

Steps to Preparing for a Successful Audit

A QUICK AND SUCCESSFUL AUDIT IS BENEFICIAL TO BOTH THE AUDITOR AND THE ONSITE STAFF. HERE ARE SOME EASY STEPS TO MAKE YOUR AUDIT GO SMOOTHLY

ONSITE STAFF

Make sure onsite staff is present by the start time noted in the audit notification letter. As a courtesy, IHCDCA will notify only the Primary Owner and Primary Management contacts for the property a minimum of two weeks in advance of an onsite audit (Please note, IHCDCA reserves the right to conduct an onsite audit at any time without notice). It is the responsibility of those people to notify onsite staff of the date and time of the audit so they may prepare.

Per page 97 of the Compliance Manual, if IHCDCA staff could not complete the monitoring because an owner or management representative was not available onsite at the designated time or location, IHCDCA will charge a fee equal to the greater of (a) \$250 or (b) \$35 per unit reviewed.

DOCUMENTATION

Make sure all the requested documentation mentioned in the audit notification letter is printed out and ready for the auditor when they arrive, including the most current rent roll. We will make a random selection of 20% of the total units and the rent roll is what will be used to select the units being reviewed, so we need the most updated version available.

The monitoring will consist of a review of all of the following documentation, which must be provided to IHEDA:

1. Current tenant file for each unit selected on the day of the audit (or the most recent tenant file if the unit is currently vacant). NOTE: Additional files and/or previous tenant files may also be requested at the discretion of the auditor. Each file must include:
 - a. Initial and annual Tenant Income Certification (TIC) and Tenant Income Questionnaire forms;
 - b. Initial and annual leases and lease addenda;
 - c. All documentation verifying the household's program eligibility (e.g. verifications of income and assets, student status certifications, etc.); and
 - d. The HAP contract for households receiving tenant-based Section 8 or the 50059 for households receiving project-based Section 8.
2. Blank copy of lease and all lease addenda;
3. Copy of tenant selection criteria;
4. Blank copy of tenant application and tenant income questionnaire;
5. Current copy of rent roll;
6. Copy of all utility allowances used for the past three (3) years and for the present year;
7. If services were agreed upon in Final Application, proof that services are being offered to tenants;
8. If special needs set-asides were agreed upon in Final Application, proof that an active referral agreement exists between the property and a qualified organization that serves that special needs population, per Part 5.2K of the Compliance Manual.



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Lieutenant Governor

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EQUAL OPPORTUNITY EMPLOYER AND HOUSING AGENCY

TENANT FILES

- All tenant files need to be completed and in working order before the auditor arrives. Once the files have been selected for review, onsite staff may not work on files before giving them to the auditor. If the files are incomplete, they must be given to the auditor incomplete and the auditor will write up any issues necessary.
 - Please note: if files are not available or are in such an unorganized condition that an IHEDA Auditor cannot effectively review the files, the ninety (90) day correction period will begin immediately.

TENANT FILES

All tenant files need to be in neat, consistent order. Papers should not be stuffed in random places. All documents need to be in the same order throughout all files. Much of the data that we record during our audit is from the TIC, so it might be a good idea to have the TIC be the first document in the file. Below is a list of at a minimum what should be in the file.

1. Initial Tenant Application for residency (Sample entitled "Rental Application" is available in Appendix D);
2. Tenant Income Certification Questionnaires (see Part 6.2 below) completed for every year the household resides at the property, including certification of assets and disposal of assets if applicable. A separate Tenant Income Certification Questionnaire should be completed by each adult household member annually, except for recertifications at 100% tax credit projects;
3. Tenant Income Certification (see 6.1 B below) signed by each adult member of the household for every year the household resides at the property. The TIC must have proper signature and effective dates clearly stated (effective date of TIC must be date of move-in or recertification, see Part 6.6 B for more information on effective dates);
4. Verifications of all sources of earned and unearned income and of all asset sources noted on the Tenant Income Certification Questionnaires for all years. See Part 6.3 for more information on verification requirements;
5. A separate "Student Status Self-Certification for RHTC" document (Form #35) completed by each adult member of the household each year, along with any additional student status verifications needed (e.g. verification of part-time status, verification of a student exemption, etc.). For HOME-assisted units, the "Student Status Self-Certification for HOME" document (Form #36) must also be completed by each adult household member;
6. Any other documentation verifying the household's eligibility (e.g. unborn child self-certification, joint custody of a child documentation, all management clarification documents, etc.);
7. Initial and subsequent leases and all lease addenda executed by the tenant and owner; and
8. For tenants receiving tenant-based Section 8 vouchers, a copy of the Housing Assistance Payment (HAP) Contract and the current HAP Amendment from the Section 8 agency showing the amount of rental assistance. For tenants in project-based Section 8 units, a copy of the current HUD Form 50059 showing the amount of rental assistance.

TENANT FILES

Ensure that you are following the Correcting Documents policy in the Compliance Manual:

IHCDA will not accept documents that are incomplete, that have been marked with correction fluids (e.g. whiteout), or where information has been obliterated with pen or marker. To correct a document, management should draw one line through the erroneous information and write the corrected information to the side. All corrections should be dated and initialed. Corrections on forms filled out by the management should be initialed by the management agent. Corrections on forms filled out by the tenant should be initialed by the tenant. Corrections to the lease should be initialed by both parties.

If management fails to obtain the necessary paperwork at time of certification, verifications can be retroactively created to document the income and assets that were in place at the time of certification. All retroactive documents should be signed with the current date, but noted as being “true and effective” as of the actual certification effective date. The “true and effective” statement must be written on each form that is created or signed after the effective date. Neither tenants nor management are ever permitted to backdate documents. The recertification effective date continues to be the anniversary date of the move-in, not the date the documents were completed retroactively.

QUESTIONS

While all IHCDA Auditors are looking for the same issues in an onsite audit, each auditor may conduct their audit a bit differently. If you have any questions before, during, or after your audit, please contact the appropriate auditor for the region your property is located in. A detailed compliance map can be found [here](#).