



## U.S. Department of Justice

Executive Office for United States Trustees

---

Office of Oversight

441 G Street, N.W., Suite 6150  
Washington, D.C. 20530

July 2, 2024

### BY EMAIL

Re: Request for Proposal  
Bankruptcy Audit Services

Dear Sir or Madam:

The United States Trustee Program (Program) of the United States Department of Justice welcomes your interest in bidding for audit services for a five-year annual audit cycle beginning October 1, 2024, for the audits of 164 standing trustees nationwide who administer chapter 13 cases.

The Program is charged with supervising the administration of cases filed under chapter 13 of title 11 of the United States Code (Bankruptcy Code). The Program, through 21 regional United States Trustees, has appointed 164 standing trustees to administer chapter 13 cases and is responsible for the oversight of those trustees. For general information about the Program, please review the Program's website at [www.justice.gov/ust](http://www.justice.gov/ust).

The chapter 13 annual audit consists of two components: (1) a financial statement audit of the standing trustee's Annual Report and (2) an agreed upon procedures engagement specified by the Program to provide an in-depth report on certain internal controls and compliance with the *Handbook for Chapter 13 Standing Trustees*. The agreed upon procedures engagement results in a Report on Prescribed Procedures (RPP) based on the Statement of Work (SOW).

Each standing trustee is required to prepare an Annual Report to be submitted to the Program. The Report identifies, for the past fiscal year, such items as: the gross amount of payments received from debtors; amounts disbursed to creditors; amounts disbursed for trustee compensation and expenses; interest earned; amounts returned to the debtors; and where applicable, any amount to be remitted to the United States Trustee System Fund. The fiscal year for the chapter 13 standing trustee is October 1 through September 30. The financial statement audit of the standing trustee's Annual Report is performed annually between October 1 and January 31.

The RPP portion of the engagement requires the auditor to test compliance with the Handbook for Chapter 13 Standing Trustees (“Handbook”), the Qualifications and Standards for Standing Trustees (28 CFR Part 58), and other appropriate policy memoranda which may be periodically issued by the Executive Office for United States Trustees (“EOUST”), hereinafter referred to collectively as “Program Policy”.

The SOW is divided into two sections - the Audit of the Annual Report and the prescribed procedures. It details the scope of the work and includes the details of examination of the documentation supporting the amounts and disclosures in the Annual Report, and details for determination of compliance with Program Policy. Compliance includes segregation of duties, computer access/security, office procedures, case administration, reconciliations, receipts, disbursements, budget, personnel, and other regulatory requirements.

Several documents are attached to assist you in the preparation of your offer. Attachment A is the Audit Services Agreement. The Agreement includes the SOW and the Audit Service Cost Sheets (see Attachments A-1 and A-2). We also enclose the Instructions to Offeror and Evaluation Criteria which address how offers for the performance of audit services will be evaluated. This includes instructions and conditions for your offer (Attachment B). To give you further background, we included the most recent Annual Report form at Attachment C. Information about the trust operations and their financial activity is posted here: [Chapter 13 Trustee Data and Statistics](#). Please be advised that, when warranted, minor modifications may be made to the Statement of Work. The number of audits may be reduced during the term of the Agreement if trustees resign and are not replaced.

Firms may not bid on the geographic areas in which they performed audit services for the past three years. If a successful firm has not previously performed chapter 13 annual audits, firm representatives will be required to attend, at their own expense, a one-day training held in Washington, D.C<sup>1</sup>, and facilitated by the EOUST. The training will focus on the bankruptcy process and the requirements within the SOW.

The base period of performance for auditing the Annual Report for the fiscal year ending September 30, 2024, is between October 1, 2024, and January 31, 2025. This agreement may be renewed for up to four succeeding periods.

Offers are to be provided only in electronic (PDF) format. Paper offers will not be accepted. No later than **July 31** send your response by electronic mail to [Chapter.13.Audits@usdoj.gov](mailto:Chapter.13.Audits@usdoj.gov). We will email you an acknowledgement of receipt of proposal. If you do not have access to Internet, please notify us in writing, and provide your telephone number.

We encourage you to visit the United States Trustee Program website at [U.S. Trustee Program | Chapter 13 Handbooks & Reference Materials \(justice.gov\)](#) to view the *Handbook for Chapter 13 Standing Trustees* and Questions and Answers from previous solicitations. The locations of the 164 standing trustees are posted on our website at: [Chapter 13 Standing Trustees Office Locator](#). Additionally, historical audit cost information is here: [U.S. Trustee Program |](#)

---

<sup>1</sup> The training may be conducted remotely.

[Chapter 13 Handbooks & Reference Materials \(justice.gov\)](#) If you have additional questions regarding the enclosed materials, please e-mail them to [Chapter.13.Audits@usdoj.gov](mailto:Chapter.13.Audits@usdoj.gov) no later than **July 12**. Responses to questions will be emailed to all bidders by **July 16**.

At this time, we have not scheduled a conference call to address questions. If after reviewing the questions, we decide a conference call will be helpful, we will send you additional information via e-mail.

The successful firms should be notified by **August 16**. Thank you for your interest.

Sincerely,  
ROBERT  
GEBHARD  
Robert S. Gebhard  
Assistant Director for Oversight

Digitally signed by  
ROBERT GEBHARD  
Date: 2024.07.02  
15:10:45 -04'00'

Attachments:

Attachment A	Audit Services Agreement
Attachment A-1	Statement of Work
Attachment A-2	Audit Service Cost Sheets
Attachment B	Instructions to Offeror and Evaluation Criteria
Attachment C	Annual Report Form
Attachment D	Past Performance Questionnaire

**ATTACHMENT A****STANDING TRUSTEE AUDIT SERVICES AGREEMENT**

This **Standing Trustee Audit Services Agreement** ("Agreement") is made by and between \_\_\_\_\_ ("Auditor") and \_\_\_\_\_ ("Standing Trustee") on the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

WHEREAS, Standing Trustee and Auditor desire to enter into an agreement whereby the Auditor will provide certain audit services for Standing Trustee on the terms and conditions hereinafter set forth; and,

WHEREAS, Auditor is willing to provide such audit services for Standing Trustee on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises, representations, covenants, warranties, and other good and valuable consideration set forth below, the parties agree as follows:

**Section 1: Services of the Audit Engagement**

1.1 The Auditor agrees to provide the Standing Trustee with the audit services described in the Statement of Work, subject to any Change Orders, changes, modifications, amendments, revisions, or adjustments as may be made from time to time in the Statement of Work (the "Services") by the Executive Office for United States Trustees ("EOUST"). The Statement of Work shall refer to the Full Scope Statement of Work and the Reduced Scope Statement of Work, which are collectively attached hereto as Attachment A-1 and incorporated herein fully by this reference ("Statement of Work"). Hereafter at times "Agreement" shall include the Statement of Work, Audit Service Cost Sheets and any other attachments to the Agreement, and Change Orders, and any amendments, modifications, extensions, renewals, or supplements to the foregoing that are made in accordance with the terms of this Agreement. Final audit reports shall be prepared in accordance with the Statement of Work ("Final Report") and shall be submitted to the Standing Trustee, to the United States Trustee ("UST"), and to EOUST.

1.2 The Auditor agrees to perform the Services to the best of its ability, in a diligent manner and to devote appropriate time, energies, staffing and skill as required to perform its obligations under this Agreement.

**Section 2: Term of this Agreement**

2.1 The initial term of this Agreement during which the Services are to be performed shall commence on October 1, 2024 and shall be completed not later than January 31, 2025 (the initial "Period of Performance"). The Period of Performance may be extended if the Standing Trustee agrees to such extension and EOUST authorizes the extension in writing. The Auditor's request for extension must be delivered to the Standing Trustee and EOUST prior to the last day of the

Period of Performance. Performance of services under any such extension shall be at the costs specified herein.

2.2 Unless this Agreement is terminated earlier as provided for herein, this Agreement may be renewed four (4) times. The Period of Performance for the renewal period shall commence beginning on the next immediate October 1 and shall be completed not later than the next January 31, unless extended pursuant to section 2.1. Upon renewal this Agreement and all terms and conditions set forth herein will be in full force and effect for the subsequent Period of Performance. The denial of renewal authorization by EOUST shall be deemed a complete bar to renewal. Performance of Services under any such renewal shall be at the costs specified herein.

2.3 As a condition precedent to each such renewal, Auditor shall by April 30<sup>th</sup> of the calendar year following the end of the Period of Performance send to EOUST, UST and the Standing Trustee a request for renewal that contains a certification with the following representations and warranties by Auditor:

- (1) There have been no material changes in Auditor's ability to comply with the required or proposed performance schedule, taking into consideration all existing business commitments;
- (2) There have been no judgments, claims or notices of claims or litigation against Auditor within the preceding year, or if there are any, then Auditor has attached a list of such claims or litigation to the certification that includes the caption of the matter, if any, the parties to the claim or litigation, and the court or tribunal in which such litigation is pending. Auditor represents and warrants that there are no claims or litigation that will materially affect the ability of Auditor to perform the Services under the Agreement;
- (3) Neither Auditor nor any member of its senior management are or have been, within the past two (2) years, under investigation by any federal or state agency, or, if there is or has been an investigation then Auditor has attached a statement to the certification for each such investigation which identifies the name of the investigating agency and the name, address and phone number of a contact person for such agency, the status and, if applicable, the outcome of the investigation;
- (4) There have been no changes to the number, experience, or skill level of the staffing resources of Auditor that may be used to staff the audits, or if there have been, then an explanation of such changes is attached to the certification and Auditor represents that such changes will not materially affect the ability of auditor to comply with its Business Management and/or Technical Proposals (defined in Auditor's offer);
- (5) There have been no other material changes that would require revision or adjustment of the Business Management and/or Technical Proposals provided by Auditor; and
- (6) There have been no changes to the ownership or business structure of Auditor, or, if there have been any such changes, then details about such changes are attached to the certification and Auditor represents that such changes will not materially

affect Auditor's ability to exercise independence or perform its obligations under this Agreement and do not present potential or actual conflicts of interest and will not create an appearance of impropriety. Such changes may include, but not be limited to, merger, acquisition by or of another company, a significant loss of personnel, foreign ownership, receivership, assignments for the benefit of creditors, or being a debtor under any chapter of Title 11, United States Code.

2.4 Following compliance with the certification condition set forth in section 2.3 above, renewal of this Agreement will occur effective on July 1 of the calendar year in which such renewal is to take effect unless EOUST sends notice that renewal is not authorized. Notice denying authorization for renewal will be sent to Auditor, UST and the Standing Trustee not later than June 30<sup>th</sup> and will set out the reasons for such non-renewal. EOUST's decision to deny authorization for renewal shall be final and serve as a complete bar to renewal. EOUST may deny authorization for renewal for any reason.

### **Section 3: Payment**

3.1 Upon completion of the field work and submission of proper invoices, the Standing Trustee will pay Auditor one half of the price set forth in the Audit Service Cost Sheets ("Price") for the services rendered less any deductions provided for in this Agreement. A copy of the Audit Service Cost Sheets is attached hereto as Attachment A-2 and incorporated herein fully by this reference. Payment of the balance of the Price shall be made only after acceptance of the Final Report by EOUST and written authorization from EOUST for release of final payment.

### **Section 4: Standing Trustee Responsibilities and Representations**

4.1 The Standing Trustee agrees to provide cooperation, access to data, records and information as required to enable Auditor to provide the Services under this Agreement.

4.2 The Standing Trustee shall pay the agreed Price in accordance with the terms of this Agreement.

4.3 In performing its obligations under this Agreement, the Standing Trustee will comply with all applicable laws, regulations, and Program Policies, which shall include the latest edition of the *Handbook for Chapter 13 Standing Trustees* promulgated by EOUST.

### **Section 5: Auditor Responsibilities and Representations**

5.1 Auditor will provide the Services set forth in this Agreement and the Statement of Work.

5.2 Auditor shall maintain the confidentiality of the Standing Trustee's data and agrees not to share or provide access to such data to anyone other than the Standing Trustee, UST personnel, and EOUST personnel unless ordered to do so by a court of competent jurisdiction or as authorized by EOUST or the Standing Trustee, and Auditor shall notify the Standing Trustee, UST, and EOUST in the event of any security breach or violation of this section.

5.3 Auditor shall be responsible to staff the Services with an adequate number of personnel who possess the knowledge, skill and experience specified in the Statement of Work and as specified in Auditor's Business Management and Technical proposals. Auditor shall only use

personnel who have been adequately trained for the assignment in consideration of the Statement of Work. Prior to the initial Period of Performance, Auditor shall be required to attend a training session facilitated by the EOUST, unless Auditor is currently auditing chapter 13 standing trustees. In addition, Auditor shall provide in-house training in the areas of chapter 13 bankruptcy and the Statement of Work to all personnel who are to be used to staff the audits. Upon renewal of this Agreement pursuant to Section 2, Auditor shall provide onsite team leaders during any renewal periods who are knowledgeable regarding Chapter 13 of the Bankruptcy Code. Auditor shall during the renewal period provide an in-house training program for Auditor's staff concerning Chapter 13 bankruptcy and the Statement of Work.

5.4 Auditor will archive and maintain all documents used in providing the Services including but not limited to correspondence, electronic mail and working papers for a period of not less than three (3) years following the issuance of the Final Report or termination of the Agreement. This includes, but is not limited to, all data and information bearing upon the Auditor's costs and expenses under this Agreement. The Auditor shall make these documents available to the Standing Trustee, UST and EOUST at the Auditor's office, during normal business hours, without charge. Auditor may maintain such documents in electronic, or other form if authorized in writing by EOUST. Auditor shall provide, upon request of EOUST, access to any support or analytical documents, commonly known as working papers, related to the audit, including information that is stored electronically. The working papers shall include, but not be limited to, field work, internal memoranda, and draft audit reports.

5.5 Auditor agrees to comply with all applicable laws, regulations, and Program Policies, as defined herein, which shall include the applicable provisions contained in the latest edition of the *Handbook for Chapter 13 Standing Trustees* promulgated by EOUST, in performing its obligations under this Agreement.

5.6 If Auditor stores any Standing Trustee data on a laptop, the hard drive of that laptop must be encrypted. The encryption tool must meet the requirements of Federal Information Processing Standard FIPS 140-2 Level 1, issued by the National Institute of Standards and Technology (NIST). Thumb drives or the files contained on them must be encrypted if used to store Standing Trustee data.

5.7 Auditor shall indemnify, hold harmless and defend the Standing Trustee, EOUST and UST at Auditor's sole expense, against any and all losses, damages, claims, suits, proceedings, judgments, penalties, or fines sought against the Standing Trustee, UST and/or EOUST relating to or arising from Auditor's performance of this Agreement, including, but not limited to any acts, omissions, inappropriate conduct or dishonesty of Auditor, its employees, agents or representatives. Auditor's obligations shall include payments of the reasonable attorneys' fees and costs of the Standing Trustee, EOUST and UST related to or arising from Auditor's performance under this Agreement. In addition, Auditor shall be responsible to the Standing Trustee for any loss or damage to the Standing Trustee's property (including computer equipment, operating systems, software and data) and the Standing Trustee, at its option, may in lieu of payment thereof, recover from Auditor the replacement value of such property. Auditor's indemnification, hold harmless, and defend obligations shall also include any liability, damages, costs and attorney fees incurred by the Standing Trustee, EOUST and UST related to claims for personal injury, wrongful death, violation of constitutional, civil and/or statutory rights, and common law torts. In no event shall Auditor enter into any settlement or order that would be binding on the Standing Trustee without the Standing Trustee's written consent.

5.8 Auditor represents, warrants, and agrees that during the term of this Agreement it does not and shall not engage in providing accounting services for the Standing Trustee or any firm with which the Standing Trustee is associated as an owner, shareholder, partner, associate, or employee.

5.9 Auditor represents, warrants, and agrees that if at any time it receives an inquiry, discovery request, subpoena, or court order to release or produce any of the records, information or documents related to the Services, Auditor shall, prior to turning over such documents, immediately notify the Standing Trustee, UST and EOUST in writing of such inquiry, discovery request, subpoena or court order and provide copies of same. Nothing contained in this provision shall affect the confidentiality or notice involved with search warrants, grand jury subpoenas, and/or other criminal proceedings, subpoenas or court orders that are subject to seal.

5.10 Auditor agrees and acknowledges that neither EOUST or UST are parties to this Agreement and that Auditor has no contractual relationship with or recourse or remedies against the United States of America or EOUST or UST, their individual officers, employees, attorneys and staff.

5.11 In the event that Auditor uses independent contractors and/or subcontractors to perform any of the Services hereunder, Auditor represents and warrants that said independent contractors and subcontractors will be bound to comply with all applicable provisions of this Agreement. Further, said independent contractors and subcontractors shall make the same representations in writing to Auditor as Auditor shall make to EOUST, which representations shall be produced upon request by the Standing Trustee, UST or EOUST. Auditor shall disclose to the Standing Trustee, UST and EOUST each independent contractor or subcontractor that will be used to perform the Services during the initial term of this Agreement and all renewals thereto. Further, for the purposes of this Agreement, representations and warranties provided by Auditor to EOUST shall be considered to have been made with regard to the independent contractors and subcontractors of Auditor in addition to Auditor's own personnel and business interests.

5.12 Auditor's representations and warranties are in addition to and not in lieu of any warranties provided at law, including but not limited to the warranty that Auditor will perform its services in a good and workmanlike manner, and warranties of merchantability or fitness for a particular purpose.

## **Section 6: Changes to Statement of Work, Additional Work and Extra Work (“Change Orders”)**

6.1 The Statement of Work (Attachment A-1), Price, and Period of Performance may be changed, extended, amended, altered, revised, adjusted and/or modified, including additional or extra work to be performed by Auditor, only by a written Change Order issued by EOUST unless otherwise provided for herein. Such Change Orders may be issued by EOUST without prior notice. Upon issuing a Change Order, EOUST will notify Auditor, UST, and the Standing Trustee of such Change Order in writing. Only EOUST may issue a Change Order.

6.2 If any Change Order causes an increase or decrease in Auditor’s costs or the time required for performance of the Services, the Standing Trustee will, if authorized by the EOUST, modify this Agreement by making an equitable adjustment in the Price, delivery schedule, and/or other affected terms.

6.3 In the event Auditor encounters or anticipates difficulty in its timely completion and/or faithful performance of the Services, including but not limited to lack of readiness and/or cooperation by the Standing Trustee for the audit, Auditor shall immediately notify the Standing Trustee, UST and EOUST in writing, giving pertinent details. In the event Auditor asserts or intends to assert that such difficulty will require a Change Order, including any extension of the Period of Performance and/or adjustment of the Price, Auditor may request the Change Order and present a claim for equitable adjustment in accordance with the requirements for submission of claims set forth in Section 9 herein if the Change Order is not issued by EOUST and no equitable adjustment is made.

6.4 Any claim for equitable adjustment made under this Section 6 must be presented to EOUST with a copy to the Standing Trustee and UST within thirty (30) calendar days from the date of delivery by EOUST of the Change Order or date of notice by Auditor of the encounter or anticipation of difficulty and request for a Change Order, but in no event more than ninety (90) calendar days after the occurrence or event upon which the claim arose. Auditor waives any such claim if not timely presented in accordance with this section.

6.5 In the event Auditor does not agree to the equitable adjustment made by the Standing Trustee, the matter will be resolved in accordance Section 9 herein. Pending resolution of any dispute, Auditor shall continue to perform the Services in accordance with the Statement of Work, including any Change Orders made thereto, whether or not any such Change Orders are the subject of dispute between the parties.

## **Section 7: Termination for Convenience.**

7.1 EOUST may terminate performance of work under this Agreement in whole or in part if EOUST determines that a termination is for the convenience of EOUST. EOUST shall terminate by delivering to the Auditor and the Standing Trustee a Notice of Termination specifying the effective date of termination and that such termination is for convenience.

7.2 After receipt of a notice of termination for convenience and except as directed by EOUST, the Auditor shall as of the effective date of the termination:

- (1) Stop all work or, if the notice directs that certain work shall continue, continue only such work as is specified in the notice;
- (2) Mitigate all costs associated with performance of the terminated work which will extend beyond the effective date of termination, including any commitments for personnel, supplies and/or services;
- (3) Transfer to the Standing Trustee possession and title to any and all materials, drafts, reports and/or other information which would have been required to be furnished if the Agreement had been completed, subject to review by EOUST; and
- (4) Take any action that may be necessary, or that EOUST may direct, for the protection and preservation of any property related to this Agreement that is in the possession of Auditor and in which the Standing Trustee has or may acquire an interest.

7.3 After termination, Auditor shall submit a final termination for convenience settlement proposal to EOUST and the Standing Trustee in the form and with the certification, if any, prescribed by EOUST. The Auditor shall submit the proposal promptly, but not later than ninety (90) calendar days from the effective date of termination, unless EOUST authorizes an extension in writing. If Auditor fails to submit the proposal within the time allowed, EOUST shall be entitled from the information then in its possession to determine the amount due, if any. EOUST may authorize the Standing Trustee to pay the amount so determined, and Auditor waives any right to dispute the amount determined and paid, if any.

7.4 Subject to Section 7.3 above, Auditor and EOUST, after consultation with the Standing Trustee, may agree upon all or any part of the amount of the settlement proposal to be paid because of the termination, including a reasonable allowance for profit on work completed, as well as any equitable adjustment for the portion of the work that will continue. EOUST may authorize payment of the agreed amount; however, the amount to be paid Auditor shall not exceed the Price after deducting for any payments previously made and the portions of the Price allocable to the Services terminated under Section 7.1. Section 7.5 below shall not limit, restrict, or affect the amount that may be agreed upon to be paid under this subsection.

7.5 If Auditor and EOUST fail to agree on the whole amount to be paid under Section 7.4, EOUST may authorize the Standing Trustee to pay for costs incurred by Auditor for services performed before termination, and any portion of work that may continue, including initial and preparatory costs incurred for Services terminated under Section 7.1, together with a reasonable profit on such costs. However, if it appears that Auditor would have sustained a loss on the entire Agreement had it been completed, no profit will be allowed, and the amount paid may be reduced to reflect the indicated loss.

7.6 In the event Auditor does not agree to the amount authorized for payment under Section 7.5, the matter will be resolved in accordance with Section 9 herein. Pending resolution of any dispute, Auditor shall continue to perform any Services not terminated under Section 7.1 in accordance with the Statement of Work, including any Services which are the subject of dispute between the parties.

## **Section 8: Termination for Cause**

8.1 Auditor understands, acknowledges, and agrees that the Services it agrees to provide hereunder are integral to the statutory and regulatory oversight role vested in EOUST and UST for protection and preservation of the public interest, and that a failure of Auditor's performance may adversely affect the ability of EOUST and UST to conduct proper oversight of the Standing Trustee. Auditor further understands, acknowledges, and agrees that in furtherance of protection of the public interest the EOUST and UST must be able to act independently of either of the contracting parties to remedy any failures of performance.

8.2 Auditor and the Standing Trustee therefore agree that EOUST and UST are Third Party Beneficiaries of this Agreement and that each shall have the rights and remedies provided in this Section 8 against Auditor, and that such rights may be exercised by EOUST and UST as EOUST deems in its sole discretion to be reasonably necessary, without any recourse from Auditor against EOUST and UST. Auditor hereby fully waives, relinquishes, and releases any rights, remedies, actions, or causes of action it has now, or may ever have in the future against EOUST, UST and the United States of America arising out of or related to, in any way, this Agreement, the Statement of Work, Change Orders and/or the exercise of the rights granted under this Agreement.

8.3 It shall constitute an event of cause and material breach by Auditor under this Agreement:

- (1) If Auditor fails to perform the Services under the Agreement within the time specified in this Agreement or any extension or renewal;
- (2) If Auditor fails to perform any of the Services in accordance with the terms of this Agreement, or any extension or renewal;
- (3) If Auditor fails to adequately staff the Services with personnel who possess the requisite skills, experience and/or training;
- (4) If Auditor has experienced a material change in Auditor's ability to comply with the required or proposed performance schedule;
- (5) If Auditor has a conflict of interest;
- (6) If Auditor has violated applicable auditing standards;
- (7) If circumstances and facts demonstrate that Auditor will not be able to exercise independent professional judgment;
- (8) If Auditor's personnel engage in improper workplace conduct at the Standing Trustee's offices including but not limited to sexual harassment, discrimination, intoxication, lewdness, use of illegal substances, theft or failure to comply with the workplace conduct requirements of the Standing Trustee's office if such requirements are published in an employee handbook or posted;
- (9) If Auditor fails to use due diligence in the performance of the Services;

- (10) If any auditing agreement that Auditor has with any other standing trustee is terminated for cause;
- (11) If there are judgments, claims or notices of claims or litigation against Auditor that may materially affect the ability of Auditor to undertake and complete its responsibilities and duties under the Agreement;
- (12) If Auditor or any member of its senior management are or have been, within the past two (2) years, under investigation by any federal or state agency that may materially affect the ability of the auditor to undertake and complete its responsibilities and duties under the Agreement, and such investigation has not resulted in a statement of exoneration from the investigating agency or prosecutor;
- (13) If there is a discovery of facts that demonstrate that Auditor was not truthful in any offer, documents, or representations it provided to EOUST;
- (14) If there is a conviction of any crime or entry of adverse judgment relating to fraud, dishonesty or intentional misconduct;
- (15) If Auditor breaches any representations or other terms of this Agreement; or
- (16) If the Auditor has engaged in any conduct that causes a security breach of the Standing Trustee's computer systems, results in the unauthorized release of financial or case information to third parties, or results in other harm or loss to the Standing Trustee or their trust operation.

8.4 In the event of cause as set forth in Section 8.3 above, the Standing Trustee, with prior EOUST authorization in writing, UST and/or EOUST will send written notice of termination for cause by overnight delivery to Auditor. The notice will specify the event of cause and state that Auditor has ten (10) calendar days to cure such event of cause. If the event of cause has not been cured to the sole satisfaction of EOUST within the ten (10) calendar day period, the Standing Trustee, with prior EOUST authorization in writing, UST and/or EOUST may exercise any or all of the following remedies, in addition to any other remedies provided by applicable law:

- (1) If any of the Services provided do not conform with the Agreement, EOUST may require Auditor to perform the services again in conformity with the Agreement, at no increase in the Price specified in this Agreement;
- (2) When the defects in Services cannot be corrected by re-performance, the Standing Trustee with prior EOUST authorization in writing, UST, and/or EOUST may (a) require the Auditor to take necessary action to ensure that future performance conforms to the Agreement, (b) reduce the Price to reflect the reduced value of the Services performed, and (c) set off any costs or losses incurred to further reduce the Price for the Services performed
- (3) Terminate this Agreement; and

(4) If the event that the cause is of sufficient gravity that in the sole opinion of the EOUST it is in the public interest that Auditor cease performing audits for other standing trustees, then the EOUST may:

- (a) suspend (for purposes of this subsection, to suspend means to cause the temporary cessation of work pending the resolution of any dispute) or terminate Auditor's work under any other agreement(s) that Auditor has for audit services for any other standing trustee; and/or
- (b) direct that payment for services under any other agreement for standing trustee audits be suspended and/or escrowed pending resolution of the cure of the event(s) of cause and arrange for such funds to be made available in order to compensate the standing trustees under all agreements with Auditor for any costs or expenses incurred as a result of the event(s) of cause.

8.5 If the Standing Trustee, UST and/or EOUST terminates this Agreement for cause in whole or in part, the Standing Trustee with prior EOUST authorization in writing, UST and/or EOUST may retain another auditor to correct and/or complete the Services, under the terms and in the manner EOUST considers appropriate, and Auditor will be liable to the Standing Trustee for any costs incurred which exceed the Price. The Standing Trustee may withhold from payment any sum EOUST determines to be necessary to protect the Standing Trustee against loss for the cost of a replacement auditor to complete and/or correct the Services.

8.6 If this Agreement is terminated for cause, UST and/or EOUST may require Auditor to deliver to the Standing Trustee any (1) completed or partially completed Final Report not previously delivered to the Standing Trustee and (2) data, information, and other property or items specifically produced or acquired for the terminated portion of this Agreement, subject to review by EOUST. Upon direction of EOUST, Auditor shall also protect and preserve all data, information, and other property or items in its possession in which the Standing Trustee has an interest.

8.7 If, after termination, it is determined that Auditor was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of EOUST under Section 7.

8.8 All remedies in Section 8 are cumulative and no single or partial exercise of these remedies shall preclude any other or further exercise thereof or the exercise of any other rights. No delay or omission by EOUST, UST and/or the Standing Trustee in exercising any rights or remedies under this Agreement shall operate as a waiver of such right or remedy.

## **Section 9: Disputes**

9.1 The parties must first exhaust the remedies provided by this section in a good faith effort as a condition precedent to seeking relief through arbitration or the courts with respect to any Claim that is subject to this section.

9.2 "Claim," as used in this section, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of the Agreement, or other relief arising under this Agreement. A

voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a Claim. The submission may be converted to a Claim by complying with the submission requirements of this section if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

9.3 Claims by Auditor or the Standing Trustee arising under the Agreement and involving performance of the parties or payments shall be made in writing and submitted to EOUST for a written decision. Claims for indemnification, hold harmless and defense, and Claims that exceed twenty thousand (\$20,000) dollars in the aggregate, shall not be subject to this section.

9.4 The following are the submission requirements for a Claim:

(1) The Claim shall be submitted to the Assistant Director for Oversight at EOUST for decision.

(2) The Claim shall be in writing and signed by a duly authorized representative of the party making the claim. It shall set forth the amount (or other item) in dispute, and a clear, concise statement of the reasons why the Claim should be approved for payment. The Claim shall accurately describe the Agreement term at issue and any adjustment thereto for which the party believes the other party is liable.

(3) The Claim shall be accompanied by all supporting documentation upon which the party making the Claim will rely. Incomplete Claims will not be considered. A copy of the Claim shall be delivered to the party against whom the Claim is being made. The party against whom the claim is made shall have twenty (20) calendar days to submit a response to the Claim to EOUST, including any supporting documentation, and shall deliver a copy of the response to the party that submitted the Claim.

(4) The Claim must be submitted not later than ninety (90) calendar days after the agreed date for completion of the Period of Performance as designated in Section 2.1 herein. Failure by a party to timely submit the Claim in compliance with this Section will result in a waiver of the Claim by that party and bar any recovery on the Claim.

(5) If Auditor is the party making the Claim, Auditor must not suspend or cease performance under the Agreement pending the resolution of the Claim. Auditor agrees and acknowledges that breach of this requirement will result in a waiver of the Claim and bar any recovery on the Claim.

(6) EOUST shall issue a written decision within sixty (60) calendar days after submission of the Claim and any timely submission of any response by the party against whom the claim is made, whichever is later, unless the date for decision is extended by agreement of the parties and EOUST. EOUST may request additional information from each party to the dispute. The parties agree to cooperate fully with EOUST and to provide any additional information that is requested.

(7) Interest shall accrue on any amount found by EOUST to be due and payable on the Claim until the Claim is paid in full, from the later of (a) the date EOUST receives the Claim, or (b) the date payment otherwise would be due, until the date of payment. Simple interest on Claims shall be paid at the Prompt Payment Interest Rate, fixed by the

Secretary of the Treasury, that is applicable to the period during which EOUST receives the Claim, and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the Claim.

## **Section 10: Miscellaneous**

10.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10.2 This Agreement may be executed in any number of counterparts, and by any party on separate counterparts, each of which as so executed and delivered shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement as to any party hereto to produce or account for more than one such counterpart executed and delivered by such party.

10.3 This Agreement may not be amended, modified or supplemented, except as provided for herein in Sections 6, 7 and 8 only in a writing executed by Auditor and the Standing Trustee with the written authorization of EOUST.

10.4 This Agreement shall be governed by and construed in accordance with the laws of the state which is the principal place of business of the Standing Trustee without regard to the conflict of laws principles thereof.

10.5 Unless otherwise defined herein, the words used in this Agreement shall have the same meaning as set forth in Section 101 of the United States Bankruptcy Code (11 U.S.C. § 101). In addition, the following definitions apply:

- (1) Applicable Law means the United States Bankruptcy Code and applicable federal, state and local statutes, regulations, regulatory guidelines and judicial and administrative opinions.
- (2) Services means the financial audit of the Chapter 13 Standing Trustee conducted in accordance with generally accepted auditing standards and the Report on Prescribed Procedures, all in accordance with the provisions of the Statement of Work established by EOUST and as modified, amended, changed or revised by EOUST from time to time.
- (3) Program Policies means the policies of the United States Trustee Program as promulgated through the EOUST in publications, statements, memoranda, handbooks, letters, and emails, including but not limited to the most recent revision of the *Handbook for Chapter 13 Standing Trustees*.
- (6) Material, when used herein as an adjective, means that an event, change or fact is likely to have an impact upon Auditor's ability to fulfill, maintain, keep, or complete any promise, representation, obligation, duty, and/or warranty for Services under this Agreement, the Statement of Work, or Auditor's Business Management and/or Technical Proposals which were submitted with its offer.

- (7) Business Management Proposal means the document entitled Business Management Proposal submitted by Auditor as part of its submitted offer and as described in the evaluation criteria.
- (8) Technical Proposal means the document entitled Technical Proposal submitted by Auditor as part of its submitted offer and as described in the evaluation criteria.
- (9) Change Order means a written document issued by EOUST that changes, extends, amends, alters, revises, adjusts and/or modifies the Statement of Work, including additional or extra work to be performed by Auditor, Price, and/or the Period of Performance, as described in Section 6.

10.6 This Agreement may not be assigned or transferred, in whole or part, in whole or in part without the prior written authorization of EOUST.

10.7 This Agreement sets forth the entire Agreement and understanding between the parties concerning the Services discussed herein and supersedes any prior or contemporaneous oral or written discussions, agreements, or representations. No discussions, terms, agreements, or representations purporting to modify, supplement, explain or amend any provisions of this Agreement shall be effective unless in writing and signed by the parties and authorized in writing by EOUST.

10.8 Relationship of Parties. Auditor and the Standing Trustee are independent parties under this Agreement, and nothing herein shall be construed to create a partnership, joint venture or agency relationship between Auditor and Standing Trustee. Neither party has authority to enter into agreements of any kind on behalf of the other party or to bind or attempt to bind the other.

10.9 Severability. In the event one or more provisions in this Agreement are held to be unenforceable or void, that provision shall be deemed severed, and the remainder of the Agreement shall remain in effect.

10.10 Survival and Succession. This Agreement shall survive the completion or termination of the engagement and any related services provided by Auditor.

10.11 Neither party may at any time waive compliance by the other with any condition or provision in this Agreement, unless such waiver is in writing and signed by the authorized representative of the party waiving its rights and has been consented to in writing by EOUST, and only for the specific matter covered therein. Either party's failure to require strict performance of any condition or provision in this Agreement shall not be construed as a waiver by that party of such performance or of the rights of third party beneficiaries, including EOUST and UST, to undertake remedial actions under this Agreement.

10.12 The parties agree to act in good faith with respect to each provision of this Agreement and any dispute that may arise from or be related hereto, including without limitation Claim disputes that are subject to Section 9. The parties agree to use good faith efforts to resolve any disputes prior to initiating legal process, except that this will not prohibit one party from seeking legal redress in the event that party reasonably believes it will suffer imminent material harm.

10.13 EOUST and UST are third party beneficiaries contemplated by this Agreement. This Agreement is also entered into for the express purpose of providing benefits to the EOUST and UST to assist in fulfillment of their statutory and regulatory roles of oversight and administration of the bankruptcy system and the public trust, and in particular the oversight and administration of chapter 13 standing trustees. Consequently, EOUST and UST have specific rights under this agreement and may take certain specified actions described herein. No other third party beneficiaries are within the contemplation of the parties to this Agreement. It is the intent of the parties that this Agreement shall be construed as a third party beneficiary contract for the benefit of EOUST and UST, and no other third parties. This Agreement does not constitute any waiver of sovereign immunity by EOUST, UST, or the United States of America, and neither party may use any part of this Agreement as evidence of any such waiver.

10.14 Any inconsistency in this Agreement shall be resolved by giving precedence in the following order: (1) the Statement of Work - Attachment A-1 hereto; (2) Agreement Sections; and (3) other attachments to this Agreement, as amended or supplemented in accordance with this Agreement.

10.15 Auditor understands and agrees that the Standing Trustee executes this Agreement solely in the capacity of Standing Trustee appointed and supervised as provided under Title 28, Section 586, United States Code.

10.16 Notices shall be sent by overnight delivery and shall be effective upon receipt. Notices shall be addressed to:

If to the Auditor:

---

---

---

If to the Standing Trustee:

---

---

---

If to EOUST:

Assistant Director for Oversight  
Executive Office for United States Trustees  
441 G Street, N.W., Suite 6150  
Washington, D.C. 20530

If to the United States Trustee:

Region \_\_\_\_\_  
Office of the U.S. Trustee  
Address \_\_\_\_\_

In consideration of the offer and acceptance of that offer, the Auditor and the Standing Trustee identified below agree to be bound by and to perform the Agreement in accordance with the terms and conditions contained herein.

**STANDING TRUSTEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

**AUDITOR**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Title \_\_\_\_\_

**CERTIFICATE**

I, \_\_\_\_\_, certify that I am the Secretary of (corporation),  
that \_\_\_\_\_, who signed this Agreement for this corporation was then  
\_\_\_\_\_ of this corporation, and that this Agreement was duly signed for  
and on behalf of this corporation (company) by authority of its governing body and within the  
scope of its power.

Witness my hand and the seal of this corporation this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

By \_\_\_\_\_

**OR OTHER FORMS OF ACKNOWLEDGMENT (LLP, LLC, PA)**

**ATTACHMENT A-1****STATEMENT OF WORK****AUDIT OF THE ANNUAL REPORT OF A CHAPTER 13 STANDING TRUSTEE  
AND REPORT ON PRESCRIBED PROCEDURES**

The purpose of this document is to set forth the work activities and deliverables for the Audit of the Annual Report of a Chapter 13 Standing Trustee (“Annual Report”) and for the Report on Prescribed Procedures, including procedures designed to test compliance with the *Handbook for Chapter 13 Standing Trustees* (“Handbook”), the Qualifications and Standards for Standing Trustees (28 CFR Part 58), and other appropriate policy memoranda which may be periodically issued by the Executive Office for United States Trustees (“EOUST”), hereinafter referred to collectively as “Program Policy.”<sup>1</sup> These procedures are described in the paragraphs that follow.

The auditor shall express an opinion on the Annual Report. In addition, the auditor will provide the Report on Prescribed Procedures as outlined in this Statement of Work.

**BACKGROUND**

The United States Trustee appoints and supervises chapter 13 standing trustees and monitors and supervises cases under chapter 13 of title 11 of the United States Code (“Bankruptcy Code”). 28 U.S.C. § 586.

A debtor may voluntarily enter into an adjustment of debts under chapter 13 of the Bankruptcy Code, whereby the debtor remits regular payments to the standing trustee as required by a court-approved plan. The plan may provide for substantially less than 100 percent of general unsecured creditor claims. A petitioner must be an individual with “regular income.” The definition of “individual” includes self-employed persons, but not corporations or partnerships. A great number of chapter 13 debtors are individual wage earners. Chapter 13 debtors are subject to debt limitations referred to by 11 U.S.C. § 109(e) of the Bankruptcy Code.

The United States Trustee is an executive level government employee appointed by the United States Attorney General. There is a United States Trustee serving in 21 regions, comprised of 48 states, excluding Alabama and North Carolina. Under 28 U.S.C. § 586(b), if the number of cases under chapter 13 of the Bankruptcy Code commenced in a particular region so warrants, the United States Trustee for such region may appoint one or more individuals to serve as a standing trustee, subject to approval by the Director of the EOUST (“Director”), under authority delegated by the Attorney General.

---

<sup>1</sup> The Handbook and other Program Policy may be viewed on the United States Trustee Program’s [web site](#).

The EOUST and its Director are located in Washington D.C. The EOUST provides national policy direction, coordination, counsel, and administrative support services to United States Trustees. The EOUST periodically issues guidance and policy memoranda which clarify or supplement the Handbook.

The standing trustee is a private individual, not a government employee, and is subject to numerous duties set out in 11 U.S.C. § 1302 and as interpreted in the Handbook. The standing trustee has a fiduciary responsibility to the bankruptcy estate and must be personally involved in the trust operation.

Standing trustees' compensation and operating expenses are paid from chapter 13 funds received from debtors. Specifically, a percentage fee to be applied to trust fund receipts is requested by the standing trustee based upon an annual budget submission. After the budget is reviewed and adjustments are made, if necessary, the United States Trustee recommends that the budget and percentage fee be approved by the Director. The percentage fee is limited to a maximum of 10 percent of all payments received under plans administered by the standing trustee and may be adjusted with the approval of the United States Trustee throughout the year to avoid excess accumulations or shortages.

Percentage fee revenues available for compensation are calculated after payment of all actual, necessary expenses. Therefore, funds may not be available to pay the trustee maximum compensation in any particular year. Prior to 2020, a carryover of percentage fees in excess of reasonable and actual budget expenses, trustee compensation, and an operating reserve of not more than 25%<sup>2</sup> of the actual authorized operating expenses was not allowed. Any amount over the 25% limit, unless a waiver has been approved, shall be referred to as "excess funds" and must be paid to the United States Trustee System Fund per 28 U.S.C. § 586(e)(2), subject to certain operating reserve guidelines. Effective in fiscal year 2020, due to the impact of the Covid pandemic upon case filings, the 25% limit on allowed carryover was temporarily suspended due to anticipated significant reductions in receipts and cases. In the event the EOUST lifts the suspension and reimposes a limit on the operating reserve, the EOUST will notify the auditor and element no. 39 will apply.

## SCOPE

The fiscal year to be audited represents the twelve-month period ending on September 30th. Standing trustee financial statements are maintained substantially on a cash basis (which is a special purpose framework under AU-C section 800.07). The financial statements of both the unconfirmed and confirmed trust and expense accounts are reflected in the Annual Report. Preparation of the Annual Report is the responsibility of the standing trustee.

The Annual Report is prepared in accordance with the rules outlined in Program Policy, which provide for the preparation of the Annual Report on the cash basis of accounting. Accordingly, while the Annual Report is intended to present a picture of the financial status of the standing trustee's operations, it is not intended to present financial positions and results of operations in conformity with generally accepted accounting principles. In recognition of this facet of the Annual Report, the auditor shall become familiar with Program Policy prior to conducting the audit.

---

<sup>2</sup> The standing trustee may apply to the United States Trustee to obtain a waiver to exceed the 25% limit in extraordinary circumstances. Handbook, page 6-11.

The auditor shall provide the following two reports, each of which are discussed more fully below: (1) an Independent Auditors' Report on the Annual Report of the Chapter 13 Standing Trustee; and (2) a Report on Prescribed Procedures. The auditor's reports shall be issued in paper format to the standing trustee but may be issued in electronic format to the EOUST and the United States Trustee at their request. The two reports should be separately bound if prepared in paper format or in separate electronic files if prepared in electronic format. During the course of its work, the auditor may show the standing trustee certain draft portions of its work in order to verify accuracy and completeness. Once the information has been verified, any draft conclusions and findings shown to the standing trustee should be provided to the United States Trustee's Standing Trustee Coordinator in advance of the exit conference.

If the auditor identifies a material weakness or significant deficiency in internal control that is required to be reported to the United States Trustee and the standing trustee pursuant to AU-C section 265 *Communicating Internal Control Related Matters Identified in an Audit* ("AU-C section 265 letter"), it also should be described in the Report on Prescribed Procedures and fully documented in the work papers. A sample statement for the Report on Prescribed Procedures is: This finding is considered a material weakness (or significant deficiency) and is reported in the AU-C section 265 letter.

As set forth hereafter, the Report on Prescribed Procedures shall be full scope in years 1 and 4.

## **GENERAL APPROACH**

For the first year, the audit field work shall be conducted on-site at the trust operation. Each year thereafter at least one day of the audit field work shall be conducted on-site, provided that at the sole discretion of the EOUST and upon written notice to the auditor all field work for the final year (year 5) may be conducted remotely. If exceptional circumstances exist such that the field work cannot be performed on-site at the trust operation(s) as scheduled, the EOUST may approve remote audit field work if on-site field work cannot be rescheduled. In addition, at the request of the trustee the EOUST has discretion to approve remote audit field work on a case-by-case basis for trust operations in any remaining year in which the trustee does not receive the maximum allowable compensation under 28 U.S.C. § 586(e)(1), and in such event separate written notice shall be provided to the auditor.

If the audit field work is conducted remotely, the auditor should request access to the trustee's case management software and data files, with appropriate controls as requested by the trustee, to obtain documents and confirm practices and procedures. The auditor may incorporate telephonic or video conferencing to interview the trustee, staff, and outside parties as necessary, and may incorporate other audit practices, pursuant to their professional judgment, to accomplish remote field work requirements. If the trustee maintains paper files, the auditor should not make a blanket request asking that the trustee copy all documents in a case file. Document requests should be targeted at the transactions being tested and to specific concerns or questions raised by the auditor during the audit. If a paperless filing system is maintained, the auditor should ask the trustee to download and provide the electronic files for the sample cases and sample transactions. Documents available from the docket should not be requested.

- Prior to contacting the trustee, confer with the Standing Trustee Coordinator prior to commencement of field work regarding any concerns or unusual items noted by the Standing Trustee Coordinator related to the standing trustee's operations.

- Contact the standing trustee and the Standing Trustee Coordinator to arrange a mutually convenient date for field work.
- Confer with the standing trustee to discuss the standing trustee's operation.
- Obtain from the Standing Trustee Coordinator the standing trustee's most recent approved budget and the prior year's audited Annual Report and Report on Prescribed Procedures (unless the auditor already has these reports).
- The auditor should use professional judgment when selecting cases and transactions ("samples") to be tested. All samples should be selected by the auditor and not the standing trustee. The samples should be selected only after the auditor has obtained an understanding of the population as a whole. The sample sizes included in this Statement of Work represent the minimum to be tested. The auditor has discretion to increase the sample sizes if warranted.
- Conduct an exit conference with the standing trustee and the Standing Trustee Coordinator.

## **INDEPENDENT AUDITORS' REPORT ON THE ANNUAL REPORT OF THE CHAPTER 13 STANDING TRUSTEE**

The financial statement audit will be conducted in accordance with generally accepted auditing standards ("GAAS").

As previously noted, the standing trustee has a fiduciary responsibility to the bankruptcy estate. The standing trustee receives payments from debtors to be distributed to creditors. As such, any irregularities could result in less funds paid to creditors. Consequently, all irregularities (e.g., discrepancies, inconsistencies, errors) shall be reported in the Report on Prescribed Procedures and, if applicable, the AU-C 265 letter, regardless of materiality.

The auditor will perform, but not be limited to, the following:

- Examine, on a test basis, evidence supporting the amounts and disclosures in the Annual Report and Notes on Annual Report;
- Determine that the accounting principles used by the standing trustee and the overall Annual Report presentation conform to Program Policy;
- Independently confirm bank balances for all trust and expense accounts<sup>3</sup>;
- Obtain a signed Management Representation letter from the standing trustee;
- Review the standing trustee's disclosures in the Notes on Annual Report to verify accuracy and for compliance with the EOUST's Annual Report instructions;
- Review significant events and transactions subsequent to the period under audit and update the standing trustee's disclosures as appropriate; and

---

<sup>3</sup> Other types of confirmations may be sent at the discretion of the auditor.

- Conduct other tests of the accounting records and internal control structure as deemed necessary under the circumstances.

## **Format for the Independent Auditors' Report on the Annual Report of the Chapter 13 Standing Trustee**

The Independent Auditors' Report on the Annual Report of the Chapter 13 Standing Trustee shall substantially conform to the following format:

- Table of Contents listing the Independent Auditors' Report, Annual Report, and Notes on Annual Report.
- Independent Auditors' Report containing:
  1. A description of the standing trustee's responsibility for the Annual Report of the Chapter 13 Standing Trustee (financial statements).
  2. A description of the auditors' responsibility for the audit of the financial statements.
  3. An opinion regarding the fair presentation of the amounts and disclosures contained in the standing trustee's Annual Report "in accordance with the *Handbook for Chapter 13 Trustees*, the Qualifications and Standards for Standing Trustees (28 CFR Part 58), effective June 2, 1997, and other appropriate policy memoranda which may be periodically issued by the Executive Office for United States Trustees, referred to collectively as Program Policy."
  4. Such other statements and disclosures as required by auditing standards generally accepted in the United States of America and the financial reporting provisions prescribed or permitted by the EOUST, U.S. Department of Justice, as described in Note 1 to the Annual Report.
- Standing trustee's Annual Report as submitted to the United States Trustee.
- Notes on Annual Report (prepared by the standing trustee per the Annual Report instructions) to include the following non-exhaustive list (as applicable):
  1. Summary of Significant Accounting Policies
  2. Bonding
  3. Compensated Absences
  4. Retirement Plan
  5. Leases Commitment
  6. Related Party Transactions
  7. Contingencies
  8. Employment of Professionals
  9. Subsequent Events

A template for the Notes on Annual Report is provided to the standing trustee in the Supplement to the Chapter 13 Standing Trustee Annual Report Instructions.

## **REPORT ON PRESCRIBED PROCEDURES**

This portion of the engagement requires the auditor to test compliance with Program Policy. All findings must be reported, regardless of amount or materiality.

### **Format for Reporting on Prescribed Procedures**

The Report on Prescribed Procedures should contain the following for each element being reported (see Appendix A for a sample reporting format):

- Element # \_\_: Restate the prescribed procedure performed;
- Work Performed by the Auditor: Describe the work performed by the auditor to identify the source of understanding and/or tasks performed to comply with the specific prescribed procedure;
- Observations and Testing Results: Describe the results of the work performed by the auditor to include: the trustee's procedures, whether the procedure is performed in-house or outsourced, any noted internal control deficiencies, and any observed deviations from the trustee's established procedures; and
- Recommendations: Present, if applicable, any recommended actions.

Use the element numbering system in this Statement of Work. If a finding will be included in the AU-C section 265 letter, the element should include a statement such as: This finding is considered a material weakness (or significant deficiency) and is reported in the AU-C section 265 letter.

### **Definitions**

“Review” and “report” are used frequently in the description of the work to be performed for the prescribed procedures engagement. The following definitions apply to these terms as used in the remainder of this Statement of Work:

- Review - When the Statement of Work requires an auditor to “review” a prescribed procedure, the EOUST expects that the auditor will perform the following steps and document each step in the work papers:
  - Inquire of the standing trustee and the trustee office staff and read the standing trustee's written procedures to obtain an understanding of the trustee's established procedures and related internal controls;
  - Evaluate the procedure for any control deficiency or material weakness; and
  - Verify that the procedure and related internal controls are functioning as designed and documented.
- Report – When the term “report” is used, it is expected the auditor will report the observations and testing results in the format described above under Format for Reporting on Prescribed Procedures.

## **Prescribed Procedures**

### Segregation of Duties

1. Review the segregation of duties matrix prepared by the standing trustee to determine whether duties are adequately segregated, and document this review in the work papers. Report whether duties are adequately segregated, and if they are not, identify any mitigating controls. A copy of the completed matrix shall be attached to the Report on Prescribed Procedures. Handbook, pages 4-10 to 4-11.
2. Interview a sample of employees who perform the following job functions: case opening, claims review, case auditing, and case closing. The employees selected for this review should rotate on an annual basis if possible. Perform the following, report all findings and document in the work papers:
  - a. Compare the duties performed as outlined in the employee's job description to the actual duties performed to verify consistency.
  - b. Verify the accuracy of the matrix.
  - c. Obtain copies of the user profiles and compare their computer access rights with the duties set forth in the matrix. As part of this testing, the auditor may want to ask the employee to attempt to access a field that they should not be able to access per the user profile. Report any exceptions, such as an employee who has access beyond what is required to perform job duties. Handbook, pages 4-20 to 4-21.
  - d. Obtain the standing trustee's written procedures for the job function performed by the employee. Compare it to the actual duties performed to verify the accuracy of the written procedures. Report deviations from the written procedures, deficiencies in internal controls, or other weaknesses such as no written procedures. Handbook, pages 4-9.

### Internal Controls Over Computer Operations

3. Report any party other than the trustee or trustee employee who has access to the standing trustee's computer system. For each party, identify and report the relationship to the trust operation, the nature of the work performed requiring access, and the controls in place to limit access and prevent manipulation of data. Examples of controls include whether standing trustee approval is required for issuance of a temporary password or enabling remote access. Handbook, pages 4-20 to 4-22.
4. Review and report the standing trustee's policy for changing user passwords. User passwords include: the password used to log onto the standing trustee's computer system and the case administration system password. The user passwords should be changed at least every ninety (90) days and the account disabled or deleted upon termination of an employee. Handbook, page 4-19. Verify with a sample of employees that passwords are changed regularly. Obtain documentation, if available, such as a password change report, for the work papers. Report compliance.

5. Review and report whether the standing trustee personally reviewed user profiles within the last year to ensure that the access is consistent with duties and internal controls. Handbook, page 4-20. Report whether user profiles are periodically tested, at a minimum when the case administration system is either upgraded or replaced, and the date of last testing.
6. Review and report the controls over the physical security of the computer hardware. For example, observe if the computer server is in a secure, limited access area with access limited to appropriate staff. Handbook, page 4-20.
7. Review and report the back-up procedures utilized by the standing trustee and confirm compliance with Program Policy. Report whether the trustee periodically tests the backups, including the employee(s) responsible for testing and the most recent testing date. Handbook, pages 4-19, 4-21, 4-22, 4-25.
8. Report whether the standing trustee maintains a written office disaster recovery plan for the financial and administrative records, as well as for the computer system and data. Handbook, page 4-25.

#### Case Monitoring

9. Review and report the standing trustee's procedures for reconciling caseload information with the bankruptcy clerk's office including the number of cases that are open, filed, dismissed, converted and closed. Obtain the September 30 reconciliation and trace information on the reconciliation to supporting documentation on a sample basis. Include relevant reconciliations in the work papers. Handbook, page 4-17.
10. Report the standing trustee's procedures to monitor the accuracy and completeness of the case information in the standing trustee's case administration system and any supplementary system, such as a tracking spreadsheet, used by the trustee to manage cases. Handbook, pages 3-37, 4-15, 4-25. For example, the standing trustee may use procedures referred to as Bar Date reviews, confirmation work-up, six-month reviews, 24-month reviews, or case audits. To the extent that the standing trustee's staff uses checklists to perform the procedures listed above, collect copies of the checklists and include them in the work papers.
  - a. Select 5 open cases at various stages of administration. Review and report the results of the following tests and document this in the work papers.
    - i. Verify that the pay schedules listing the scheduled plan payments and changes in plan payments in the case administration system and any supplementary system match the appropriate documentation, e.g., plans, amended plans, confirmation orders, filed with the court. If the scheduled payments vary from the actual payments, review the underlying reasons. Verify the reasons for any irregular one-time plan payments in the systems with the appropriate supporting documentation. Report any discrepancies.
    - ii. Verify whether the standing trustee's case administration system and any supplementary system contain evidence or documentation that the cases are being reviewed, monitored or audited in accordance with the procedures identified above. Report any discrepancies.

- b. Report if there are incompatible duties among the standing trustee's employee(s) performing the case review/audit tasks, including any mitigating controls.
- 11. Obtain the standing trustee's funds-on-hand report as of September 30 and report all cases with negative balances. Of those cases, report those that have maintained a negative balance for longer than 60 days (by case number only), along with the standing trustee's explanation, if applicable. Document in the work papers. Handbook, pages 4-16, 4-17.
- 12. Report the number of cases that have accumulated at least five months of payments and have been confirmed for at least five months. List the 15 cases with the highest number of months' payments accumulated (by case number only) and report any justification provided by the standing trustee for the lack of disbursements, if any, in the 15 cases. Document in the work papers. Handbook, page 3-32.
- 13. Review the detail of the standing trustee's suspense (or adjustment) account(s) and report the types of transactions for which the account(s) is used. Review and report whether the suspense account(s) is monitored and reconciled monthly by the standing trustee in accordance with Program policy. (The standing trustee should make a timely effort to identify the receipts. If the standing trustee is unable to identify the receipts, those funds should be timely transferred to either the Clerk of Court pursuant to court order, or, with authorization from the United States Trustee, to the expense fund depending on local authority.) Document in the work papers. Handbook, page 4-16 to 4-17.
- 14. Review and report the standing trustee's procedures for monitoring delinquent cases. Handbook, page 3-26 to 3-27.
  - a. Review delinquent case reports and confirm the standing trustee's actions are consistent with the procedures outlined. Report any deviations.
  - b. Report the number of cases delinquent by more than three monthly payments in which no action is taken.
  - c. Document in the work papers.
- 15. Review and report whether the eight required monthly management reports are run and reviewed monthly, and by whom. Document in the work papers. Handbook, page 4-17.
- 16. Report the standing trustee's procedures for closing cases, including cases that have converted to chapters 7 or 11 of the Bankruptcy Code, have been dismissed, or have completed plan payments and been closed by the court. Handbook, pages 3-37 and 4-8.
  - a. Select five closed cases ensuring the selected sample includes at least one case that converted post-confirmation, one case that dismissed post-confirmation, and one completed case. Review and report whether the procedures reported above are consistent with actual practice. Report any deviations or deficiencies in internal controls.
  - b. Report if there are incompatible duties among the standing trustee's employee(s) performing the case closing tasks, including mitigating controls.

- c. Determine that the sample cases had a final account filed. Verify that all checks issued cleared the bank prior to the issuance of the final report.
- d. Document this in the work papers.

#### Banking and Bonding

- 17. Report whether the standing trustee uses treasury management services from the trustee's authorized depository to block third parties from electronically debiting the trust and expense accounts whether from conversion of actual checks or through a direct authorization to debit (including but not limited to ACH, EFT, wire transfers, ATM transactions, and cash withdrawals). However, electronic debits initiated by the standing trustee (such as for payroll and payments to the IRS) are permitted. Handbook, page 4-15. Review and report the standing trustee's procedures and internal controls over non-check withdrawals (including ACH "pulls" from the expense account for payroll) from both the trust and expense accounts. Report any deficiencies in internal controls.
- 18. Report the process for the preparation and review of the four-column bank reconciliation for the trust account. Report whether the individual(s) performing the reconciliation(s) has recordkeeping, cash handling or other incompatible duties. Handbook, pages 4-10 to 4-12.
- 19. To test the standing trustee's trust account bank reconciliation procedures:
  - a. Review all monthly trust bank reconciliations for compliance with the process described in Element 18 and report any exceptions.
  - b. Select September and three other monthly reconciliations for detailed testing.
    - i. Trace all items on the bank reconciliations to the supporting documentation.
    - ii. Report any exceptions, including unexplained reconciling items, unauthorized electronic debits, and out of balance conditions, noting the reason and any work performed by the standing trustee to resolve the exception.
    - iii. Determine whether the reconciled trust account balance agrees with the general ledger, the detailed debtor ledger (i.e., the detailed [by case] funds-on-hand report), and the monthly report submitted to the United States Trustee. Report any differences regardless of materiality. Handbook, page 4-12.
  - c. Include testing of the bank reconciliations in the work papers. Handbook, pages 4-11 to 4-12.
- 20. Report the process for the preparation and review of the expense account bank reconciliation. Report whether the individual(s) performing the reconciliation(s) has recordkeeping, cash handling or other incompatible duties. Handbook, pages 4-10 to 4-12.

- a. Select September and one other monthly bank reconciliation for detailed testing.
  - i. Trace all items on the bank reconciliations to the supporting documentation.
  - ii. Report any exceptions, including unexplained reconciling items, unauthorized electronic debits, and out of balance conditions, noting the reason and any work performed by the standing trustee to resolve the exception.
  - iii. Determine whether the reconciled expense account balance per the reconciliation agrees with the general ledger and the monthly report submitted to the United States Trustee.
- b. Include testing of the bank reconciliations in the work papers.

21. Report whether the standing trustee has a “positive pay” agreement with its authorized depository for disbursements made by check from the trust account and the expense account. Handbook, pages 4-15.

22. Review the standing trustee’s “A, B, C” employee designations for the commercial crime insurance policy based on observation of the actual duties performed, segregation of duties matrix, and review of the employee job descriptions. See Appendix C for Employee Risk Classifications. Report any employees designated by the standing trustee or determined by the auditor to have access or duties equivalent to “A,” as defined in Program Policy. Handbook, page 5-12, and Supplemental Materials – Required and Other Insurance.

23. Obtain a copy of the employee bond or fidelity insurance policy and review and report whether all employees are covered and whether the amount of coverage meets the minimum requirements set forth in the Handbook, page 5-12, and Supplemental Materials – Required and Other Insurance.

#### Receipts

24. Review and report the custody and control procedures for incoming receipts received at the trustee’s office. Handbook, pages 4-1 to 4-2, 4-13, 4-14, 4-16. This would include receipts by mail, walk-in, items initially sent to the lockbox that could not be deposited (“lockbox rejects”), overnight delivery or payments received at court or meeting of creditors. Report whether the standing trustee accepts currency. Verify the following and report deficiencies, and mitigating controls, if any:

- a. Items are received and recorded while under dual control.
- b. Receipt logs are completed and accounted for daily.
- c. Receipt logs include all relevant information including notation of final disposition.
- d. Someone independent of the initial custody and disposition reviews the logs for completeness and tests, on a scope basis, the disposition for accuracy.
- e. Currency is adequately safeguarded.

- f. Miscellaneous deposits to the operating expense account are related to the administration of the standing trustee's chapter 13 cases.
    - g. Document in the work papers.
- 25. Review and report all alternate means used by the trustee for collecting receipts from or on behalf of debtors. Discuss separately lockbox services and electronic payments. Report the procedures for accounting for these receipts including posting to the appropriate debtor accounts and report any deficiencies. Document in the work papers. Handbook, pages 4-13, 4-14, 4-15.
- 26. Review and report the standing trustee's procedures for the processing of returned undeliverable disbursement checks. Report any deficiencies, such as the procedure not being performed timely. Document in the work papers. Handbook, page 4-12.
- 27. Review and report the standing trustee's procedures for processing creditor refunds in open cases and in cases closed by the court. Document in the work papers. Handbook, page 4-15.
- 28. Review and report the standing trustee's procedures for handling non-sufficient funds (NSF) checks returned by a financial institution and report any internal control or procedural weaknesses. Document in the work papers. Handbook, page 4-14.
- 29. Review a minimum sample of 25 receipts. Include receipts received at the trustee's office and those received by alternate means (if applicable). The sample should include debtor receipts, creditor refunds, redeposited NSF checks, lockbox rejects, and undeliverable disbursement checks. Trace the sample item from the source document (e.g., the check) to all supporting documentation, including the debtor's ledger and bank deposit, if applicable. Determine if the item was handled timely and in a manner consistent with the procedures reviewed in Elements 24 - 28. Report all discrepancies, such as postings to the wrong debtor ledger accounts. Document in the work papers.
- 30. Review and report whether daily deposits are reconciled to daily debtor ledger postings. Document in the work papers. Handbook, page 4-11.
- 31. Report whether pre-confirmation funds are deposited in an interest-bearing account. If yes, select five cases converted or dismissed before confirmation, review for reasonableness the standing trustee's calculation of interest paid, match to the Internal Revenue Service Form 1099 for agreement, and report exceptions. Handbook, pages 4-2.

#### Trust Account - Disbursements

- 32. Review and report the procedures used to process disbursements from the standing trustee's trust account. Handbook, pages 3-31 to 3-32, 3-36 to 3-37, 4-15, 4-16. Discuss separately disbursements by check, including both checks generated by the trustee's software disbursement program and checks initiated individually, and by electronic payment. Report deficiencies and mitigating controls, if any. Specifically review and report:
  - a. Individuals who prepare trust disbursements involved in incompatible duties, such as preparation of bank reconciliations. Handbook, page 4-10.
  - b. All uses of signature stamps in signing trust account checks. Handbook, page 4-11.

- c. The controls in place to ensure the accuracy of bank account numbers and bank routing numbers for electronic payments from the trust account. Handbook, page 4-15.
- d. The standing trustee's procedures for controlling check stock. Handbook, page 4-12.

33. Review a minimum sample of 25 trust account disbursements. Include disbursements by electronic payment and by check generated by the trustee's software disbursement program and those initiated individually. The sample should include five debtor refunds. All work shall be documented in the work papers and all deficiencies reported. Handbook pages, 3-33, 4-10 to 4-12, 4-15.

- a. Review and report whether the disbursement was handled in a manner consistent with the procedures reviewed in Element 32.
- b. Trace the disbursement to the canceled check and to the voucher if a payment on behalf of multiple debtors. If an electronic disbursement, trace to the bank statement.
- c. For five of the creditor disbursements included in the sample, verify the amount paid against source documents obtained from the docket (such as the claims register, confirmation order, notice to pay claims and plan). If different, as the standing trustee for an explanation and report.
- d. For the five debtor refunds included in the sample, trace the debtor refund to the debtor ledger account and the canceled check. Review the standing trustee's refund process to verify the accuracy and timeliness of these debtor refunds, and to confirm that these refunds were made only when appropriate (e.g., pursuant to court order, when a case is closed, converted or dismissed). Report whether or not the trustee included the percentage fee taken upon receipt, if applicable, when issuing the debtor refund. If the trustee included the percentage fee taken upon receipt, verify and report whether the computation was accurate. If the trustee did not refund the percentage fee to the debtor, report the trustee's explanation for why the fees were retained and not refunded. See Handbook, pages 2-3 to 2-4, regarding collection of percentage fee upon receipt of the payment from the debtor, the transfer of the percentage fee to the operating account at least monthly, and the reversal of the percentage fee if the plan is dismissed or converted prior to confirmation if there is controlling law in the district requiring such reversal or if (after consultation with the United States Trustee) the standing trustee determines that there are other grounds for concern in the district. See Handbook, page 3-32, regarding the distribution or return of funds if a case is dismissed or converted pre-confirmation.

34. Review and report the standing trustee's procedures for handling stale-dated checks. Report whether checks are imprinted with "void after 90 days" and any checks not canceled 120 days after issuance. Handbook, page 4-15.

35. Report any individual(s) other than the standing trustee who is authorized to sign checks or process ACH/EFT transactions.

36. Review and report whether percentage fee revenues and interest, if applicable, are transferred at least monthly from the trust account to the expense account. Handbook, pages 2-3 to 2-4, 4-3.

Expense Account – Disbursements

37. Review and report the procedures used to process disbursements from the standing trustee's expense account. Report any deficiencies. Handbook, pages 4-10 to 4-12, 4-15. Specifically review and report:

- a. Individuals who prepare expense disbursements involved in incompatible duties, such as preparation of bank reconciliations.
- b. All uses of signature stamps in signing expense account checks.
- c. The standing trustee's procedures for controlling expense account check stock. Handbook, page 4-12.

38. Report whether a credit card(s) is issued in the name of the trust operation or issued in the trustee's name and used solely for the trust operation. Scan credit card statements for compliance with Program Policy, including no personal expenses, cash advances or benefits redemption not used by the trust operation. Handbook, page 4-18.

39. Report whether the expense fund balance is in excess of 25% of operating expenses as disclosed in Section XIII.C of the Annual Report of the Chapter 13 Standing Trustee. Handbook, pages 6-10 to 6-11. This element will apply only upon subsequent notice by the EOUST.

40. Review whether any actual expense account line item exceeds the last approved budget (amended budget or letter amendment) by 10% or \$5,000, whichever is greater. Handbook, page 6-2. For all line items meeting this criterion, report the trustee's explanation for exceeding budget and not seeking approval from the United States Trustee.

- a. Scan the expense account general ledger for the fiscal year and inquire about any unusual or unexplained entries.
- b. Report unusual items, reimbursements or expenses that are inconsistent with the definition of each expense line item. Handbook, pages 4-3, 6-2 to 6-10.

41. Select two payrolls from the fiscal year and trace gross salaries to approved budgeted amounts for a minimum of four employees. If the payroll includes employee expense reimbursements, choose a sample, review for reasonableness, and trace to supporting documentation. Report findings. Handbook, pages 6-3 to 6-4.

42. Review all training expenses (including travel) of the standing trustee. Review a sample of training expenses for employees. Expenses must be reasonable, actual, necessary, and relate to the duties of the standing trustee. Handbook, pages 6-2, 6-7, 6-8. Report whether:

- a. Training expenses were documented with receipts.

- b. Training funds were used for extended personal travel, expenses of family members or for the personal entertainment portion of seminars based on review of the training brochure or other supporting documentation.
- c. The trustee has provided adequate explanation and supporting documentation demonstrating that the method of travel selected was most advantageous to the trust, when cost and other factors are considered. If there are instances where the auditor has reason to question the appropriateness or reasonableness of any training expenses, including method of travel, the auditor shall retain all supporting documentation reviewed for any such expenses.

43. Review all compensation paid to, including benefits paid on behalf of, the standing trustee to ensure agreement with compensation fixed by the Director in the Notice Fixing Compensation and Percentage Fee. Document in the work papers. Handbook, pages 2-2, 2-3.

44. Review and report whether the standing trustee personally participates in any employee benefit plan provided for the employees, and whether there were any amounts paid from the expense account for the standing trustee's personal benefit. Report whether these amounts were reimbursed by the standing trustee or subtracted from total cash compensation paid to the standing trustee. Document in the work papers.

45. Report whether excess compensation was paid to the standing trustee as disclosed in Section XII.F of the Annual Report of the Chapter 13 Standing Trustee. Handbook, page 7-5.

Recordkeeping, Reporting, Compliance With United States Trustee And Other Regulatory Guidelines

46. Report the standing trustee's employee leave policies concerning the carryover of unused leave, including the number of hours and dollar amount of unpaid vacation and sick leave, or paid time off. Report whether the standing trustee has a vacation policy which requires employees to be absent from their duties for an uninterrupted period of not less than one week (excluding holidays) and that another person assumes the duties performed by the absent employee, when feasible. Handbook, page 4-9.

47. Review and report whether proper payroll tax returns and unemployment tax returns were timely filed by the standing trustee. Report any delinquent taxes or penalties paid by the standing trustee. Handbook, page 5-7 to 5-8.

48. Review insurance policy documents and report whether the trust operation is insured in compliance with Program Policy. Handbook, pages 5-12 to 5-13, 6-6.

49. Review and report whether claims were made during the fiscal year or subsequently on any of the standing trustee's insurance policies. Handbook, page 5-13.

50. Review and report whether the standing trustee is in compliance with all leases, employee benefit plan agreements, and other long-term commitments.

51. Inquire of the standing trustee as to any ongoing or pending: 1) litigation where the standing trustee or standing trustee operation is named as a party (excluding litigation involving a bankruptcy case) and 2) claims or assessments against the standing trustee, the trust operation,

and trust employees, including claims against the trustee's bond, the employee fidelity bond, and/or the errors and omission policy. Review all charges to the expense fund for outside counsel. Verify UST approval given for employment of an outside attorney, consultant, or other professional. Determine whether to request a legal representation letter in accordance with AU-C 501. Report on all litigation, claims, and assessments, including the status and amounts involved. Handbook, pages 3-25 to 3-26.

52. Report any complaints against the standing trustee or trust operation filed with government agencies or regulatory bodies (other than the U.S. Department of Justice which includes the United States Trustee Program).

53. Describe and report whether the standing trustee, employees of the standing trustee, or other parties used fiduciary trust or expense funds for personal purposes. Handbook, page 4-3.

54. Report the standing trustee's failure to comply with Program Policy, or any federal, state, or local law or regulation not already addressed elsewhere in the Statement of Work.

## **APPENDIX A - SAMPLE FORMAT FOR REPORTING ON PRESCRIBED PROCEDURES**

### **Example #1**

Element #2.d:

Obtain the standing trustee's written procedures for the job function performed by the employee. Compare it to the actual duties performed to verify the accuracy of the written procedures. Report deviations from the written procedures, deficiencies in internal controls, or other weaknesses, such as no written procedures. Handbook, pages 4-9 to 4-11, 4-21.

Work Performed by Auditor:

Determined whether there were written procedures for each job function tested and, if so, determined through inquiry, observation and testing whether the written procedures were consistent with the actual duties performed by the employee.

Observations and Testing Results:

Written procedures were accurate based on the tests performed, except there were no written procedures for the claims review process. No other internal control weaknesses were noted.

Recommendations:

The standing trustee should prepare written procedures for the claims review process. This will assist in the consistent training of employees, help assure the process is performed appropriately and accurately, and will assist in business recovery efforts.

## **Example #2**

Element #2.d:

Obtain the standing trustee's written procedures for the job function performed by the employee. Compare it to the actual duties performed to verify the accuracy of the written procedures. Report deviations from the written procedures, deficiencies in internal controls, or other weaknesses, such as no written procedures. Handbook, pages 4-9 to 4-11, 4-21.

Work Performed by Auditor:

Determined whether there were written procedures for each job function tested and, if so, determined through inquiry, observation and testing whether the written procedures were consistent with the actual duties performed by the employee.

Observations and Testing Results:

Written procedures were accurate based on the tests performed. No internal control weaknesses were noted.

Recommendations:

None.

Name: \_\_\_\_\_

## Instructions

1. List employees across top of Grid.
2. Denote employee related to another employee, including the standing trustee, with "R".
3. Indicate employee responsibility with "P" for primary and "B" if employee is the back-up for the responsibility.
4. If not applicable, so note in column to right of procedure.

## Segregation of Duties Matrix

Name: \_\_\_\_\_

## Instructions

1. List employees across top of Grid.
2. Denote employee related to another employee, including the standing trustee, with "R"
3. Indicate employee responsibility with "P" for primary and "B" if employee is the back-up for the responsibility
4. If not applicable, so note in column to right of procedure

## Segregation of Duties Matrix

Name: \_\_\_\_\_

## Instructions

1. List employees across top of Grid.
2. Denote employee related to another employee, including the standing trustee, with "R"
3. Indicate employee responsibility with "P" for primary and "B" if employee is the back-up for the responsibility
4. If not applicable, so note in column to right of procedure

## Segregation of Duties Matrix

Name: \_\_\_\_\_

## Instructions

1. List employees across top of Grid.
2. Denote employee related to another employee, including the standing trustee, with "R"
3. Indicate employee responsibility with "P" for primary and "B" if employee is the back-up for the responsibility
4. If not applicable, so note in column to right of procedure

## **APPENDIX C – EMPLOYEE RISK CLASSIFICATIONS**

The classifications of risk and required minimum limits of coverage are:

- (A) If the standing trustee has one or more employees with significant supervisory responsibilities, access to funds or accounting records, or administrative control over computer security features at a level similar to the standing trustee, then the standing trustee should be insured or the employee(s) bonded at a minimum of 50% of the trustee's bond\*;
- (B) If the standing trustee has one or more employees with responsibilities in cash receipt or disbursement area, access to funds or accounting records, or administrative control over computer security features, the standing trustee should be insured or the employee(s) bonded at a minimum of 20% of the standing trustee's bond amount\*; or
- (C) If the standing trustee has no employees with responsibility for or access to cash or accounting records, or administrative control over computer security features, then the standing trustee must, nonetheless, be insured under this policy for a minimum of 10% of the standing trustee's bond amount.\*

\* For the purposes of this Appendix, the standing trustee bond shall be at least 150% of the average monthly bank balances for the prior three months for all bank accounts, certificates of deposit or other permissible investments maintained by the trustee operation.

## **ATTACHMENT A-1**

### **REDUCED SCOPE STATEMENT OF WORK**

#### **AUDIT OF THE ANNUAL REPORT OF A CHAPTER 13 STANDING TRUSTEE AND REPORT ON PRESCRIBED PROCEDURES**

The purpose of this document is to set forth the work activities and deliverables for the Audit of the Annual Report of a Chapter 13 Standing Trustee (“Annual Report”) and for the Report on Prescribed Procedures, including procedures designed to test compliance with the *Handbook for Chapter 13 Standing Trustees* (“Handbook”), the Qualifications and Standards for Standing Trustees (28 CFR Part 58), and other appropriate policy memoranda which may be periodically issued by the Executive Office for United States Trustees (“EOUST”), hereinafter referred to collectively as “Program Policy.”<sup>1</sup> These procedures are described in the paragraphs that follow.

The auditor shall express an opinion on the Annual Report. In addition, the auditor will provide the Report on Prescribed Procedures as outlined in this Statement of Work.

### **BACKGROUND**

The United States Trustee appoints and supervises chapter 13 standing trustees and monitors and supervises cases under chapter 13 of title 11 of the United States Code (“Bankruptcy Code”). 28 U.S.C. § 586.

A debtor may voluntarily enter into an adjustment of debts under chapter 13 of the Bankruptcy Code, whereby the debtor remits regular payments to the standing trustee as required by a court-approved plan. The plan may provide for substantially less than 100 percent of general unsecured creditor claims. A petitioner must be an individual with “regular income.” The definition of “individual” includes self-employed persons, but not corporations or partnerships. A great number of chapter 13 debtors are individual wage earners. Chapter 13 debtors are subject to debt limitations referred to by 11 U.S.C. § 109(e) of the Bankruptcy Code.

The United States Trustee is an executive level government employee appointed by the United States Attorney General. There is a United States Trustee serving in 21 regions, comprised of 48 states, excluding Alabama and North Carolina. Under 28 U.S.C. § 586(b), if the number of cases under chapter 13 of the Bankruptcy Code commenced in a particular region so warrants, the United States Trustee for such region may appoint one or more individuals to serve as a standing trustee, subject to approval by the Director of the EOUST (“Director”), under authority delegated by the Attorney General.

---

<sup>1</sup> The Handbook and other Program Policy may be viewed on the United States Trustee Program’s [web site](#).

The EOUST and its Director are located in Washington D.C. The EOUST provides national policy direction, coordination, counsel, and administrative support services to United States Trustees. The EOUST periodically issues guidance and policy memoranda which clarify or supplement the Handbook.

The standing trustee is a private individual, not a government employee, and is subject to numerous duties set out in 11 U.S.C. § 1302 and as interpreted in the Handbook. The standing trustee has a fiduciary responsibility to the bankruptcy estate and must be personally involved in the trust operation.

Standing trustees' compensation and operating expenses are paid from chapter 13 funds received from debtors. Specifically, a percentage fee to be applied to trust fund receipts is requested by the standing trustee based upon an annual budget submission. After the budget is reviewed and adjustments are made, if necessary, the United States Trustee recommends that the budget and percentage fee be approved by the Director. The percentage fee is limited to a maximum of 10 percent of all payments received under plans administered by the standing trustee and may be adjusted with the approval of the United States Trustee throughout the year to avoid excess accumulations or shortages.

Percentage fee revenues available for compensation are calculated after payment of all actual, necessary expenses. Therefore, funds may not be available to pay the trustee maximum compensation in any particular year. Prior to 2020, a carryover of percentage fees in excess of reasonable and actual budget expenses, trustee compensation, and an operating reserve of not more than 25%<sup>2</sup> of the actual authorized operating expenses was not allowed. Any amount over the 25% limit, unless a waiver has been approved, shall be referred to as "excess funds" and must be paid to the United States Trustee System Fund per 28 U.S.C. § 586(e)(2), subject to certain operating reserve guidelines. Effective in fiscal year 2020, due to the impact of the Covid pandemic upon case filings, the 25% limit on allowed carryover was temporarily suspended due to anticipated significant reductions in receipts and cases. In the event the EOUST lifts the suspension and reimposes a limit on the operating reserve, the EOUST will notify the auditor and element no. 39 will apply.

## SCOPE

The fiscal year to be audited represents the twelve month period ending on September 30th. Standing trustee financial statements are maintained substantially on a cash basis (which is a special purpose framework under AU-C section 800.07). The financial statements of both the unconfirmed and confirmed trust and expense accounts are reflected in the Annual Report. Preparation of the Annual Report is the responsibility of the standing trustee.

The Annual Report is prepared in accordance with the rules outlined in Program Policy, which provide for the preparation of the Annual Report on the cash basis of accounting. Accordingly, while the Annual Report is intended to present a picture of the financial status of the standing trustee's operations, it is not intended to present financial positions and results of operations in conformity with generally accepted accounting principles. In recognition of this facet of the Annual Report, the auditor shall become familiar with Program Policy prior to conducting the audit.

---

<sup>2</sup> The standing trustee may apply to the United States Trustee to obtain a waiver to exceed the 25% limit in extraordinary circumstances. Handbook, page 6-11.

The auditor shall provide the following two reports, each of which are discussed more fully below: (1) an Independent Auditors' Report on the Annual Report of the Chapter 13 Standing Trustee; and (2) a Report on Prescribed Procedures. The auditor's reports shall be issued in paper format to the standing trustee but may be issued in electronic format to the EOUST and the United States Trustee at their request. The two reports should be separately bound if prepared in paper format or in separate electronic files if prepared in electronic format. During the course of its work, the auditor may show the standing trustee certain draft portions of its work in order to verify accuracy and completeness. Once the information has been verified, any draft conclusions and findings shown to the standing trustee should be provided to the United States Trustee's Standing Trustee Coordinator in advance of the exit conference.

If the auditor identifies a material weakness or significant deficiency in internal control that is required to be reported to the United States Trustee and the standing trustee pursuant to AU-C section 265 *Communicating Internal Control Related Matters Identified in an Audit* ("AU-C section 265 letter"), it also should be described in the Report on Prescribed Procedures and fully documented in the work papers. A sample statement for the Report on Prescribed Procedures is: This finding is considered a material weakness (or significant deficiency) and is reported in the AU-C section 265 letter.

As set forth hereafter, the Report on Prescribed Procedures shall be reduced in scope for years 2, 3 and 5. In years 1 and 4, the Report on Prescribed Procedures shall be full scope.

## **GENERAL APPROACH**

For the first year, the audit field work shall be conducted on-site at the trust operation. Each year thereafter at least one day of the audit field work shall be conducted on-site, provided that at the sole discretion of the EOUST and upon written notice to the auditor all field work for the final year (year 5) may be conducted remotely. If exceptional circumstances exist such that the field work cannot be performed on-site at the trust operation(s) as scheduled, the EOUST may approve remote audit field work if on-site field work cannot be rescheduled. In addition, at the request of the trustee the EOUST has discretion to approve remote audit field work on a case-by-case basis for trust operations in any remaining year in which the trustee does not receive the maximum allowable compensation under 28 U.S.C. § 586(e)(1), and in such event separate written notice shall be provided to the auditor.

If the audit field work is conducted remotely, the auditor should request access to the trustee's case management software and data files, with appropriate controls as requested by the trustee, to obtain documents and confirm practices and procedures. The auditor may incorporate telephonic or video conferencing to interview the trustee, staff, and outside parties as necessary, and may incorporate other audit practices, pursuant to their professional judgment, to accomplish remote field work requirements. If the trustee maintains paper files, the auditor should not make a blanket request asking that the trustee copy all documents in a case file. Document requests should be targeted at the transactions being tested and to specific concerns or questions raised by the auditor during the audit. If a paperless filing system is maintained, the auditor should ask the trustee to download and provide the electronic files for the sample cases and sample transactions. Documents available from the docket should not be requested.

- Prior to contacting the trustee, confer with the Standing Trustee Coordinator prior to commencement of field work regarding any concerns or unusual items noted by the Standing Trustee Coordinator related to the standing trustee's operations.
- Contact the standing trustee and the Standing Trustee Coordinator to arrange a mutually convenient date for field work.
- Confer with the standing trustee to discuss the standing trustee's operation.
- Obtain from the Standing Trustee Coordinator the standing trustee's most recent approved budget and the prior year's audited Annual Report and Report on Prescribed Procedures (unless the auditor already has these reports).
- The auditor should use professional judgment when selecting cases and transactions ("samples") to be tested. All samples should be selected by the auditor and not the standing trustee. The samples should be selected only after the auditor has obtained an understanding of the population as a whole. The sample sizes included in this Statement of Work represent the minimum to be tested. The auditor has discretion to increase the sample sizes if warranted.
- Conduct an exit conference with the standing trustee and the Standing Trustee Coordinator.

## **INDEPENDENT AUDITORS' REPORT ON THE ANNUAL REPORT OF THE CHAPTER 13 STANDING TRUSTEE**

The financial statement audit will be conducted in accordance with generally accepted auditing standards ("GAAS").

As previously noted, the standing trustee has a fiduciary responsibility to the bankruptcy estate. The standing trustee receives payments from debtors to be distributed to creditors. As such, any irregularities could result in less funds paid to creditors. Consequently, all irregularities (e.g., discrepancies, inconsistencies, errors) shall be reported in the Report on Prescribed Procedures and, if applicable, the AU-C 265 letter, regardless of materiality.

The auditor will perform, but not be limited to, the following:

- Examine, on a test basis, evidence supporting the amounts and disclosures in the Annual Report and Notes on Annual Report;
- Determine that the accounting principles used by the standing trustee and the overall Annual Report presentation conform to Program Policy;
- Independently confirm bank balances for all trust and expense accounts<sup>3</sup>;
- Obtain a signed Management Representation letter from the standing trustee;

---

<sup>3</sup> Other types of confirmations may be sent at the discretion of the auditor.

- Review the standing trustee's disclosures in the Notes on Annual Report to verify accuracy and for compliance with the EOUST's Annual Report instructions;
- Review significant events and transactions subsequent to the period under audit and update the standing trustee's disclosures as appropriate; and
- Conduct other tests of the accounting records and internal control structure as deemed necessary under the circumstances.

### **Format for the Independent Auditors' Report on the Annual Report of the Chapter 13 Standing Trustee**

The Independent Auditors' Report on the Annual Report of the Chapter 13 Standing Trustee shall substantially conform to the following format:

- Table of Contents listing the Independent Auditors' Report, Annual Report, and Notes on Annual Report.
- Independent Auditors' Report containing:
  1. A description of the standing trustee's responsibility for the Annual Report of the Chapter 13 Standing Trustee (financial statements).
  2. A description of the auditors' responsibility for the audit of the financial statements.
  3. An opinion regarding the fair presentation of the amounts and disclosures contained in the standing trustee's Annual Report "in accordance with the *Handbook for Chapter 13 Trustees*, the Qualifications and Standards for Standing Trustees (28 CFR Part 58), effective June 2, 1997, and other appropriate policy memoranda which may be periodically issued by the Executive Office for United States Trustees, referred to collectively as Program Policy."
  4. Such other statements and disclosures as required by auditing standards generally accepted in the United States of America and the financial reporting provisions prescribed or permitted by the EOUST, U.S. Department of Justice, as described in Note 1 to the Annual Report.
- Standing trustee's Annual Report as submitted to the United States Trustee.
- Notes on Annual Report (prepared by the standing trustee per the Annual Report instructions) to include the following non-exhaustive list (as applicable):
  1. Summary of Significant Accounting Policies
  2. Bonding
  3. Compensated Absences
  4. Retirement Plan
  5. Leases Commitment
  6. Related Party Transactions
  7. Contingencies

8. Employment of Professionals
9. Subsequent Events

A template for the Notes on Annual Report is provided to the standing trustee in the Supplement to the Chapter 13 Standing Trustee Annual Report Instructions.

## **REPORT ON PRESCRIBED PROCEDURES**

This portion of the engagement requires the auditor to test compliance with Program Policy. All findings must be reported, regardless of amount or materiality.

### **Format for Reporting on Prescribed Procedures**

The Report on Prescribed Procedures should contain the following for each element being reported (see Appendix A for a sample reporting format):

- Element #\_\_: Restate the prescribed procedure performed;
- Work Performed by the Auditor: Describe the work performed by the auditor to identify the source of understanding and/or tasks performed to comply with the specific prescribed procedure; for elements greyed out, state N/A.
- Observations and Testing Results: Describe the results of the work performed by the auditor to include: the trustee's procedures, whether the procedure is performed in-house or outsourced, any noted internal control deficiencies, and any observed deviations from the trustee's established procedures; and
- Recommendations: Present, if applicable, any recommended actions.

Use the element numbering system in this Statement of Work, maintain the numbering system even for those elements that are greyed out. If a finding will be included in the AU-C section 265 letter, the element should include a statement such as: This finding is considered a material weakness (or significant deficiency) and is reported in the AU-C section 265 letter.

### **Definitions**

“Review” and “report” are used frequently in the description of the work to be performed for the prescribed procedures engagement. The following definitions apply to these terms as used in the remainder of this Statement of Work:

- Review - When the Statement of Work requires an auditor to “review” a prescribed procedure, the EOUST expects that the auditor will perform the following steps and document each step in the work papers:
  - Inquire of the standing trustee and the trustee office staff and read the standing trustee's written procedures to obtain an understanding of the trustee's established procedures and related internal controls;
  - Evaluate the procedure for any control deficiency or material weakness; and

- Verify that the procedure and related internal controls are functioning as designed and documented.
- Report – When the term “report” is used, it is expected the auditor will report the observations and testing results in the format described above under Format for Reporting on Prescribed Procedures.

**Reduced Scope Years 2, 3 and 5 for Report on Prescribed Procedures**  
**Elements greyed out need not be performed.**

Segregation of Duties

1. **Inquiry Only – has the segregation of duties matrix substantially changed from the previous year? Y/N. If yes, and changes are substantial, proceed with performing elements 1 and 2.**

Review the segregation of duties matrix prepared by the standing trustee to determine whether duties are adequately segregated, and document this review in the work papers. Report whether duties are adequately segregated, and if they are not, identify any mitigating controls. A copy of the completed matrix shall be attached to the Report on Prescribed Procedures. Handbook, pages 4-10 to 4-11.

2. **Inquiry only – have employee job responsibilities and office internal control policies substantially changed from the previous year? Y/N**

Interview a sample of employees who perform the following job functions: case opening, claims review, case auditing, and case closing. The employees selected for this review should rotate on an annual basis if possible. Perform the following, report all findings and document in the work papers:

- a. Compare the duties performed as outlined in the employee’s job description to the actual duties performed to verify consistency.
- b. Verify the accuracy of the matrix.
- c. Obtain copies of the user profiles and compare their computer access rights with the duties set forth in the matrix. As part of this testing, the auditor may want to ask the employee to attempt to access a field that they should not be able to access per the user profile. Report any exceptions, such as an employee who has access beyond what is required to perform job duties. Handbook, pages 4-20 to 4-21.
- d. Obtain the standing trustee’s written procedures for the job function performed by the employee. Compare it to the actual duties performed to verify the accuracy of the written procedures. Report deviations from the written procedures, deficiencies in internal controls, or other weaknesses such as no written procedures. Handbook, pages 4-9.

Internal Controls Over Computer Operations

3. **Inquiry only – have any vendor relationships/access changed from the previous year? Y/N. If yes, and changes are substantial, proceed with performing elements 3 and 4.**

Report any party other than the trustee or trustee employee who has access to the standing trustee's computer system. For each party, identify and report the relationship to the trust operation, the nature of the work performed requiring access, and the controls in place to limit access and prevent manipulation of data. Examples of controls include whether standing trustee approval is required for issuance of a temporary password or enabling remote access. Handbook, pages 4-20 to 4-22.

4. Review and report the standing trustee's policy for changing user passwords. User passwords include: the password used to log onto the standing trustee's computer system and the case administration system password. The user passwords should be changed at least every ninety (90) days and the account disabled or deleted upon termination of an employee. Handbook, page 4-19. Verify with a sample of employees that passwords are changed regularly. Obtain documentation, if available, such as a password change report, for the work papers. Report compliance.
5. Review and report whether the standing trustee personally reviewed user profiles within the last year to ensure that the access is consistent with duties and internal controls. Handbook, page 4-20. Report whether user profiles are periodically tested, at a minimum when the case administration system is either upgraded or replaced, and the date of last testing.
6. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Review and report the controls over the physical security of the computer hardware. For example, observe if the computer server is in a secure, limited access area with access limited to appropriate staff. Handbook, page 4-20.
7. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Review and report the back-up procedures utilized by the standing trustee and confirm compliance with Program Policy. Report whether the trustee periodically tests the backups, including the employee(s) responsible for testing and the most recent testing date. Handbook, pages 4-19, 4-21, 4-22, 4-25.
8. **Inquiry only – has your written office disaster recovery plan changed from the previous year? Y/N. If yes, and changes are substantial, proceed with performing this element.** Report whether the standing trustee maintains a written office disaster recovery plan for the financial and administrative records, as well as for the computer system and data. Handbook, page 4-25.

#### Case Monitoring

9. Review and report the standing trustee's procedures for reconciling caseload information with the bankruptcy clerk's office including the number of cases that are open, filed, dismissed, converted, and closed. Obtain the September 30 reconciliation and trace information on the reconciliation to supporting documentation on a sample basis. Include relevant reconciliations in the work papers. Handbook, page 4-17.
10. Report the standing trustee's procedures to monitor the accuracy and completeness of the case information in the standing trustee's case administration system and any supplementary system, such as a tracking spreadsheet, used by the trustee to manage cases. Handbook, pages 3-37, 4-15, 4-25. For example, the standing trustee may use procedures referred to as Bar Date reviews, confirmation work-up, six-month reviews, 24-month reviews, or case

audits. To the extent that the standing trustee's staff uses checklists to perform the procedures listed above, collect copies of the checklists, and include them in the work papers.

- a. Select 5 open cases at various stages of administration. Review and report the results of the following tests and document this in the work papers.
  - i. Verify that the pay schedules listing the scheduled plan payments and changes in plan payments in the case administration system and any supplementary system match the appropriate documentation, e.g., plans, amended plans, confirmation orders, filed with the court. If the scheduled payments vary from the actual payments, review the underlying reasons. Verify the reasons for any irregular one-time plan payments in the systems with the appropriate supporting documentation. Report any discrepancies.
  - ii. Verify whether the standing trustee's case administration system and any supplementary system contain evidence or documentation that the cases are being reviewed, monitored or audited in accordance with the procedures identified above. Report any discrepancies.
- b. Report if there are incompatible duties among the standing trustee's employee(s) performing the case review/audit tasks, including any mitigating controls.

11. Obtain the standing trustee's funds-on-hand report as of September 30 and report all cases with negative balances. Of those cases, report those that have maintained a negative balance for longer than 60 days (by case number only), along with the standing trustee's explanation, if applicable. Document in the work papers. Handbook, pages 4-16, 4-17.
12. Report the number of cases that have accumulated at least five months of payments and have been confirmed for at least five months. List the **10** cases with the highest number of months' payments accumulated (by case number only) and report any justification provided by the standing trustee for the lack of disbursements, if any, in the **10** cases. Document in the work papers. Handbook, page 3-32.
13. Review the detail of the standing trustee's suspense (or adjustment) account(s) and report the types of transactions for which the account(s) is used. Review and report whether the suspense account(s) is monitored and reconciled monthly by the standing trustee in accordance with Program policy. (The standing trustee should make a timely effort to identify the receipts. If the standing trustee is unable to identify the receipts, those funds should be timely transferred to either the Clerk of Court pursuant to court order, or, with authorization from the United States Trustee to the expense fund depending on local authority.) Document in the work papers. Handbook, page 4-16 to 4-17.
14. **Inquiry only – have your procedures for monitoring delinquent cases changed from the previous year? Y/N. If yes, proceed with performing this element.**  
Review and report the standing trustee's procedures for monitoring delinquent cases. Handbook, page 3-26 to 3-27.
  - a. Review delinquent case reports and confirm the standing trustee's actions are consistent with the procedures outlined. Report any deviations.

- b. Report the number of cases delinquent by more than three monthly payments in which no action is taken.
  - c. Document in the work papers.
- 15. Review and report whether the eight required monthly management reports are run and reviewed monthly, and by whom. Document in the work papers. Handbook, page 4-17.
- 16. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Report the standing trustee's procedures for closing cases, including cases that have converted to chapters 7 or 11 of the Bankruptcy Code, have been dismissed, or have completed plan payments and been closed by the court. Handbook, pages 3-37 and 4-8.
  - a. Select five closed cases ensuring the selected sample includes at least one case that converted post-confirmation, one case that dismissed post-confirmation, and one completed case. Review and report whether the procedures reported above are consistent with actual practice. Report any deviations or deficiencies in internal controls.
  - b. Report if there are incompatible duties among the standing trustee's employee(s) performing the case closing tasks, including mitigating controls.
  - c. Determine that the sample cases had a final account filed. Verify that all checks issued cleared the bank prior to the issuance of the final report.
  - d. Document this in the work papers.

#### Banking and Bonding

- 17. Report whether the standing trustee uses treasury management services from the trustee's authorized depository to block third parties from electronically debiting the trust and expense accounts whether from conversion of actual checks or through a direct authorization to debit (including but not limited to ACH, EFT, wire transfers, ATM transactions, and cash withdrawals). However, electronic debits initiated by the standing trustee (such as for payroll and payments to the IRS) are permitted. Handbook, page 4-15. Review and report the standing trustee's procedures and internal controls over non-check withdrawals (including ACH "pulls" from the expense account for payroll) from both the trust and expense accounts. Report any deficiencies in internal controls.
- 18. Report the process for the preparation and review of the four-column bank reconciliation for the trust account. Report whether the individual(s) performing the reconciliation(s) has recordkeeping, cash handling or other incompatible duties. Handbook, pages 4-10 to 4-12.
- 19. To test the standing trustee's trust account bank reconciliation procedures:
  - a. Review all monthly trust bank reconciliations for compliance with the process described in Element 18 and report any exceptions.

- b. Select September and **one** other monthly reconciliations for detailed testing.
  - i. Trace all items on the bank reconciliations to the supporting documentation.
  - ii. Report any exceptions, including unexplained reconciling items, unauthorized electronic debits, and out of balance conditions, noting the reason and any work performed by the standing trustee to resolve the exception.
  - iii. Determine whether the reconciled trust account balance agrees with the general ledger, the detailed debtor ledger (i.e., the detailed [by case] funds-on-hand report), and the monthly report submitted to the United States Trustee. Report any differences regardless of materiality. Handbook, page 4-12.
- c. Include testing of the bank reconciliations in the work papers. Handbook, pages 4-11 to 4-12.

20. Report the process for the preparation and review of the expense account bank reconciliation. Report whether the individual(s) performing the reconciliation(s) has recordkeeping, cash handling or other incompatible duties. Handbook, pages 4-10 to 4-12.

- a. Select September and one other monthly bank reconciliation for detailed testing.
  - i. Trace all items on the bank reconciliations to the supporting documentation.
  - ii. Report any exceptions, including unexplained reconciling items, unauthorized electronic debits, and out of balance conditions, noting the reason and any work performed by the standing trustee to resolve the exception.
  - iii. Determine whether the reconciled expense account balance per the reconciliation agrees with the general ledger and the monthly report submitted to the United States Trustee.
- b. Include testing of the bank reconciliations in the work papers.

21. Report whether the standing trustee has a “positive pay” agreement with its authorized depository for disbursements made by check from the trust account and the expense account. Handbook, pages 4-15.

22. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Review the standing trustee’s “A, B, C” employee designations for the commercial crime insurance policy based on observation of the actual duties performed, segregation of duties matrix, and review of the employee job descriptions. See Appendix C for Employee Risk Classifications. Report any employees designated by the standing trustee or determined by the auditor to have access or duties equivalent to “A,” as defined in Program Policy. Handbook, page 5-12, and Supplemental Materials – Required and Other Insurance.

23. Obtain a copy of the employee bond or fidelity insurance policy and review and report whether all employees are covered and whether the amount of coverage meets the minimum

requirements set forth in the Handbook, page 5-12, and Supplemental Materials – Required and Other Insurance.

### Receipts

24. Review and report the custody and control procedures for incoming receipts received at the trustee's office. Handbook, pages 4-1 to 4-2, 4-13, 4-14, 4-16. This would include receipts by mail, walk-in, items initially sent to the lockbox that could not be deposited ("lockbox rejects"), overnight delivery or payments received at court or meeting of creditors. Report whether the standing trustee accepts currency. Verify the following and report deficiencies, and mitigating controls, if any:
  - a. Items are received and recorded while under dual control.
  - b. Receipt logs are completed and accounted for daily.
  - c. Receipt logs include all relevant information including notation of final disposition.
  - d. Someone independent of the initial custody and disposition reviews the logs for completeness and tests, on a scope basis, the disposition for accuracy.
  - e. Currency is adequately safeguarded.
  - f. Miscellaneous deposits to the operating expense account are related to the administration of the standing trustee's chapter 13 cases.
  - g. Document in the work papers.
25. Review and report all alternate means used by the trustee for collecting receipts from or on behalf of debtors. Discuss separately lockbox services and electronic payments. Report the procedures for accounting for these receipts including posting to the appropriate debtor accounts and report any deficiencies. Document in the work papers. Handbook, pages 4-13, 4-14, 4-15.
26. Review and report the standing trustee's procedures for the processing of returned undeliverable disbursement checks. Report any deficiencies, such as the procedure not being performed timely. Document in the work papers. Handbook, page 4-12.
27. Review and report the standing trustee's procedures for processing creditor refunds in open cases and in cases closed by the court. Document in the work papers. Handbook, page 4-15.
28. **Inquiry only – have your procedures for handling NSF checks changed from the previous year? Y/N. If yes, proceed with performing this element.**  
Review and report the standing trustee's procedures for handling non-sufficient funds (NSF) checks returned by a financial institution and report any internal control or procedural weaknesses. Document in the work papers. Handbook, page 4-14.
29. Review a minimum sample of **15** receipts. Include receipts received at the trustee's office and those received by alternate means (if applicable). The sample should include debtor receipts, creditor refunds, redeposited NSF checks, lockbox rejects, and undeliverable

disbursement checks. Trace the sample item from the source document (e.g., the check) to all supporting documentation, including the debtor's ledger and bank deposit, if applicable. Determine if the item was handled timely and, in a manner, consistent with the procedures reviewed in Elements 24 - 28. Report all discrepancies, such as postings to the wrong debtor ledger accounts. Document in the work papers.

30. Review and report whether daily deposits are reconciled to daily debtor ledger postings. Document in the work papers. Handbook, page 4-11.
31. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Report whether pre-confirmation funds are deposited in an interest-bearing account. If yes, select five cases converted or dismissed before confirmation, review for reasonableness the standing trustee's calculation of interest paid, match to the Internal Revenue Service Form 1099 for agreement, and report exceptions. Handbook, pages 4-2.

#### Trust Account - Disbursements

32. Review and report the procedures used to process disbursements from the standing trustee's trust account. Handbook, pages 3-31 to 3-32, 3-36 to 3-37, 4-15, 4-16. Discuss separately disbursements by check, including both checks generated by the trustee's software disbursement program and checks initiated individually, and by electronic payment. Report deficiencies and mitigating controls, if any. Specifically review and report:
  - a. Individuals who prepare trust disbursements involved in incompatible duties, such as preparation of bank reconciliations. Handbook, page 4-10.
  - b. All uses of signature stamps in signing trust account checks. Handbook, page 4-11.
  - c. The controls in place to ensure the accuracy of bank account numbers and bank routing numbers for electronic payments from the trust account. Handbook, page 4-15.
  - d. The standing trustee's procedures for controlling check stock. Handbook, page 4-12.
33. Review a minimum sample of **15** trust account disbursements. Include disbursements by electronic payment and by check generated by the trustee's software disbursement program and those initiated individually. The sample should include two debtor refunds. All work shall be documented in the work papers and all deficiencies reported. Handbook, pages 3-33, 4-10 to 4-12, 4-15.
  - a. Review and report whether the disbursement was handled in a manner consistent with the procedures reviewed in Element 32.
  - b. Trace the disbursement to the canceled check and to the voucher if a payment on behalf of multiple debtors. If an electronic disbursement, trace to the bank statement.
  - c. For five of the creditor disbursements included in the sample, verify the amount paid against source documents obtained from the docket (such as the claims register, confirmation order, notice to pay claims and plan). If different, ask the standing trustee for an explanation and report.

- d. For the **two** debtor refunds included in the sample, trace the debtor refund to the debtor ledger account and the canceled check. Review the standing trustee's refund process to verify the accuracy and timeliness of these debtor refunds, and to confirm that these refunds were made only when appropriate (e.g., pursuant to court order, when a case is closed, converted or dismissed). Report whether or not the trustee included the percentage fee taken upon receipt, if applicable, when issuing the debtor refund. If the trustee included the percentage fee taken upon receipt, verify and report whether the computation was accurate. If the trustee did not refund the percentage fee to the debtor, report the trustee's explanation for why the fees were retained and not refunded. See Handbook, pages 2-3 to 2-4, regarding collection of percentage fee upon receipt of the payment from the debtor, the transfer of the percentage fee to the operating account at least monthly, and the reversal of the percentage fee if the plan is dismissed or converted prior to confirmation if there is controlling law in the district requiring such reversal or if (after consultation with the United States Trustee) the standing trustee determines that there are other grounds for concern in the district. See Handbook, page 3-32, regarding the distribution or return of funds if a case is dismissed or converted pre-confirmation.

**34. Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Review and report the standing trustee's procedures for handling stale-dated checks. Report whether checks are imprinted with "void after 90 days" and any checks not canceled 120 days after issuance. Handbook, page 4-15.

35. Report any individual(s) other than the standing trustee who is authorized to sign checks or process ACH/EFT transactions.

36. Review and report whether percentage fee revenues and interest, if applicable, are transferred at least monthly from the trust account to the expense account. Handbook, pages 2-3 to 2-4, 4-3.

#### Expense Account – Disbursements

37. Review and report the procedures used to process disbursements from the standing trustee's expense account. Report any deficiencies. Handbook, pages 4-10 to 4-12, 4-15. Specifically review and report:

- a. Individuals who prepare expense disbursements involved in incompatible duties, such as preparation of bank reconciliations.
- b. All uses of signature stamps in signing expense account checks.
- c. The standing trustee's procedures for controlling expense account check stock. Handbook, page 4-12.

38. Report whether a credit card(s) is issued in the name of the trust operation or issued in the trustee's name and used solely for the trust operation. Scan credit card statements for compliance with Program Policy, including no personal expenses, cash advances or benefits redemption not used by the trust operation. Handbook, page 4-18.

39. Report whether the expense fund balance is in excess of 25% of operating expenses as disclosed in Section XIII.C of the Annual Report of the Chapter 13 Standing Trustee Handbook, pages 6-10 to 6-11. This element will apply only upon subsequent notice by the EOUST.

40. Review whether any actual expense account line item exceeds the last approved budget (amended budget or letter amendment) by 10% or \$5,000, whichever is greater. Handbook, page 6-2. For all line items meeting this criterion, report the trustee's explanation for exceeding budget and not seeking approval from the United States Trustee.

- a. Scan the expense account general ledger for the fiscal year and inquire about any unusual or unexplained entries.
- b. Report unusual items, reimbursements or expenses that are inconsistent with the definition of each expense line item. Handbook, pages 4-3, 6-2 to 6-10.

41. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Select two payrolls from the fiscal year and trace gross salaries to approved budgeted amounts for a minimum of four employees. If the payroll includes employee expense reimbursements, choose a sample, review for reasonableness, and trace to supporting documentation. Report findings. Handbook, pages 6-3 to 6-4.

42. Review all training expenses (including travel) of the standing trustee. Review a sample of training expenses for employees. Expenses must be reasonable, actual, necessary, and relate to the duties of the standing trustee. Handbook, pages 6-2, 6-7, 6-8. Report whether:

- a. Training expenses were documented with receipts.
- b. Training funds were used for extended personal travel, expenses of family members or for the personal entertainment portion of seminars based on review of the training brochure or other supporting documentation.
- c. The trustee has provided adequate explanation and supporting documentation demonstrating that the method of travel selected was most advantageous to the trust, when cost and other factors are considered. If there are instances where the auditor has reason to question the appropriateness or reasonableness of any training expenses, including method of travel, the auditor shall retain all supporting documentation reviewed for any such expenses.

43. Review all compensation paid to, including benefits paid on behalf of, the standing trustee to ensure agreement with compensation fixed by the Director in the Notice Fixing Compensation and Percentage Fee. Document in the work papers. Handbook, pages 2-2, 2-3.

44. Review and report whether the standing trustee personally participates in any employee benefit plan provided for the employees, and whether there were any amounts paid from the expense account for the standing trustee's personal benefit. Report whether these amounts were reimbursed by the standing trustee or subtracted from total cash compensation paid to the standing trustee. Document in the work papers.

45. Report whether excess compensation was paid to the standing trustee as disclosed in Section XII.F of the Annual Report of the Chapter 13 Standing Trustee. Handbook, page 7-5.

Recordkeeping, Reporting, Compliance With United States Trustee And Other Regulatory Guidelines

46. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Report the standing trustee's employee leave policies concerning the carryover of unused leave, including the number of hours and dollar amount of unpaid vacation and sick leave, or paid time off. Report whether the standing trustee has a vacation policy which requires employees to be absent from their duties for an uninterrupted period of not less than one week (excluding holidays) and that another person assumes the duties performed by the absent employee, when feasible. Handbook, page 4-9.

47. Review and report whether proper payroll tax returns and unemployment tax returns were timely filed by the standing trustee. Report any delinquent taxes or penalties paid by the standing trustee. Handbook, page 5-7 to 5-8.

48. **Not required for reduced scope years, 2, 3, & 5, but subject to auditor discretion based on risk assessment.** Review insurance policy documents and report whether the trust operation is insured in compliance with Program Policy. Handbook, pages 5-12 to 5-13, 6-6.

49. Review and report whether claims were made during the fiscal year or subsequently on any of the standing trustee's insurance policies. Handbook, page 5-13.

50. **Not required for reduced scope years, 2, 3, &5, but subject to auditor discretion based on risk assessment.** Review and report whether the standing trustee is in compliance with all leases, employee benefit plan agreements, and other long-term commitments.

51. Inquire of the standing trustee as to any ongoing or pending: 1) litigation where the standing trustee or standing trustee operation is named as a party (excluding litigation involving a bankruptcy case) and 2) claims or assessments against the standing trustee, the trust operation, and trust employees, including claims against the trustee's bond, the employee fidelity bond, and/or the errors and omission policy. Review all charges to the expense fund for outside counsel. Verify UST approval given for employment of an outside attorney, consultant, or other professional. Determine whether to request a legal representation letter in accordance with AU-C 501. Report on all litigation, claims, and assessments, including the status and amounts involved. Handbook, pages 3-25 to 3-26.

52. Report any complaints against the standing trustee or trust operation filed with government agencies or regulatory bodies (other than the U.S. Department of Justice which includes the United States Trustee Program).

53. Describe and report whether the standing trustee, employees of the standing trustee, or other parties used fiduciary trust or expense funds for personal purposes. Handbook, page 4-3.

54. Report the standing trustee's failure to comply with Program Policy, or any federal, state, or local law or regulation not already addressed elsewhere in the Statement of Work.

## **APPENDIX A - SAMPLE FORMAT FOR REPORTING ON PRESCRIBED PROCEDURES**

### **Example #1**

Element #2.d:

Obtain the standing trustee's written procedures for the job function performed by the employee. Compare it to the actual duties performed to verify the accuracy of the written procedures. Report deviations from the written procedures, deficiencies in internal controls, or other weaknesses, such as no written procedures. Handbook, pages 4-9 to 4-11, 4-21.

Work Performed by Auditor:

Determined whether there were written procedures for each job function tested and, if so, determined through inquiry, observation and testing whether the written procedures were consistent with the actual duties performed by the employee.

Observations and Testing Results:

Written procedures were accurate based on the tests performed, except there were no written procedures for the claims review process. No other internal control weaknesses were noted.

Recommendations:

The standing trustee should prepare written procedures for the claims review process. This will assist in the consistent training of employees, help assure the process is performed appropriately and accurately, and will assist in business recovery efforts.

## **Example #2**

Element #2.d:

Obtain the standing trustee's written procedures for the job function performed by the employee. Compare it to the actual duties performed to verify the accuracy of the written procedures. Report deviations from the written procedures, deficiencies in internal controls, or other weaknesses, such as no written procedures. Handbook, pages 4-9 to 4-11, 4-21.

Work Performed by Auditor:

Determined whether there were written procedures for each job function tested and, if so, determined through inquiry, observation and testing whether the written procedures were consistent with the actual duties performed by the employee.

Observations and Testing Results:

Written procedures were accurate based on the tests performed. No internal control weaknesses were noted.

Recommendations:

None.

**APPENDIX B - SEGREGATION OF DUTIES MATRIX**  
**If no changes, no need to include.**

(See Separate Microsoft Excel File)

## APPENDIX C – EMPLOYEE RISK CLASSIFICATIONS

The classifications of risk and required minimum limits of coverage are:

- (A) If the standing trustee has one or more employees with significant supervisory responsibilities, access to funds or accounting records, or administrative control over computer security features at a level similar to the standing trustee, then the standing trustee should be insured, or the employee(s) bonded at a minimum of 50% of the trustee's bond\*;
- (B) If the standing trustee has one or more employees with responsibilities in cash receipt or disbursement area, access to funds or accounting records, or administrative control over computer security features, the standing trustee should be insured, or the employee(s) bonded at a minimum of 20% of the standing trustee's bond amount\*; or
- (C) If the standing trustee has no employees with responsibility for or access to cash or accounting records, or administrative control over computer security features, then the standing trustee must, nonetheless, be insured under this policy for a minimum of 10% of the standing trustee's bond amount. \*

\* For the purposes of this Appendix, the standing trustee bond shall be at least 150% of the average monthly bank balances for the prior three months for all bank accounts, certificates of deposit or other permissible investments maintained by the trustee operation.

**Attachment A-2**  
**Audit Service Cost Sheets**

AUDIT NUMBER	REGION	CITY	STATE	BID PRICE	TRAVEL-NTE PRICE
1	1	Boston	Massachusetts		
2	1	Brunswick	Maine		
3	1	Worcester	Massachusetts		
4	1	Providence	Rhode Island		
5	1	Merrimack	New Hampshire		
6	2	Albany	New York		
7	2	White Plains	New York		
8	2	Melville	New York		
9	2	Hartford	Connecticut		
10	2	Buffalo	New York		
11	2	Jericho	New York		
12	2	Rochester	New York		
13	2	Norwich	Vermont		
14	2	Syracuse	New York		
15	3	Cherry Hill	New Jersey		
16	3	Fairfield	New Jersey		
17	3	Wilmington	Delaware		
18	3	Robbinsville	New Jersey		
19	3	Reading	Pennsylvania		
20	3	Philadelphia	Pennsylvania		
21	3	Pittsburgh	Pennsylvania		
22	3	Hummelstown	Pennsylvania		
23	4	Suffolk	Virginia		
24	4	Richmond	Virginia		
25	4	Columbia	Maryland		
26	4	Alexandria	Virginia		
27	4	Annapolis	Maryland		
28	4	Greenville	South Carolina		
29	4	Wheeling	West Virginia		
30	4	Columbia	South Carolina		
31	4	Roanoke	Virginia		
32	4	Charlottesville	Virginia		
33	4	Columbia	South Carolina		
34	4	Chesapeake	Virginia		
35	4	Baltimore	Maryland		
36	4	Richmond	Virginia		
37	4	Mt. Pleasant	South Carolina		
38	5	Jackson	Mississippi		

## Attachment A-2

AUDIT NUMBER	REGION	CITY	STATE	BID PRICE	TRAVEL-NTE PRICE
39	5	Jackson	Mississippi		
40	5	Metairie	Louisiana		
41	5	Baton Rouge	Louisiana		
42	5	Gulfport	Mississippi		
43	5	Monroe	Louisiana		
44	5	Brandon	Mississippi		
45	5	Jackson	Mississippi		
46	5	Hattiesburg	Mississippi		
47	5	Lafayette	Louisiana		
48	5	Shreveport	Louisiana		
49	5	Alexandria	Louisiana		
50	6	Ft. Worth	Texas		
51	6	Lubbock	Texas		
52	6	Plano	Texas		
53	6	Tyler	Texas		
54	6	Irving	Texas		
55	6	N. Richland Hills	Texas		
56	7	Houston	Texas		
57	7	El Paso	Texas		
58	7	Austin	Texas		
59	7	Austin	Texas		
60	7	Midland	Texas		
61	7	Houston	Texas		
62	7	Corpus Christi	Texas		
63	7	San Antonio	Texas		
64	8	Memphis	Tennessee		
65	8	Lexington	Kentucky		
66	8	Memphis	Tennessee		
67	8	Nashville	Tennessee		
68	8	Jackson	Tennessee		
69	8	Louisville	Kentucky		
70	8	Knoxville	Tennessee		
71	8	Chattanooga	Tennessee		
72	9	Westerville	Ohio		
73	9	Cincinnati	Ohio		
74	9	Flint	Michigan		
75	9	Detroit	Michigan		
76	9	Columbus	Ohio		

## Attachment A-2

AUDIT NUMBER	REGION	CITY	STATE	BID PRICE	TRAVEL-NTE PRICE
77	9	Kalamazoo	Michigan		
78	9	Youngstown	Ohio		
79	9	Cleveland	Ohio		
80	9	Dayton	Ohio		
81	9	Saginaw	Michigan		
82	9	Grand Rapids	Michigan		
83	9	Akron	Ohio		
84	9	Southfield	Michigan		
85	9	Canton	Ohio		
86	9	Detroit	Michigan		
87	9	Toledo	Ohio		
88	10	Seymour	Indiana		
89	10	Merrillville	Indiana		
90	10	Newman	Illinois		
91	10	Indianapolis	Indiana		
92	10	Indianapolis	Indiana		
93	10	Evansville	Indiana		
94	10	Swansea	Illinois		
95	10	South Bend	Indiana		
96	11	Oshkosh	Wisconsin		
97	11	Madison	Wisconsin		
98	11	Chicago	Illinois		
99	11	Milwaukee	Wisconsin		
100	11	Chicago	Illinois		
101	11	Rockford	Illinois		
102	11	Lisle	Illinois		
103	12	Minneapolis	Minnesota		
104	12	Barnesville	Minnesota		
105	12	Waterloo	Iowa		
106	13	Little Rock	Arkansas		
107	13	St. Louis	Missouri		
108	13	Kansas City	Missouri		
109	13	Little Rock	Arkansas		
110	13	Omaha	Nebraska		
111	13	Little Rock	Arkansas		
112	14	Phoenix	Arizona		
113	14	Tucson	Arizona		
114	14	Phoenix	Arizona		
115	15	San Diego	California		

## Attachment A-2

AUDIT NUMBER	REGION	CITY	STATE	BID PRICE	TRAVEL-NTE PRICE
116	15	Honolulu	Hawaii		
117	16	Orange	California		
118	16	Los Angeles	California		
119	16	Riverside	California		
120	16	Los Angeles	California		
121	16	Sherman Oaks	California		
122	17	Hayward	California		
123	17	Foster City	California		
124	17	Sacramento	California		
125	17	San Jose	California		
126	17	Las Vegas	Nevada		
127	17	Modesto	California		
128	17	Reno	Nevada		
129	17	Las Vegas	Nevada		
130	18	Great Falls	Montana		
131	18	Portland	Oregon		
132	18	Anchorage	Alaska		
133	18	Tacoma	Washington		
134	18	Eugene	Oregon		
135	18	Boise	Idaho		
136	18	Spokane	Washington		
137	18	Seattle	Washington		
138	18	Coeur d'Alene	Idaho		
139	19	Denver	Colorado		
140	19	Salt Lake City	Utah		
141	19	Denver	Colorado		
142	20	Muskogee	Oklahoma		
143	20	Albuquerque	New Mexico		
144	20	Wichita	Kansas		
145	20	Tulsa	Oklahoma		
146	20	Roeland Park	Kansas		
147	20	Oklahoma City	Oklahoma		
148	21	San Juan	Puerto Rico		
149	21	Atlanta	Georgia		
150	21	Columbus	Georgia		
151	21	Tallahassee	Florida		
152	21	Macon	Georgia		
153	21	Augusta	Georgia		

## Attachment A-2

AUDIT NUMBER	REGION	CITY	STATE	BID PRICE	TRAVEL-NTE PRICE
154	21	Brunswick	Georgia		
155	21	Savannah	Georgia		
156	21	San Juan	Puerto Rico		
157	21	Miramar	Florida		
158	21	Jacksonville	Florida		
159	21	Tampa	Florida		
160	21	Atlanta	Georgia		
161	21	Bradenton	Florida		
162	21	Winter Park	Florida		
163	21	Ft. Lauderdale	Florida		
164	21	Atlanta	Georgia		

**ATTACHMENT B**  
**EVALUATION CRITERIA**

This document addresses how offers for the performance of audit services for chapter 13 standing trustees will be evaluated. Offers submitted must conform to the instructions and conditions included within this document. Each offer will consist of four components: business management proposal, technical proposal, cost proposal, and past performance questionnaires.

The term “offeror” used throughout this document refers to the firm submitting the offer. In the event the offeror plans to use a subcontractor or independent contractor in the performance of audit services, the offer must fully disclose the extent of such relationship. Further, any representations included within the offer are considered to be binding on those parties as well.

**I. SUBMISSION OF OFFERS AND WITHDRAWALS OF OFFERS**

- A. Offers and modifications shall be submitted electronically in PDF format to the email address specified in the solicitation. The technical proposal and management proposal may be combined into one PDF but the cost proposal MUST be separate. The transmittal email must show the name and address of the offeror.
- B. Facsimile offers or offers via paper copy will not be considered.
- C. Offers may be withdrawn by written notice received at any time before award or in person by an offeror or an authorized representative if the representative's identity is made known and the representative signs a written acknowledgment of withdrawal to be dated before award.

**II. RESTRICTION ON DISCLOSURE AND USE OF DATA**

The Executive Office for United States Trustees (EOUST) will not disclose the information contained in the offer outside of the EOUST, except as required by law, or as necessary to evaluate the offer, or as may be permitted by a written agreement.

### **III. PREPARATION OF OFFERS**

- A. Offerors are expected to examine the specifications in the Statements of Work included as Attachment A-1.
- B. Each offeror shall furnish the information required by the solicitation. An authorized representative of the offeror shall sign the offer and print or type its name on EACH included page. The person signing the offer must initial erasures or other changes.
- C. In order that evaluation may be accomplished strictly on the merit of the material submitted, no dollar costs are to be included in your business management proposal or technical proposal.
- D. The proposal is designed to enable the EOUST to arrive at a determination as to whether:
  1. The offeror is able to comply with the required or proposed performance schedule, taking into consideration all existing business commitments;
  2. The offeror has a satisfactory record of performance; and
  3. The offeror has a satisfactory record of integrity and business ethics.

### **IV. EXPLANATION TO PROSPECTIVE OFFERORS**

Any prospective offeror desiring an explanation or interpretation of the solicitation must request it in writing via electronic mail to [Chapter.13.Audits@usdoj.gov](mailto:Chapter.13.Audits@usdoj.gov) no later than July 10, 2024. Oral explanations or instructions will not be provided. Any information given to a prospective offeror concerning this solicitation will be furnished promptly to all other prospective offerors by email.

### **V. AWARD**

Multiple awards may be made as a result of this solicitation to the responsible offeror whose offer will be most advantageous to the Standing Trustee, cost or price and other factors, specified elsewhere in this solicitation, considered. In addition, responsible offerors may be awarded the audits for multiple bid groups, or a bid group may be divided between multiple offerors. In any event, we retain the right to award any combination and any number of audits to any single bidder.

- A. The EOUST may (1) reject any or all offers, (2) accept other than the lowest price, and (3) waive informalities and minor irregularities in offers received.
- B. The EOUST may make an award on the basis of initial offers received, without discussion. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint. The EOUST reserves the right to contact offerors for clarification of information included within the offer.
- C. Successful bidders will be notified by August 16 via email of the audits awarded, asked to execute with Audit Services Agreement with each Standing Trustee awarded to them, and return the fully executed Audit Services Agreement to the EOUST by September 30, 2024.

## VI. INSTRUCTIONS FOR PREPARATION OF BUSINESS MANAGEMENT PROPOSAL

Your business management proposal shall consist of the following information:

- A. Indicate whether the offeror is a separate entity, a division or subsidiary corporation. If offeror is a division or subsidiary corporation, provide the name and address of the parent company.
- B. Provide the names and locations of any other divisions or subsidiaries, which will perform under the proposed agreement, if awarded.
- C. Provide the names and locations of any subcontractors or independent contractors who will be used in the performance of this agreement.
- D. Indicate, by number and experience of employees, your staffing resources as follows:
  1. Total employees;
  2. Total technical employees qualified in an area similar or related to the proposed efforts; and
  3. Total direct labor employees who will perform proposed effort.
- E. Describe any work you, or any current agent, have performed within the last five (5) years for any of the standing trustees within the geographical area on which you are bidding.
- F. Report whether the offeror or any member of the offeror's senior management are or have been, within the past two years, under investigation by any federal or state agency. If there has been such investigation, provide the name of the investigating agency and the name, address, and phone number of a contact person for such agency, the status and, if applicable, the outcome of the investigation.
- G. Report whether there have been any judgments, claims or threats of claims or litigation against the offeror in the preceding two years. If there are any, attach a list of such claims or litigation including the caption of the matter, if any, the parties to the claim or litigation, and the court or tribunal in which such litigation is pending.
- H. Report whether any claims have been made under the offeror's professional liability insurance policy within the last two years. Identify the circumstances surrounding any claims.
- I. Confirm that the offeror participates in a peer review program, or an equivalent quality control review program and provide a copy of the firm's latest peer review report.
- J. Affirm that the offeror meets the State Board of Accountancy's requirements for conducting audits in each state covered by the offer.

- K. Affirm that the offeror is a member in good standing of the American Institute of Certified Public Accountants, a state accounting society, or another recognized professional accounting organization.
- L. Include a copy of a recent audit program prepared by the offeror for use with a similar type entity.

VII. GENERAL INSTRUCTIONS FOR SUBMISSION OF TECHNICAL PROPOSALS

- A. The technical proposal shall set forth in detail: proposed methodology and techniques for performing the work, and the technical resources, experience and background as well as unique or specialized skills and expertise of both your firm and the personnel proposed for work on the project. Offerors are encouraged to portray facts quantitatively wherever possible. All information provided must be concise, factual and complete. Proposals that merely paraphrase the specifications may not be further considered.
- B. The technical proposal should be limited to twenty-five (25) pages, exclusive of (1) cover letter; (2) resumes; and (3) documents pertaining to any of the related past projects. It is estimated that adequate resumes will be one page each. Proposals longer than 25 pages are subject to disqualification.

VIII. FORMAT OF TECHNICAL PROPOSAL

- A. To aid in the evaluation of the proposal, all proposals shall follow the same general format.
- B. The following shall precede the proposal:
  1. Table of Contents listing the major areas as they appear in the technical evaluation factors.
  2. Short Introduction and Summary describing the overall approach to the specifications.
- C. It is important that in presenting the capabilities of your firm and personnel who are to be assigned to the work that the information submitted be complete and detailed, spelling out clearly the relevant specialized professional competence that the firm and the individuals possess, their academic and training background, representative accomplishments, and work experience (with company and supervisors, names, and telephone numbers) pertinent to the proposal.

IX. SPECIFIC CONTENT OF A TECHNICAL PROPOSAL

There are two (2) sections to the technical proposal: Personnel Resources and Management Approach. The offeror must address each section.

- A. Personnel Resources

1. For each person to be used to conduct and supervise the audits, provide by labor category, the name, education (degree earned), and number of years of experience in the general related area as well as specific expertise.
2. Include one-page resumes for each of the persons proposed. The offeror and the individual must certify, by signing the resume, that the information in the resume is true and complete, and that the individual will be available to work on the audits under this agreement. The following information should be included in the resume:
  - a. Name;
  - b. Education: academic and professional, including professional licenses;
  - c. Current responsibilities;
  - d. Other related training/education;
  - e. Current business address;
  - f. Description of professional relationship with the firm;
  - g. Length of relationship with the firm; and
  - h. Professional experience: include those experiences that relate to the requirements of the solicitation; include the starting and ending dates for each work experience.

## B. Management Approach

1. Related Past Projects and References.
  - a. Describe three (3) relevant projects on which the offeror worked. The projects must have been completed within the last five (5) years. Each example should be limited to less than one (1) page, and include:
    - i. Name and address of the entity audited, reviewed, or serviced;
    - ii. Short description of work performed;
    - iii. Approximate or average number of offeror's personnel assigned, by skill category;
    - iv. Approximate dollar value of offeror's services; and
    - v. Name and telephone number of the client's contracting officer or technical representative.
  - b. Report whether you have ever performed an internal controls audit or review. If so, enclose a brief description of the work performed.
  - c. Report whether you have ever issued a report on agreed-upon procedures. If so, enclose a brief description of the work performed.
  - d. Provide Past Performance Questionnaires from a minimum of three former or current customers. See instructions under XI, on page 8.
2. Management Plan. The offeror will be required to perform in accordance with the management plan proposed. The offeror must demonstrate a clear understanding of the requirements and provide a description of how the agreement would be managed in the following areas:
  - a. Managing the agreement.

Describe the methods you use to assign partners, managers and staff to projects. Do you generally have a partner onsite in the field?

Describe the methods you will use to manage the agreement to ensure timely performance.

What are your procedures for reporting problems, if necessary, to the Standing Trustee, the EOUST and the United States Trustee?

b. Managing personnel.

Describe your procedures to train employees to develop the skills necessary to meet the solicitation requirements. Describe the ongoing methods you will use to educate employees on chapter 13 and the statement of work.

Describe your procedures for scheduling personnel to complete the audit process in a timely manner.

Describe who will be in charge of monitoring the work.

## CONTENT AND FORMAT OF COST PROPOSAL

- A. There are 21 geographical areas or bid groups, one for each of the 21 United States Trustee regions. Each bid group comprises all of the standing trustees appointed and supervised by the United States Trustee for that region.
- B. The Offeror may bid on 1 to 21 regions (but may not bid on a region if the firm audited the standing trustees in that region for the past three years (FY21 to FY23)). The cost proposal for a region must cover all Standing Trustees within the region. Proposals to bid on less than the full number of Standing Trustees in a region will not be considered.
- C. The Offeror is to return Attachment A-2 in Microsoft Excel with the cost quoted for each audit. Offeror is to provide pricing for the entire five (5) year period. The quote should provide a Firm Fixed Price (FFP) for each audit, for each year based on Attachment A-1. Note: this solicitation will result in a FFP award; therefore, all associated non-travel expenses (e.g., PACER charges, etc.) must be included in your quote. Any quotes other than FFP will not be considered.
- D. Travel must be proposed separately. It should be included in Attachment A-2 as a separately priced contract line item not to exceed amount per annual performance period. The estimated travel expenses for airfare, lodging, and meals should be proposed as a total in alignment with Federal government Federal Travel Regulations (FTR). Should audits be conducted remotely, no travel expense may be billed.

## X. INSTRUCTIONS FOR PAST PERFORMANCE QUESTIONNAIRE

- A. The Past Performance Questionnaire (Attachment D) should be forwarded to, at a minimum, three former or current customers for completion. Please inform the customers that the questionnaire must be submitted to [Chapter.13.Audits@usdoj.gov](mailto:Chapter.13.Audits@usdoj.gov) by July 24, 2024, by 12 PM EST, to be considered.

## XI. EVALUATION FACTORS FOR AWARD

- A. Business Factors Evaluation. The information contained in the business management proposal will be evaluated to determine if any factors would render the proposal unacceptable. Such factors may include but not be limited to prior work performed for standing trustees within the geographical area; investigations; litigation; claims; failure to meet the State Board of Accountancy's requirements for conducting audits; and failure to be a member in good standing of a recognized professional accounting organization. Unacceptable proposals will not be considered further for award.
- B. Technical Evaluation. This evaluation is based on the information within the technical proposal. Unacceptable proposals will not be considered further for award. All other technical proposals will be scored and evaluated based upon the following factors:
  1. Management Approach
    - a. Managing agreement
    - b. Managing personnel
    - c. Experience with past projects and references
  2. Personnel Resources
    - a. Relevant experience of individuals to be used
    - b. Education, including professional licenses
    - c. Tenure with firm
    - d. Training
- C. Cost Evaluation.
  1. The weight given to technical proficiency may be greater than the weight given to cost; no award will be made at an unreasonable price.
  2. EOUST may use various price analysis techniques and procedures to ensure a fair and reasonable price such as comparison of the proposed prices to historical prices paid.
  3. The award will be made to the responsible offeror whose proposal is determined to be most advantageous to the Standing Trustee, price and other factors considered.

**D. Past Performance.**

1. In evaluating Past Performance, the evaluation panel will address four components – recency, relevancy, quality, and sufficiency. This factor's primary emphasis is to assess the past performance of the offeror or that of substituted key personnel. However, if significant subcontracting/use of other teaming arrangements is anticipated, the past performance history of the proposed subcontractors/other team anticipated, the past performance history of the proposed subcontractors/other team members must also be evaluated.
2. The final rating under this factor will encompass the totality of the information provided, including completeness, relevancy, and the depth, breadth, and quality of only relevant past performance for the proposed prime contractor and proposed subcontractor/team members or substituted key personnel.

E. The EOUST may also consider prior work performed for or with the EOUST or any other government agency, including a satisfactory record of integrity and business ethics.

F. The EOUST may consider other factors such as a desire to increase the pool of firms experienced in auditing chapter 13 standing trustees.

**XII. AWARD RESTRICTION.**

- A. In order to ensure the integrity of the Standing Trustee audit program, the successful offeror will not be allowed to compete for the same regions in the next audit bid solicitation following the end of the renewal periods.
- B. The successful offeror must be qualified to audit each trustee in the geographical area.
- C. Winning bidders may be awarded the audits for multiple bid groups, or a bid group may be divided between multiple bidders. In any event, we retain the right to award any combination and any number of audits to any single bidder.

**ATTACHMENT C - ANNUAL REPORT FORM**  
**EXECUTIVE OFFICE FOR UNITED STATES TRUSTEES**  
**ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE**  
For the Fiscal Year October 1, 2023 through September 30, 2024

Submission Date: \_\_\_\_\_ Original \_\_\_\_\_ Revised \_\_\_\_\_  
First Name: \_\_\_\_\_ Judicial District \_\_\_\_\_  
Last Name: \_\_\_\_\_

<b>TRUST FUND ACTIVITY</b>		
	<b>FY 2024</b>	<b>FY 2023</b>
<b>I. TRUST FUND BALANCE - Beginning of Year</b>	<b>0.00</b>	<b>0.00</b>
<b>II. TRUST FUND RECEIPTS</b>		
(1) Fund Receipts		
(a) Receipts with Fee Taken	0.00	0.00
(b) Receipts with No Fee Taken	0.00	0.00
i. Funds not identified to a Case	0.00	0.00
ii. No-Fee - Plan Receipts	0.00	0.00
iii. No-fee - Not Plan Receipts	0.00	0.00
(2) Interest received on trust funds	0.00	0.00
(3) Percentage Fee Received on Direct Payments Deposited Directly into Trust Account Amount of Corresponding Direct Payments Where % Fees Deposited Directly into Trust Account	0.00	0.00
(4) Other receipts rec'd (attach schedule)	0.00	0.00
(5) <b>TOTAL TRUST FUND RECEIPTS [I+2+3+4]</b>	<b>0.00</b>	<b>0.00</b>
<b>III. TRUST FUND DISBURSEMENTS</b>		
(1) Secured Creditors		
(a) Ongoing Mortgage Payments	0.00	0.00
(b) Mortgage Arrearages	0.00	0.00
(c) All other Secured debt	0.00	0.00
(2) Priority creditors		
(a) Ongoing Domestic Support Payments	0.00	0.00
(b) All other Priority Debt	0.00	0.00
(3) Unsecured Creditors	0.00	0.00
(4) Debtor Attorneys	0.00	0.00
(5) Administrative Expenses Under the Plan		
(a) 503(b) Awards	0.00	0.00
(b) Other Admin Expense to Expense Fund (attach schedule)	0.00	0.00
(6) Interest transferred to Expense Fund	0.00	0.00
(7) Debtor Refunds	0.00	0.00
(8) Other Trust Disbursements not to Expense Fund (attach schedule)	0.00	0.00
(9) Percentage Fees Pursuant to 28 USC §586(e)	0.00	0.00
(10) Direct Payment Fees	0.00	0.00
(11) <b>TOTAL TRUST FUND DISBURSEMENTS [III(1) thru III(10)]</b>	<b>0.00</b>	<b>0.00</b>
<b>IV. Trust Fund Balance - End of Year [I+II(5)-III(11)] [same as X(C)]</b>	<b>0.00</b>	<b>0.00</b>

EXPENSE FUND ACTIVITY		
	FY 2024	FY 2023
<b>V. Expense Fund Balance - Beginning of Year</b>	<b>0.00</b>	<b>0.00</b>
<b>VI. Expense Fund Receipts</b>		
(1) Percentage Fees Transferred from Trust Funds	0.00	0.00
(2) Percentage Fee Received on Direct Payments Deposited Directly into Expense Account Amount of Corresponding Direct Payments Where % Fees Deposited Directly into Expense Account	0.00	0.00
(3) Administrative Expense Received [III(5)(a) + III(5)(b)]	0.00	0.00
(4) Interest Received from Trust Fund	0.00	0.00
(5) Interest Received on Expense Funds	0.00	0.00
(6) Other Expense Receipts (attach schedule)	0.00	0.00
(7) <b>TOTAL EXPENSE FUND RECEIPTS [(1) thru (6)]</b>	<b>0.00</b>	<b>0.00</b>
<b>VII. Expense Fund Disbursements</b>		
(1) OPERATING EXPENSES (All as defined and approved by U.S. Trustee) If there are related party expenses, complete Exhibit 1.	<b>Budget FY 2024</b>	<b>Actual FY 2024</b>
(a) Gross Salaries, Excluding Trustee Compensation	0.00	0.00
(b) Payroll Taxes	0.00	0.00
(c) Employee Benefits	0.00	0.00
(d) Temporary Labor	0.00	0.00
(e) Office Rent & Utilities	0.00	0.00
(f) Bookkeeping & Accounting Services	0.00	0.00
(g) Computer Services	0.00	0.00
(h) Audit Services	0.00	0.00
(i) Consulting Services	0.00	0.00
(j) Noticing	0.00	0.00
(k) Telephone	0.00	0.00
(l) Postage (non-noticing)	0.00	0.00
(m) Office Supplies (non-noticing)	0.00	0.00
(n) Bond Premium/Insurance (not employ. related)	0.00	0.00
(o) Dues, Publications & On-line services	0.00	0.00
(p) Training (Non-UST) (see Exhibit 2)	0.00	0.00
(q) Training (UST)	0.00	0.00
(r) Debtor Education	0.00	0.00
(s) Maintenance and Service Agreements	0.00	0.00
(t) Travel	0.00	0.00
(u) Equipment/Furniture Rental	0.00	0.00
(v) Equipment/Furniture Purchases	0.00	0.00
(w) Leasehold Improvements	0.00	0.00
(x) Bank Charges	0.00	0.00
(y) Other Expenses Total - (see Exhibit 3)	0.00	0.00
*Erroneous Disbursements should be included in Other Expenses and also be detailed on Exhibit 4.		
(z) <b>TOTAL OPERATING EXP. [(a) thru (y)]</b>	<b>0.00</b>	<b>0.00</b>
<b>(2) OTHER EXPENSE FUND DISBURSEMENTS</b>		
(a) Compensation Paid to Trustee (including benefits)	0.00	0.00
(b) Payment of prior year(s) excess expense funds to U.S. Trustee System Fund for payment to U.S. Treasury	0.00	0.00
(c) Payments to Standing Trustee to reimburse/reduce operating deficit(s) for prior years(s)	0.00	0.00
(d) Other Non-Operating Disb. (attach schedule)	0.00	0.00
(3) <b>TOTAL EXPENSE FUND DISBURSEMENTS [1(z)+2(a)+2(b)+2(c)+2(d)]</b>	<b>0.00</b>	<b>0.00</b>
<b>VIII. Expense Fund Balance- End of Year [V+VI(7)-VII(3)] [same as XIII(A)]</b>	<b>0.00</b>	<b>0.00</b>

RECONCILIATION SECTION		
	FY 2024	FY 2023
<b>IX. Percentage Fees</b>		
(A) Receipts with Fee Taken	0.00	0.00
(B) Funds on hand subject to fee at conversion	0.00	0.00
(C) Disbursements at fee prior to conversion	0.00	0.00
(D) Calculated Fee Revenues	0.00	0.00
(E) Actual Fee Revenues Transferred	0.00	0.00
(F) Variance Actual Fee Rev-Calculated Fee Rev	0.00	0.00
<b>X. Trust Fund Book Balances</b>		
(A) Pre-Confirmed account	0.00	0.00
(B) Confirmed account	0.00	0.00
(C) Total Book Balance [same as IV]	0.00	0.00
<b>XI. Funds Available for Compensation</b>		
(A) Book Balance in expense fund account at beginning of year plus non-percentage fee receipts [V+VI(3)+VI(4)+VI(5)+VI(6)]	0.00	0.00
(B) Non-Compensation Payments Made From Expense Fund [VII(3)-VII(2)(a)]	0.00	0.00
(C) Net Expenses remaining, [B-A] but not less than zero	0.00	0.00
(D) Percentage Fee Receipts to Expense Fund [VI(1)+VI(2)]	0.00	0.00
(E) Funds available for compensation (or operating loss) [D - C]	0.00	0.00
If you have a current year deficit, complete Exhibit 5.		
<b>XII. Compensation</b>		
Maximum compensation pursuant to 28 U.S.C § 586 (e)(1)(A), and Program policy:		
(A) <b>Test 1:</b> 5% of Receipts	0.00	0.00
5% of total receipts and constructive receipts under plans	0.00	0.00
(B) <b>Test 2:</b> Compensation set by Notice		
Maximum compensation fixed by Attorney General	amounts	amounts
(C) <b>Test 3:</b> Current Year Percentage Fee Funds Available for Compensation	0.00	0.00
(D) Compensation paid trustee [same as VII(2)(a)]	0.00	0.00
(E) Allowable compensation [lesser of (A), (B) or (C)]	0.00	0.00
(F) Excess compensation paid [(D) - (E), but not less than zero]	0.00	0.00
<b>XIII. Excess Expense Funds</b>		
(A) Ending year balance [same as VII]	0.00	0.00
(B) Less 25% of operating expenses [25% of VII(1)(z)]	0.00	0.00
(C) Expense fund balance in excess of 25% of operating expenses [A-B, but not less than zero]	0.00	0.00
<b>XIV. Summary of Funds Payable</b>		
(A) Payable to Expense Fund from standing trustee for excess compensation paid [same as XII(F)], but not to exceed [XIII(B) - XIII(A)]	0.00	0.00
(B) Payable to U.S. Trustee System Fund:		
(1) Expense fund balance in excess of 25% of operating expenses [same as XIII(C)]	0.00	0.00
(2) Excess compensation [XII(F) - XIV(A)]	0.00	0.00
(C) Total payable to U.S. Trustee System Fund [(B)(1) + (B)(2)]	0.00	0.00

	FY 2024	FY 2023
<b>XV. Bonding Requirements</b>		
(A) Average of the average monthly <u>bank</u> balances for the last three months of the fiscal year	0.00	0.00
(B) Actual Trustee Bond as of year end	0.00	0.00
(C) Required trustee bond: 150% of (A)	0.00	0.00
(D) Bond over (under) required amount [B - C]	0.00	0.00
(E) Amount of Employee Fidelity coverage	0.00	0.00
(F) Required % of Trustee Bond (A=50%; B=20%; Min 10%)	0%	0%
(G) Calculated Required Employee Fidelity Coverage	0.00	0.00
(H) Fidelity Coverage Over/Under Required Amount	0.00	0.00
<b>XVI. Cases Handled (Unaudited)</b>		
(A) Cases active, start of period	0	0
(B) New Cases filed during period (+)	0	0
(C) Cases reopened during period (+)	0	0
(D) Transfers, conversions, dismissals, closures of reopened cases (-)	0	0
(E) Adjustments during period		
1) Conversions to another chapter Pre-Confirm (-)	0	0
2) Conversions to another chapter Post-Confirm(-)	0	0
3) Dismissals Pre-Confirmation (-)	0	0
4) Dismissals Post-Confirmation (-)	0	0
5) Cases transferred in (+)	0	0
6) Cases transferred out (-)	0	0
7) All other adjustments (+) or (-)	0	0
Total net adjustments	0	0
(F) Cases Closed on completion of the plan (-)	0	0
(G) Cases Closed on hardship discharge (-)	0	0
(H) Cases active, end of period	0	0
(I) Number of cases more than sixty-five months from first payment due (excluding cases reported below in J)	0	0
(J) Number of cases extended to 84 months	0	0
<b>XVII. PAYOUT TO NONPRIORITY UNSECURED CREDITORS IN CASES WHERE THE PLAN HAS BEEN COMPLETED (Unaudited):</b>		
(A) Number of cases paying 70% or more on unsecured claims:	_____	_____
(B) Number of cases paying 40%-69% on unsecured claims:	_____	_____
(C) Number of cases paying 1-39% on unsecured claims:	_____	_____
(D) Number of cases paying 0% on unsecured claims:	_____	_____
(E) Number of cases with no unsecured claims:	_____	_____
<b>TOTAL</b>	<b>0</b>	<b>0</b>

STANDING TRUSTEE'S CERTIFICATION TO REPORT AND ACCOUNT

I hereby certify under penalty of perjury that the information contained herein is a complete disclosure of the trustee operation's financial affairs and that it is true and correct. Furthermore, I request that this report be reviewed by the United States Trustee and the Attorney General of the United States or his delegate.

DATED: \_\_\_\_\_

CHAPTER 13 STANDING TRUSTEE'S SIGNATURE

(This acknowledges that I will retain for the required period the original signature page from the annual report.)

REVIEWED BY: \_\_\_\_\_

---

UNITED STATES TRUSTEE OFFICE

---

UNITED STATES TRUSTEE

EXHIBIT 1

ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE  
For the Fiscal Year October 1, 2023 through September 30, 2024

RELATED PARTY EXPENSES PAID FROM EXPENSE FUND  
[Part VII(1)]

Trustee Name:

Operating Expenses	Total Amount
(a) Gross Salaries, Excluding Trustee Compensation	_____
(b) Payroll Taxes	_____
(c) Employee Benefits	_____
(d) Temporary Labor	_____
(e) Office Rent & Utilities	_____
(f) Bookkeeping & Accounting Services	_____
(g) Computer Services	_____
(h) Audit Services	_____
(i) Consulting Services	_____
(j) Noticing	_____
(k) Telephone	_____
(l) Postage (non-noticing)	_____
(m) Office Supplies (non-noticing)	_____
(n) Bond Premium/Insurance (not employ. related)	_____
(o) Dues, Publications & On-line services	_____
(p) Training (Non-UST)	_____
(q) Training (UST)	_____
(r) Debtor Education	_____
(s) Maintenance and Service Agreements	_____
(t) Travel	_____
(u) Equipment/Furniture Rental	_____
(v) Equipment/Furniture Purchases	_____
(w) Leasehold Improvements	_____
(x) Bank Charges	_____
(y) Other Expenses Total (provide listing)	_____
TOTAL RELATED PARTY EXPENSES:	0.00

## EXHIBIT 2

ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE  
For the Fiscal Year October 1, 2023 through September 30, 2024

TRAINING (NON-UST) SUMMARY REPORT AND EXPENSES  
[Part VII(1)(p)]

Trustee Name:

#### DEIA TRAINING (Not listed above)

Seminar, Title & Brief Description (enter each training event separately)	Date(s)	Person(s) Attending	Total Cost (For Free Trainings, use "0")

#### **TOTAL TRAINING (NON-UST) EXPENSES**

0.0

## EXHIBIT 3

ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE  
For the Fiscal Year October 1, 2023 through September 30, 2024

**DETAIL FOR OTHER EXPENSES**  
**[Part VII(1)(y)]**

Trustee Name:

## EXHIBIT 4

ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE  
For the Fiscal Year October 1, 2023 through September 30, 2024

ERRONEOUS DISBURSEMENTS PAID FROM EXPENSE FUND  
[Included in Part VII(1)(y)]

Trustee Name:

EXHIBIT 5

ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE  
For the Fiscal Year October 1, 2023 through September 30, 2024

UNREIMBURSED OPERATING DEFICIT CARRYFORWARD(S)

Trustee Name:

	<u>FY 2024</u>	<u>FY 2023</u>
(A) Unreimbursed operating deficit carryforward at beginning of year, approved by U.S. Trustee (by year generated)		
#NUM!	_____	_____
#NUM!	_____	_____
1900	_____	_____
(B) Total beginning year balance [sum of (A)]	<u>0.00</u>	<u>0.00</u>
(C) Reimbursed to trustee [same as VII(2)(c)]	<u>0.00</u>	<u>0.00</u>
(D) Current year deficit [same as XI(E), if any]	<u>0.00</u>	<u>0.00</u>
(E) Disallowed by U.S. Trustee (provide explanation)	_____	_____
(F) Ending year balance [B-C+D-E]	<u>0.00</u>	<u>0.00</u>

## EXHIBIT 6

ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE  
For the Fiscal Year October 1, 2023 through September 30, 2024

## RECONCILIATION BETWEEN TRUST RECEIPTS UNDER PLANS AND PERCENTAGE FEES

Trustee Name:

**SUPPLEMENTAL SCHEDULE(S)**

**ANNUAL REPORT OF CHAPTER 13 STANDING TRUSTEE**  
**For the Fiscal Year October 1, 2023 through September 30, 2024**

Trustee Name:

((Supplemental Schedule Description)))

## **SUPPLEMENT TO**

### **CHAPTER 13 STANDING TRUSTEE ANNUAL REPORT INSTRUCTIONS**

#### **INTRODUCTION**

These instructions relate to the preparation of the Notes on Annual Report and the annual certifications provided to the United States Trustee.

#### **NOTES ON ANNUAL REPORT**

This section describes the preparation of the Notes on Annual Report which will be submitted to the United States Trustee as part of the Annual Report. The standing trustee can use the template provided below to tailor the Notes on Annual Report to the specific trust operation. **Do not delete or rename any of these notes. Additional notes can be added after Note 9.** These disclosures are reviewed as part of the audit on the Annual Report of the Chapter 13 Standing Trustee.

**Note 1**      **Summary of Significant Accounting Policies**

The Annual Report is prepared in conformity with the rules outlined in the Handbook for Chapter 13 Standing Trustees (October 1, 2012), the Qualifications and Standards for Standing Trustees, effective June 2, 1997, and other appropriate policy memoranda which maybe periodically issued by the Executive Office for United States Trustees, which require a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These rules provide for the preparation of the Annual Report substantially on the cash basis of accounting. Consequently, cash receipts are recognized when received, rather than when due, and expenses are recognized when paid, rather than when incurred. Accordingly, the Annual Report is not intended to present financial position and results of operation in conformity with accounting principles generally accepted in the United States of America.

The statistical section of the annual report, Sections XVI through XVII, is information required to be presented in the prescribed annual report format. The statistical section is unaudited and, accordingly, no audit procedures have been performed on the information presented in this section.

## Note 2

## Bonding

The standing trustee is one of \_\_\_\_\_ trustees covered under a blanket trustee bond executed in favor of the United States of America. The aggregate liability of the surety for all claims asserted against the bond is limited to the face amount of each claim regardless of the number of years the bond is in effect and regardless of the number of claims involved. The aggregate liability of the surety for all claims asserted against this bond is limited to \$\_\_\_\_\_ regardless of the number of trustees named as principals, or the number of years the bond is in force, or the number of claims that have been made or may be brought against the bond. The effective date of the bond is \_\_\_\_\_.

## Note 3

## Compensated Absences

The employees of the trustee operation earn paid time off (PTO) in accordance with a schedule set forth in the employee handbook. PTO is an all-purpose time off policy for eligible employees to use for vacation, illness, injury, bereavement, and other personal business. Earned and unused PTO is paid upon termination of employment. The liability related to earned but unused PTO totaled \$\_\_\_\_\_ and \$\_\_\_\_\_ at September 30, 20\_\_ and 20\_\_, respectively.

[Modify as applicable for the standing trustee's sick, vacation, and paid time off policy.]

## Note 4

## Retirement Plan

The standing trustee maintains a (for example, 401(k) plan covering all eligible employees of the trustee operation that have obtained \_\_\_\_ months of service). The plan allows for (for example, employee deferrals and employer discretionary matching). Retirement contributions in the amount of \$\_\_\_\_\_ and \$\_\_\_\_\_, (or x% and x%), were made for the years ended September 30, 20\_\_ and 20\_\_, respectively.

[Modify as applicable for the standing trustee's specific retirement plan.]

## Note 5

## Lease Commitment

The standing trustee signed a long-term lease for office space at \_\_\_\_\_ commencing \_\_\_\_\_ and ending \_\_\_\_\_. Under the terms of the lease, the standing trustee pays monthly base rent of \$\_\_\_\_\_ with annual adjustments for inflation. Rent expense was \$\_\_\_\_\_ and \$\_\_\_\_\_ for the years ended September 30, 20\_\_ and 20\_\_, respectively.

The following is a schedule of future minimum rental payments required under this lease for the years ending September 30:

[Add equipment leases, parking leases, and other types of leases, as applicable.]

## Note 6 Related Party Transactions

The standing trustee employed \_\_\_\_\_ during the fiscal years ended September 30, 20\_\_ and 20\_\_. The related party expenses include employee salary, taxes, employee benefits, and training expenses totaling \$\_\_\_\_\_ and \$\_\_\_\_\_ for the years ended September 30, 20\_\_ and 20\_\_, respectively.

If none, state "No related party transactions."

[Modify as applicable for other types of related party transactions.]

## Note 7 Contingencies

The standing trustee or the trust operation is involved in ongoing or pending litigation, claims or assessments as follows: \_\_\_\_\_.

If none, state "No ongoing or pending litigation, claims or assessments."

[Modify as applicable for the types of contingencies.]

## Note 8 Employment of Professionals

The trust operation was charged \$\_\_\_\_ for the employment of an outside attorney, consultant, or other professional.

## Note 9 Subsequent Events

The standing trustee has evaluated subsequent events through \_\_\_\_\_, the date the annual report was available to be issued. No events subsequent to September 30, 20\_\_ required disclosure.

## **ANNUAL CERTIFICATIONS**

This section provides a convenient list of the required annual certifications for standing trustees. These certifications are not part of the Annual Report but are provided concurrently with the Annual Report submission as a supplemental letter or other format. The required certifications are:

1. The standing trustee and employees must certify compliance with Handbook section 5.C, Prohibition of Solicitation of Gratuities, Gifts or Other Remuneration or Thing of Value. This certification must be provided to the EOUST with the Annual Report.

### Sample

I hereby certify that:

- a) I have not solicited or accepted any gratuity, gift, or other remuneration or thing of value from any person with whom the standing trustee deals in the performance of the standing trustee's duties and responsibilities, except for gifts of nominal value that are in connection with a holiday or special event.
- b) I have not purchased assets of the trustee operation without written approval of the United States Trustee.
- c) I have not provided services or products targeted to chapter 13 debtors or creditors, except those services provided as a United States Trustee approved provider of a personal financial management instructional course.

2. Pursuant to Handbook section 4.B.1.c, the standing trustee's bank must provide an annual statement detailing any personal financial relationship with the standing trustee and certifying that the standing trustee has not and will not receive favorable treatment inuring to the personal benefit of the standing trustee. The standing trustee should provide a copy of this certification to the standing trustee coordinator.
3. Pursuant to Handbook section 4.B.2.a, the standing trustee's bank must provide an annual affidavit that its deposit account records continue to specifically disclose the existence of a fiduciary relationship. This affidavit must be provided to the standing trustee coordinator.
4. Pursuant to Handbook section 4.B.2.b, the standing trustee must provide an annual statement that records are maintained in the ordinary course of business, which reflect the interest of each debtor in the commingled funds deposited to the trust account and that each of the respective interests is less than \$250,000. This statement must be provided to the standing trustee coordinator.

5. Pursuant to Handbook section 4.E.1, any software provider selected by the standing trustee must comply with the requirements of the Handbook. In addition, the standing trustee must select software providers who maintain a reasonable amount of fidelity coverage on employees. The provider must furnish proof of coverage upon request. A copy of this proof of coverage must be provided to the standing trustee coordinator.
6. Pursuant to Handbook section 4.C.3.b, the standing trustee must mail, at least annually, to the debtor and debtor's attorney, a report showing all receipts from the debtor, all disbursements made during the reporting period, and the amount of undistributed funds on hand. The standing trustee has the option to maintain a copy of these reports or certify to the United States Trustee that the reports have been sent. The copy of the reports or the certification must be provided to the standing trustee coordinator.

## ATTACHMENT D - PAST PERFORMANCE QUESTIONNAIRE

The United States Trustee Program (Program) of the United States Department of Justice is soliciting bids for conducting audits of bankruptcy trustees who administer cases filed under chapter 13 of title 11 of the United States Code. In connection therewith, we have been asked to provide a past performance customer reference to assist them in determining the past performance history of our firm. We request your assistance in responding to the following questions concerning our work performance. When responding to the questions, select the letter that **most accurately** describes our firm's performance.

E Excellent	G Good	M Marginal	P Poor	N Neutral
Performance in this area met all contract requirements and exceeded <b>many</b> to the customer's benefit. <b>Problems</b> , if any, <b>were negligible</b> and were <b>resolved in a timely, highly effective manner.</b>	Performance in this area met all requirements and exceeded <b>some</b> to the customer's benefit. There were <b>a few minor problems</b> , which the Contractor <b>resolved</b> .	Performance in this area <b>did not</b> meet some contractual requirements. There were <b>problems</b> , for which the Contractor's corrective action was only <b>marginally effective</b> .	Performance in this area <b>did not</b> <b>meet contractual requirements</b> . There were <b>serious problems</b> , and the Contractor's corrective actions were <b>ineffective</b> .	<b>No record of past performance or the record is inconclusive.</b>

**\*Please Use the Comments Section on the last page to elaborate on any answer.\*\***

1. How would you rate the overall quality of the audit services provided by this Contractor?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

2. How would you rate the Contractor's knowledge and understanding of the subject matter under audit?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

3. How would you rate the Contractor's understanding of, and compliance with, the contract requirements?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

4. How would you rate the sufficiency of the Contractor's internal quality control or review systems during the performance of this Contract?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

5. How would you rate the quality of the audit findings reported by this Contractor?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

6. Did the personnel provided by the Contractor have adequate expertise and experience to perform the audit services you required?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

7. Were the personnel that actually performed the audit services equipped with expertise equal to or superior to what was provided for in the Contractor's proposal?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

8. How would you rate the professionalism of the audit personnel and their contacts with you and your staff during the audit, particular during field work?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

9. How would you rate the Contractor's management of its staff auditors?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

10. How would you rate the performance of the Contractor's management staffing?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

11. How would you rate the Contractor's management of multiple, large volume delivery orders or audits simultaneously?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

12. How would you rate the Contractor's overall ability to meet audit scheduling and report delivery deadlines?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

13. How would you rate the Contractor's efforts to notify you when deadlines could not be met or other difficulties were encountered?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

14. How would you rate the Contractor's efforts to provide competitive prices on the Contract?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

15. How would you rate the Contractor's performance relative to the administrative and billing functions of the Contract?

E \_\_\_\_ G \_\_\_\_ M \_\_\_\_ P \_\_\_\_ N \_\_\_\_

16. Would you utilize this Contractor again?  Yes  No

*Please provide any other information and comments relating to this organization's performance in the space provided below.*

**COMMENTS:**

---

---

---

---

---

---

Name of Agency or Company Providing Feedback:

---

Name of Person Responding:

---

Title of Person Responding:

---

Telephone Number:

---

E-mail Address:

---

*Please fill in the information and e-mail the completed questionnaire to [Chapter.13.Audits@usdoj.gov](mailto:Chapter.13.Audits@usdoj.gov)  
If you have any questions or concerns, please feel free to write to the Program at the above e-mail address. Thank you for your assistance.*