with the board secretary, will make every effort to ensure that the director's evaluation is performed timely and in accordance with his/her written contract.

If you require any additional information, please contact me at bsweazy@lhc.la.gov or Yolanda Martin at ymartin@lhc.la.gov.

Sincerely,



Bradley Sweazy, Interim Executive Director

APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our performance audit of the Louisiana Housing Corporation (LHC). We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit covered fiscal years 2019 through 2021. Our audit objective was:

To evaluate certain policies, Board practices, and employee perspectives on the organizational culture at the Louisiana Housing Corporation.

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. To answer our objective, we reviewed internal controls relevant to the audit objective and performed the following audit steps:

- Researched and reviewed applicable state laws and regulations related to LHC’s creation, authority, and Board, including the Louisiana Housing Corporation Act and Open Meetings Law.
- Reviewed and summarized LHC’s revenues and expenses for fiscal years 2019 through 2021 from the Boards and Commissions website and LHC.
- Reviewed performance audit “Assessing the Workplace Culture at the Department of Fish and Wildlife” issued by the Office of the Washington State Auditor in September 2021.
- Interviewed agency staff to gain an understanding of LHC’s processes, organization, and structure, as well as obtain insight on LHC’s organizational culture.
 - Interviewees included members of the executive management team; a selection of employees from various LHC programs, locations, job titles, and hire dates; employees recommended by other interviewees; and employees that requested to be interviewed.
- Interviewed LHC Board members to obtain input on Board structure, training, function, organization, and procedures, and to obtain insight on LHC’s organizational culture.

- While we requested to interview all 13 Board members, only seven responded to our request.
- Obtained and reviewed video recordings of LHC Board meetings, as well as meeting minutes posted on LHC’s website.
- Researched best practices regarding sexual harassment and grievance policies and procedures, and codes of conduct, including guidance from the U.S. Equal Employment Opportunity Commission (EEOC), the Society for Human Resource Management, the Society of Corporate Compliance and Ethics, and the U.S. General Accounting Office.
- Obtained and reviewed current LHC policies and procedures. Compared sexual harassment policy to requirements in state law and EEOC best practices, and grievance policy to Department of State Civil Service (DSCS) requirements and recommendations.
- Reviewed training provided to LHC employees and Board members and compared to requirements in state law.
- In November 2021, used Survey Monkey to survey 136 LHC employees and obtain feedback on the organizational culture at LHC. We received responses from 99 employees, achieving an overall response rate of 72.8%. The number of responses varied by question, because seven employees started but did not complete the entire survey.
 - Summarized and analyzed survey responses to provide information on employee perspectives related to the organizational culture at LHC. The results were not intended to be projected to the entire LHC employee population.
- Interviewed SSA Consultants, the firm that presented at an LHC Board retreat in July 2021 on “Board Governance: Roles and Responsibilities.”
- Interviewed Duplantier, Hrapmann, Hogan & Maher, LLP, the CPA firm that audited LHC’s financial statements for fiscal years 2020 and 2021.
- Researched best practices regarding board governance, structure, and procedures, including guidance from the Institute of Internal Auditors, Robert’s Rules of Order, the National Council of Nonprofits, the Enterprise Foundation, the Association of Certified Fraud Examiners, and the U.S. Chamber of Commerce Foundation.
- Reviewed the performance evaluations of LHC’s executive directors for fiscal years 2018 through 2020 to determine whether evaluations were conducted timely and the number of Board members who provided feedback. We did not include fiscal year 2021 because LHC did not have a permanent executive director to evaluate at the end of the fiscal year.

- Obtained and reviewed all historical formal grievances filed by LHC employees. Compared documentation and procedures to those in policy and those required by DSCS.
- Obtained and reviewed all DSCS compliance audits, program evaluations, and Comprehensive Public Training Program competency reports for LHC since 2017.
- Obtained and reviewed LHC's current strategic plan for fiscal years 2017 through 2022 and November 2021 progress report.

APPENDIX C: SUMMARY OF LHC EMPLOYEE SURVEY NOVEMBER 2021

This appendix contains the results of a survey we sent to all 136 Louisiana Housing Corporation employees³³ in November 2021. The survey received 99 responses, achieving an overall response rate of 72.8%. The number of responses varied by question, as indicated in each chart, because seven employees started but did not complete the entire survey.

Job Satisfaction <i>(99 responses)</i>					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
I feel passionate about the work I do.	57.6%	32.3%	9.1%	1.0%	0.0%
A spirit of cooperation and teamwork exists in my workgroup.	30.3%	38.4%	7.1%	16.1%	8.1%
I am treated with respect here.	24.2%	32.3%	17.2%	16.2%	10.1%
I feel like I am appreciated.	18.2%	29.3%	17.2%	19.2%	16.1%
My supervisor cares about my professional development.	24.2%	33.3%	26.3%	9.1%	7.1%
Source: November 2021 LLA Survey of LHC Employees					

Percent of Respondents Actively Seeking Other Employment Within the Last Year <i>(99 responses)</i>		
Question	Number	Percent
Yes	28	28.3%
No	52	52.5%
Prefer not to disclose	19	19.2%
Total	99	100%
Source: November 2021 LLA Survey of LHC Employees		

³³ This number does not match the number of employees in the introduction due to different timeframes.

Agency Leadership (99 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
Agency leadership fosters and encourages an agency culture that emphasizes the importance of integrity and ethical values.	12.1%	23.2%	24.3%	14.1%	26.3%
Agency leadership demonstrates through their actions that staff wellbeing is a priority.	11.1%	24.2%	24.3%	13.1%	27.3%
Source: November 2021 LLA Survey of LHC Employees					

Employee Morale (99 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
Current employee morale is high in my program.	13.1%	31.3%	22.3%	12.1%	21.2%
Current employee morale is high at my agency (LHC).	6.1%	12.1%	31.3%	23.2%	27.3%
Over the last year employee morale has improved in my program.	5.0%	19.2%	35.4%	16.2%	24.2%
Over the last year employee morale has improved at my agency (LHC).	6.1%	8.1%	33.3%	19.2%	33.3%
Source: November 2021 LLA Survey of LHC Employees					

Unprofessional Behavior Experienced Within the Last Year (99 responses)

Behavior	Never	At least once this year	Monthly	Weekly	Daily	Total
Unprofessional behavior such as yelling, demeaning comments, or intimidation	55.6%	19.2%	5.0%	10.1%	10.1%	100%
Comments that were sexual in nature	92.9%	6.1%	0.0%	0.0%	1.0%	100%
Unwanted sexual advances	98.0%	1.0%	0.0%	0.0%	1.0%	100%
Retaliatory behavior	68.7%	17.2%	3.0%	7.1%	4.0%	100%
Pressure to do something unethical/against my morals	76.8%	11.1%	6.1%	2.0%	4.0%	100%
Pressure to do something illegal*	93.0%	3.0%	3.0%	0.0%	1.0%	100%
Negative comments or abusive behavior about your age, religion or religious beliefs, disability, sex, race or ethnicity, sexuality, nationality, economic background, gender identity, or pregnancy/maternity status	87.9%	5.1%	4.0%	2.0%	1.0%	100%
*Because our survey asked about employee perceptions of certain behaviors, we did not request details about any alleged illegal behavior. However, we will follow up on these allegations in a subsequent audit.						
Source: November 2021 LLA Survey of LHC Employees						

Unprofessional Behavior Witnessed Within the Last Year (97 responses)

Behavior	Never	At least once this year	Monthly	Weekly	Daily	Total
Unprofessional behavior such as yelling, demeaning comments, or intimidation	49.5%	23.7%	9.3%	10.3%	7.2%	100%
Comments that were sexual in nature	91.8%	6.2%	1.0%	0.0%	1.0%	100%
Unwanted sexual advances	98.0%	1.0%	0.0%	0.0%	1.0%	100%
Retaliatory behavior	66.0%	17.5%	8.3%	4.1%	4.1%	100%
Unethical Behavior	67.0%	13.4%	8.2%	5.2%	6.2%	100%
Alleged Illegal Behavior*	89.7%	6.2%	2.1%	1.0%	1.0%	100%
Negative comments or abusive behavior about your age, religion or religious beliefs, disability, sex, race or ethnicity, sexuality, nationality, economic background, gender identity, or pregnancy/maternity status	85.6%	7.2%	4.1%	0.0%	3.1%	100%
*Because our survey asked about employee perceptions of certain behaviors, we did not request details about any alleged illegal behavior. However, we will follow up on these allegations in a subsequent audit.						
Source: November 2021 LLA Survey of LHC Employees						

Communication (97 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
When management makes a decision that affects my work, I receive information about why the decision was made.	8.2%	20.6%	21.7%	20.6%	28.9%
I receive clear information about changes being made within the agency.	7.2%	15.5%	20.6%	24.8%	31.9%
LHC's overall strategies and goals are shared with staff.	7.2%	36.1%	22.7%	16.5%	17.5%
Information and data are shared across different programs within the agency as needed.	5.1%	19.6%	24.8%	27.8%	22.7%
Source: November 2021 LLA Survey of LHC Employees					

Training (97 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
I am able to get the training I need to do my job effectively from LHC.	15.5%	39.2%	24.7%	9.3%	11.3%
Training provided by LHC is relevant to my job.	13.4%	39.2%	26.8%	11.3%	9.3%
Training provided by LHC is ongoing.	12.4%	30.9%	32.0%	15.4%	9.3%
My supervisor(s) has the necessary knowledge and expertise about my programs.	35.0%	21.7%	17.5%	8.3%	17.5%
My supervisor(s) has the necessary management skills needed to lead my program.	35.0%	21.7%	20.6%	6.2%	16.5%
Source: November 2021 LLA Survey of LHC Employees					

Supervisors' View on Training (30 responses - Supervisors Only)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
I have received adequate training on how to be a supervisor.	26.7%	26.7%	26.7%	13.3%	6.6%
Source: November 2021 LLA Survey of LHC Employees					

Staffing (97 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
Hiring, raises, and promotion decisions are based on clear criteria.	8.2%	17.6%	19.6%	19.6%	35.0%
My program has enough staff to accomplish its goals effectively.	9.3%	28.9%	16.5%	20.6%	24.7%
Everyone within my team has enough work to do.	49.5%	32.0%	13.4%	2.0%	3.1%
Source: November 2021 LLA Survey of LHC Employees					

Accountability and Performance Evaluation (97 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
Staff are held accountable when they behave inappropriately.	11.3%	20.6%	32.0%	21.7%	14.4%
Supervisors/Managers are held accountable when they behave inappropriately.	9.3%	18.5%	28.9%	22.7%	20.6%
Executive Management are held accountable when they behave inappropriately.	7.2%	17.5%	35.1%	15.5%	24.7%
My supervisor is consistent in how they respond to inappropriate behavior.	19.6%	20.6%	42.3%	8.2%	9.3%
I have the opportunity to provide feedback on my supervisor's performance for their evaluation.	11.3%	6.2%	22.7%	26.8%	33.0%
I am provided honest and constructive feedback on my performance	26.8%	30.9%	23.7%	9.3%	9.3%
Source: November 2021 LLA Survey of LHC Employees					

Modeling of Values by Level of Management (Between 88 and 92 responses)						
Position	Value Modeled	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
Immediate Supervisor	Accountability	36.7%	21.1%	23.3%	7.8%	11.1%
	Professionalism	40.0%	32.2%	18.9%	1.1%	7.8%
	Integrity	40.0%	26.7%	20.0%	4.4%	8.9%
	Respect	41.1%	28.9%	18.9%	3.3%	7.8%
	Empathy	43.3%	27.8%	18.9%	2.2%	7.8%
	Leadership	36.7%	20.0%	20.0%	8.9%	14.4%
Middle Management	Accountability	20.5%	19.3%	30.7%	13.6%	15.9%
	Professionalism	20.5%	35.2%	25.0%	4.5%	14.8%
	Integrity	20.5%	19.2%	34.1%	11.4%	14.8%
	Respect	20.5%	36.3%	22.7%	5.7%	14.8%
	Empathy	21.6%	29.5%	25.0%	5.7%	18.2%
	Leadership	19.3%	27.3%	26.1%	8.0%	19.3%
Executive Management	Accountability	13.0%	18.5%	30.5%	15.2%	22.8%
	Professionalism	14.1%	34.8%	26.1%	8.7%	16.3%
	Integrity	13.0%	23.9%	29.4%	16.3%	17.4%
	Respect	15.2%	29.4%	25.0%	10.9%	19.5%
	Empathy	16.3%	26.1%	28.3%	6.5%	22.8%
	Leadership	11.9%	27.2%	26.1%	10.9%	23.9%
Source: November 2021 LLA Survey of LHC Employees						

LHC Board (92 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
Board members represent LHC well and are professional.	7.6%	15.2%	45.6%	12.0%	19.6%
Board members have received adequate training necessary to fulfill their roles.	8.7%	9.8%	58.7%	10.9%	11.9%
Source: November 2021 LLA Survey of LHC Employees					

Grievances (92 responses)					
Question	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree
I am aware of LHC's grievance policy.	20.7%	56.5%	6.5%	7.6%	8.7%
I feel comfortable bringing up issues to my supervisor.	23.9%	38.1%	9.8%	14.1%	14.1%
If I were to have an employee grievance, I feel it would be handled in accordance with policy.	17.4%	29.4%	21.7%	15.2%	16.3%
If I were to have an employee grievance, I feel it would be handled fairly.	15.2%	27.2%	26.1%	16.3%	15.2%
Source: November 2021 LLA Survey of LHC Employees					