

**Summary of Findings from
FY2012 - FY2014 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2010</u>	<u>FY2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<i>Number of UST Field Exams:</i>	83	80	123	124	135
<i>Number of CPA Audits:</i>	197	178	117	117	120
Total	280	258	240	241	255

Description of Finding	Number of Findings		
	FY 2012	FY 2013	FY 2014
Case Administration Issues			
<u>Investigation, Liquidation, and Collection of Assets:</u>			
No or inadequate tracking system for receivables	25	33	40
Asset values not verified or reasonably determined	95	106	124
Asset admin decisions not adequately documented	31	17	21
Casualty insurance not verified or obtained when appropriate	26	30	18
Auctioneer insurance not verified or maintained	8	6	7
No, inadequate, or untimely report of sale/auctioneer's report	71	65	61
Assets not timely investigated, pursued, liquidated or collected	60	43	27
Estate assets not secured or untimely secured	20	12	9
Untimely, inadequate, or no inventory of estate assets	13		4
Sale/settlement without notice or court order/does not comply with Code	21	23	28
Untimely turnover of auction proceeds	10	4	3
Trustee or auctioneer cannot account for all assets	3	2	
Assets sold to insiders/related parties		1	
<u>Abandonments and Exemptions:</u>			
Formal abandonment (554a) not made when appropriate	12	5	11
No or untimely objection to improper exemptions	1	1	1
<u>Case Administration:</u>			
Delay in case administration	63	23	45
Asset case determination not proper (s/b no asset case)	2	1	1
No or inadequate case progress review	61	50	46
No-asset case not adequately investigated or documented			1
Inadequate civil enforcement procedures	1	2	6
Non-compliance with DSO noticing guidelines	61	60	86
<u>Bonding:</u>			
Trustee underbonded	1		2
Auctioneer bond not verified, inadequate or not obtained	3	3	8
<u>Other Case Administration Issues:</u>			
Inadequate supervision of professionals	35	26	27
Untimely notice to UST/insurance claim for lost/stolen assets	1		
Estate tax returns not prepared / filed when appropriate	14	9	14

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Reporting Issues			
<i>Asset Tracking / Case Status:</i>			
Scheduled assets on Form 1 do not match petition/schedules	149	163	179
Form 1 not properly prepared for case converted from chapter 11 (new)			2
Trustee did not maintain documentation of assets remaining in case converted from chapter 11 (new)			4
Unscheduled assets not recorded or properly identified on Form 1*	121	66	87
Asset status not accurately reflected and tracked on Form 1	111	111	94
Abandonments not properly tracked on Form 1	77	56	41
Miscellaneous Form 1 errors	114	113	79
Liquidation (column 5) not or improperly recorded on Form 1	23	50	56
Misc. Form 3 errors / not prepared / does not agree to Form 1 and / or Form 3 / bank report has No Distribution Report filed in case with funds/assets	64	38	60
	32	17	14
Cases omitted from Form 3	10	27	34
Form 2 not prepared, maintained or submitted and miscellaneous Form 2	52	55	39
Receipts not properly referenced between Forms 1 & 2	31	20	31
Forms 1 and 2 not kept up to date	2		
Inaccurate uniform transaction codes	105	117	122
Transaction not recorded on Form 2	14	9	18
Description not recorded or inaccurately recorded on Form 2	53	59	62
Form 2 contains inaccurate payee/payor information	18	32	28
Internal Controls			
<i>Bank Accounts:</i>			
Bank accounts not timely or properly reconciled or reviewed	145	146	148
Funds deposited to non-estate accounts (commingled)	3	4	7
Void checks not accounted for	9	4	
Bank statements / checks not properly captioned	10	7	15
Missing bank statements	20	16	11
Unauthorized depository or improper / unreported bank account	4	3	5
Unopened bank statements not received / reviewed directly by trustee		3	4
Missing cancelled checks	6	4	5

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<u>Disbursements:</u>			
Incorrect amount paid	3	3	2
Stop payments not timely or authorized by trustee in writing	14	17	12
Checks not properly prenumbered / sequentially numbered	4	5	14
Blank checks not properly secured		1	5
Disbursements without court order (when required)	11	2	12
No invoices / support for expenses	13	5	10
Invoices not approved / reviewed / cancelled by trustee	19	33	23
Trustee not sole authorized signer			1
No log for disbursement checks that have control numbers	3	1	
Unauthorized disbursements by wire transfer / cashier's check	2	4	3
Signature stamp not controlled by trustee or was used to sign checks		2	3
<u>Receipts:</u>			
Cash receipts log not used or properly maintained	31	20	19
Receipts log not maintained by person who opens mail	49	48	58
Receipts not recorded in receipts log	34	31	29
Receipts not traced from log to bank statement or initialed by trustee	23	36	37
Untimely deposits	33	39	51
No numbered receipts book or receipts not given	6	1	7
No or insufficient supporting documents for receipts	22	25	14
Incoming checks not made payable to estate / trustee	3	5	3
Deposit slips missing / not secured	2	4	5
No or inadequate NSF tracking procedure	1	1	4
Checks not restrictively endorsed immediately upon receipt	14	23	23
Undeposited funds in estate file or other unsecure location	2	2	2
Earnest monies not properly accounted for			2
<u>Segregation of Duties and Office Operations:</u>			
Insufficient segregation of duties	32	40	31
Trustee does not actively supervise employees	2	3	4
<u>File Maintenance / Records Retention:</u>			
No disaster recovery plan	12	10	19
Files not maintained in business-like manner	9	4	9
Case files / accounting records missing or not retained/secured	19	11	20

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<i>Computer Operations and Security:</i>			
Hardware and software not secure	3	9	12
Passwords known to others / not changed annually	1	6	5
Application access controls not properly administered	3	4	2
Passwords/access control changes not limited to trustee	19	28	25
Insufficient computer back-up procedures	2	4	3
Trustee / staff cannot operate computer system	2		1
Other IT - related findings			18
Repeat findings / Prior deficiencies not corrected	130	132	126
Other Miscellaneous Findings (not otherwise classified)	56	48	38
Total Number of Audit and Field Exam Findings	2,390	2,249	2,387
Number of Audit/Field Exam Reports with No Findings	1	1	1