

## **How to Sleep the Night Before a State Audit**

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You have a state inspection coming up? All I can say is: "Good Luck." Well, anyone who knows me knows that I likely have a little more to say than that. Let's start with the fact that the anxiety of file and physical inspections is a reality that managers of low-income housing must increasingly come to terms with. Clearly, trusting to luck is not our best option. Although I trust that the article itself won't put you to sleep, we will briefly look at some ways that the industry and individuals can help us cope with the stress that the necessity of audits produces. The result could be better sleep for everyone.

### **The HFA's Role.**

Good state Housing Finance Authority (HFA) personnel and their contractors can do much to put the audited manager at ease, and allow them to focus their energy on what is truly important rather than excessive worrying about upcoming reviews. They can remember that most managers truly want to comply, and can spend the time to couch their letters and findings in language to reflect this. Rather than assuming an adversarial role, they can take on a partnership mentality, and view the audit process as a tool to help both the state and the owners accomplish their common goal - maintaining compliance with federal regulations in order to continue to house families in need. I have worked with many HFAs, and I firmly believe that the majority of state personnel have this view, and do what they can to help the audit process produce beneficial results for all involved. Take the time to get to know them and develop a good professional relationship. It is a small minority who believe that they need to find compliance problems and catch imagined widespread owner and manager malfeasance to justify their jobs. Even those types often adjust their approach when it becomes clear that they are dealing with a personable, competent and honest compliance professional. Let them see that you are all of those things.

### **Compliance Systems and Training.**

Even with helpful HFA personnel, however, you may still say "my heart rate still goes up when I get that notice from my state that they will be visiting! ...and it doesn't really go down until after the audit." I will be truthful here - over the years that I personally managed low-income housing properties I experienced my share of heightened anxiety each of the many times that I received an inspection notice. This just means that we are conscientious and care about the quality of the job we do. A little stress is okay; it just gives us that "push" we

need to do an excellent job. What we shouldn't have to cope with is the kind of stress that keeps us up nights before the inspection. The best defense from this destructive form of stress is a good routine of compliance and maintenance. Then we can rest assured that, even if the HFA were to stop in unannounced, our daily routine has kept the files and properties in good order. The key to good low-income compliance is having solid policies and procedures in accord with federal regulations, and following them. Files and properties sometimes may need to be "fixed", but, as in all areas of life, an ounce of prevention is worth a pound of cure. Any competent training regime for low-income housing managers should focus, not only on federal regulations, but also on how good and truly practical systems can be implemented to comply with these regulations. Thus putting these systems in place and training or getting staff trained goes a long way toward lowering audit-day stress. Internal audits or file review by third party compliance specialists should also be viewed in a friendly rather than adversarial light by managers; they surely increase the confidence level that audits will go well.

### **GFI's and Smoke Detectors.**

To increase your comfort (and sleep) level, do a walk-through of your property a week before and then a day before the audit. These are not in-depth inspections, just a quick review of the units and grounds for glaring problems. Your regularly scheduled routine of inspections should be designed to catch all of the finer details. Many good HFA inspectors comment on how many non-operational smoke detectors, GFIs (you know...the outlets near water in the units that have the test buttons) and safety hall lighting findings they must write up. A majority of these findings could be eliminated if members of the management team quickly checked these items prior to an inspection. I know...there is still the tenant who burns toast and pulls the smoke detector's battery minutes before their unit is inspected, but the vast majority of these types of physical findings do not fit this scenario. Taking the time to do a couple of walk-throughs as an audit approaches can take a lot of worry off of your mind by minimizing the surprise factor. It can also help the industry in general reach one of its goals: to lessen these types of unnecessary, but all too-often occurring, findings. Writing up and responding to these findings takes up both your and the HFA's precious time. Since they are usually very easily and inexpensively avoided, everyone's stress level will decrease with a little forethought. Finally, it does not hurt to bring spare batteries for smoke detectors as you accompany an inspector. Whether they write you up if you can fix a dead detector on the spot or not varies from HFA to HFA, but at the very least you have demonstrated prompt attention to the issue, and will have less to follow up on later.

In conclusion, I will wish you good luck on your next audit. Let's face it, luck is always a small factor in an audit. I know, however, that you will do better than trust to luck. By developing a good relationship with your HFA, by establishing and daily following good compliance training and procedure systems, and by walking through your property shortly before the audit, you will have excellent audit results, and you will likely sleep better the night before.