

**Summary of Findings from
FY2014 - FY2016 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
<i>Number of UST Field Exams:</i>	124	124	134	93	39
<i>Number of CPA Audits:</i>	117	117	120	183	231
Total	241	241	254	276	270

Description of Finding	Number of Findings		
	FY 2014	FY 2015	FY 2016
Case Administration Issues			
<i>Investigation, Liquidation, and Collection of Assets:</i>			
No or inadequate tracking system for receivables	40	45	45
Asset values not verified or reasonably determined	120	121	139
Asset admin decisions not adequately documented	21	20	7
Casualty insurance not verified or obtained when appropriate	17	26	45
Auctioneer insurance not verified or maintained	7	3	5
No, inadequate, or untimely report of sale/auctioneer's report	61	86	112
Assets not timely investigated, pursued, liquidated or collected	37	53	27
Estate assets not secured or untimely secured	9	9	3
Untimely, inadequate, or no inventory of estate assets	4	6	4
Sale/settlement without notice or court order/does not comply with Code	18	11	20
Untimely turnover of auction proceeds	3	9	13
Trustee or auctioneer cannot account for all assets	-	2	-
Assets sold to insiders/related parties	-	-	1
<i>Abandonments and Exemptions:</i>			
Formal abandonment (554a) not made when appropriate	11	6	5
No or untimely objection to improper exemptions	1	1	-
<i>Case Administration:</i>			
Delay in case administration	46	36	26
Asset case determination not proper (s/b no asset case)	1	-	1
No or inadequate case progress review	46	67	57
No-asset case not adequately investigated, documented or determined	1	1	-
Inadequate civil enforcement procedures	5	3	2
Non-compliance with DSO noticing guidelines	85	113	105
<i>Bonding:</i>			
Trustee underbonded	3	3	-
Auctioneer bond not verified, inadequate or not obtained	7	5	6
<i>Other Case Administration Issues:</i>			
Inadequate supervision of professionals	26	33	12
Untimely notice or bond claim for missing auction proceeds	-	-	1
Untimely notice to UST/insurance claim for lost/stolen assets	-	2	1
Estate tax returns not prepared / filed when appropriate	13	11	8

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Reporting Issues			
<i>Asset Tracking / Case Status:</i>			
Scheduled assets on Form 1 do not match original petition/schedules	179	220	202
Assets per Form 1 do not agree to amended schedules (newer breakout)	-	8	96
Form 1 not properly prepared for case converted from chapter 11 (newer)	2	12	23
Trustee did not maintain documentation of assets remaining in case converted from chapter 11 (newer)	4	2	13
Unscheduled assets not recorded or properly identified on Form 1	85	85	46
Asset status not accurately reflected and tracked on Form 1	94	111	143
Abandonments not properly tracked on Form 1	41	53	64
Miscellaneous Form 1 errors	78	82	101
Liquidation (column 5) not or improperly recorded on Form 1	56	85	69
Misc. Form 3 errors/not prepared/does not agree to Form 1 and /or Form 2	59	49	72
Form 3 / bank report has no-asset report filed in case with funds/assets	14	7	7
Cases omitted from Form 3	33	33	16
Form 2 not prepared, maintained or submitted and miscellaneous Form 2	39	47	38
Receipts not properly referenced between Forms 1 & 2	31	46	59
Inaccurate uniform transaction codes	122	154	141
Transaction not recorded on Form 2	18	11	5
Description not recorded or inaccurately recorded on Form 2	61	63	54
Form 2 contains inaccurate payee/payor information	28	35	33
Internal Controls			
<i>Bank Accounts:</i>			
Bank accounts not timely or properly reconciled or reviewed	148	138	117
Funds deposited to non-estate accounts (commingled)	7	8	4
Void checks not accounted for	-	2	1
Bank statements / checks not properly captioned	15	20	14
Missing bank statements	11	11	6
Unauthorized depository or improper / unreported bank account	5	1	2
Unopened bank statements not received / reviewed directly by trustee	4	-	-
Missing cancelled checks	5	1	1

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Description of Finding	Number of Findings		
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<u>Disbursements:</u>			
Incorrect amount paid	2	3	-
Stop payments not timely or authorized by trustee in writing	12	6	12
Checks not properly prenumbered / sequentially numbered	14	2	2
Blank checks not properly secured	5	-	1
Disbursements without court order (when required)	12	7	6
No invoices / support for expenses	10	3	6
Invoices not approved / reviewed / cancelled by trustee	24	38	19
Trustee not sole authorized signer	1	-	-
No log for disbursement checks that have control numbers	-	-	1
Unauthorized disbursements by wire transfer / cashier's check	3	4	3
Signature stamp not controlled by trustee or was used to sign checks	3	3	1
Check altered or contains unusual endorsement	-	1	-
<u>Receipts:</u>			
Cash receipts log not used or properly maintained	19	32	25
Receipts log not maintained by person who opens mail	58	38	53
Receipts not recorded in receipts log	30	30	37
Receipts not traced from log to bank statement or initialed by trustee	36	46	34
Untimely deposits	51	26	12
No numbered receipts book or receipts not given	7	7	2
No or insufficient supporting documents for receipts	14	25	16
Incoming checks not made payable to estate / trustee	3	4	1
Deposit slips missing / not secured	5	6	2
No or inadequate NSF tracking procedure	4	3	-
Checks not restrictively endorsed immediately upon receipt	23	22	37
Undeposited funds in estate file or other unsecure location	2	4	-
Earnest monies not properly accounted for	2	2	1
<u>Segregation of Duties and Office Operations:</u>			
Insufficient segregation of duties	31	19	13
Trustee does not actively supervise employees	4	2	-
<u>File Maintenance / Records Retention:</u>			
No disaster recovery plan	19	18	8
Files not maintained in business-like manner	16	3	7
Case files / accounting records missing or not retained/secured	13	5	5

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Description of Finding	Number of Findings		
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<i>Computer Operations and Security:</i>			
Hardware and software not secure	12	3	1
Passwords known to others / not changed annually	5	5	2
Application access controls not properly administered	2	3	3
Passwords/access control changes not limited to trustee	24	17	10
Insufficient computer back-up procedures	3	4	-
Transactions can be deleted/changed	-	1	-
Trustee / staff cannot operate computer system	1	1	-
Other IT - related findings	18	20	9
Repeat findings / Prior deficiencies not corrected	125	162	202
Other Miscellaneous Findings (not otherwise classified)	37	33	19
Total Number of Audit and Field Exam Findings	2,371	2,564	2,522
Number of Audit/Field Exam Reports with No Findings	1	2	-

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