

**Summary of Findings from
FY2011 - FY2013 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Number of UST Field Exams:	75	83	79	124	124
Number of CPA Audits:	165	197	178	117	117
Total	240	280	257	241	241

Description of Finding	Number of Findings		
	FY 2011	FY 2012	FY 2013
Case Administration Issues			
<u>Investigation, Liquidation, and Collection of Assets:</u>			
No or inadequate tracking system for receivables	14	25	33
Asset values not verified or reasonably determined	118	95	105
Asset admin decisions not adequately documented	33	31	17
Casualty insurance not verified or obtained when appropriate	24	26	30
Auctioneer insurance not verified or maintained	1	8	6
No, inadequate, or untimely report of sale/auctioneer's report	65	71	65
Assets not timely investigated, pursued, liquidated or collected	46	60	43
Estate assets not secured or untimely secured	8	20	12
Untimely, inadequate, or no inventory of estate assets	13	13	
Sale/settlement without notice or court order/does not comply with Code	19	21	23
Untimely turnover of auction proceeds	12	10	4
Trustee or auctioneer cannot account for all assets	8	3	2
Assets sold to insiders/related parties	1		1
<u>Abandonments and Exemptions:</u>			
Formal abandonment (554a) not made when appropriate	6	12	5
No or untimely objection to improper exemptions		1	1
<u>Case Administration:</u>			
Delay in case administration	95	63	23
Asset case determination not proper (s/b no asset case)	2	2	1
No or inadequate case progress review	74	61	50
No-asset case determination not proper (s/b asset case)	1		
No-asset case not adequately investigated or documented	4		
Inadequate civil enforcement procedures	1	1	2
Non-compliance with DSO noticing guidelines	76	61	60
<u>Bonding:</u>			
Trustee underbonded		1	
Auctioneer bond not verified, inadequate or not obtained	4	3	3
<u>Other Case Administration Issues:</u>			
Estate funds not properly invested	2		
High yield investments not used when appropriate			
Inadequate supervision of professionals	34	35	26
Untimely notice to UST/insurance claim for lost/stolen assets		1	8
Estate tax returns not prepared / filed when appropriate	10	14	

**Summary of Findings from
FY2011 - FY2013 Chapter 7 Audits and Field Exams
All Regions**

	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY2011</i>	<i>FY 2012</i>	<i>FY 2013</i>
<i>Number of UST Field Exams:</i>	75	83	79	124	124
<i>Number of CPA Audits:</i>	165	197	178	117	117
Total	240	280	257	241	241

Description of Finding	Number of Findings		
	FY 2011	FY 2012	FY 2013
Reporting Issues			
<u>Asset Tracking / Case Status:</u>			
Scheduled assets on Form 1 do not match petition/schedules	190	149	163
Unscheduled assets not recorded or properly identified on Form 1	133	121	66
Asset status not accurately reflected and tracked on Form 1	114	111	111
Abandonments not properly tracked on Form 1	69	77	56
Miscellaneous Form 1 errors	120	114	115
Liquidation (column 5) not or improperly recorded on Form 1	44	23	50
Misc. Form 3 errors / not prepared / does not agree to Form 1 and / or Form 2	57	64	38
Form 3 / bank report has No Distribution Report filed in case with funds/assets	36	32	17
Cases omitted from Form 3	22	10	27
Form 2 not prepared, maintained or submitted and miscellaneous Form 2	31	52	57
Receipts not properly referenced between Forms 1 & 2	58	31	20
Forms 1 and 2 not kept up to date	5	2	
Inaccurate uniform transaction codes	124	105	117
Transaction not recorded on Form 2	12	14	9
Description not recorded or inaccurately recorded on Form 2	85	53	59
Form 2 contains inaccurate payee/payor information	21	18	32
Internal Controls			
<u>Bank Accounts:</u>			
Bank accounts not timely or properly reconciled or reviewed	160	145	146
Funds deposited to non-estate accounts (commingled)	2	3	5
Void checks not accounted for	2	9	4
Bank statements / checks not properly captioned	10	10	7
Missing bank statements	12	20	16
Unauthorized depository or improper / unreported bank account	4	4	2
Unopened bank statements not received / reviewed directly by trustee	4		3
Missing cancelled checks	2	6	4
Receipts and Disbursements			
<u>Disbursements:</u>			
Incorrect amount paid	1	3	3
No stale-dated check policy / no "Void after 90 days"	24	14	17
Checks not properly prenumbered / sequentially numbered	15	4	5
Blank checks not properly secured	1		1
Disbursements without court order (when required)	9	11	2
No invoices / support for expenses	10	13	5
Invoices not approved / reviewed / cancelled by trustee	33	19	33
No log for disbursement checks that have control numbers		3	1
Unauthorized disbursements by wire transfer / cashier's check	7	2	4
Signature stamp not controlled by trustee or was used to sign checks	2		2

**Summary of Findings from
FY2011 - FY2013 Chapter 7 Audits and Field Exams
All Regions**

	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY2011</i>	<i>FY 2012</i>	<i>FY 2013</i>
<i>Number of UST Field Exams:</i>	75	83	79	124	124
<i>Number of CPA Audits:</i>	165	197	178	117	117
Total	240	280	257	241	241

Description of Finding	Number of Findings		
	FY 2011	FY 2012	FY 2013
<i>Receipts:</i>			
Cash receipts log not used or properly maintained	25	31	20
Receipts log not maintained by person who opens mail	72	49	48
Receipts not recorded in receipts log	25	34	31
Receipts not traced from log to bank statement or initialed by trustee	46	23	36
Untimely deposits	37	33	39
No numbered receipts book or receipts not given	4	6	1
No or insufficient supporting documents for receipts	26	22	25
Incoming checks not made payable to estate / trustee	3	3	5
Deposit slips missing / not secured	2	2	4
No or inadequate NSF tracking procedure	3	1	1
Checks not restrictively endorsed immediately upon receipt	15	14	23
Undeposited funds in estate file or other unsecure location		2	2
Earnest monies not properly accounted for	2		
Segregation of Duties and Files and Records			
<i>Segregation of Duties and Office Operations:</i>			
Insufficient segregation of duties	24	32	40
Trustee does not actively supervise employees		2	3
<i>File Maintenance / Records Retention:</i>			
No disaster recovery plan	14	12	10
Files not maintained in business-like manner	5	9	4
Case files / accounting records missing or not retained/secured	11	19	11
Computer Operations and Security			
<i>Computer Operations and Security:</i>			
Hardware and software not secure	3	3	9
Passwords known to others / not changed annually	9	1	6
Application access controls not properly implemented	25	22	32
Insufficient computer back-up procedures	5	2	4
Transactions can be deleted/changed			
Trustee / staff cannot operate computer system	2	2	
Repeat findings / Prior deficiencies not corrected	173	130	132
Other Miscellaneous Findings (not otherwise classified)	27	56	48
Total Number of Audit Findings	2,648	2,390	2,251
Number of Audit/Field Exam Reports with No Findings	3	1	1

Note: The number of audits and field exams and the number of findings may differ slightly from earlier versions of this report.