

**Summary of Findings from  
FY2008 and FY 2009 Chapter 7 Audits and Field Exams  
All Regions**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<i>Number of UST Field Exams:</i>	108	119	83	88	75
<i>Number of CPA Audits:</i>	169	148	219	251	165
<i>Total</i>	277	267	302	339	240

Description of Finding	Number of Findings	
	FY08	FY09
<b>Case Administration Issues</b>		
<b><i>Investigation, Liquidation, and Collection of Assets:</i></b>		
No or inadequate tracking system for receivables	36	21
Asset values not verified or reasonably determined	118	106
Asset administration decisions not adequately documented	53	26
Casualty insurance not verified or obtained when appropriate	44	18
Auctioneer insurance not verified or maintained	6	7
No, inadequate, or untimely report of sale/auctioneer's report	61	44
Assets not timely investigated, pursued, liquidated or collected	77	52
Estate assets not secured or untimely secured	19	18
Untimely, inadequate, or no inventory of estate assets	8	6
Sale/settlement without notice or court order	16	14
Untimely turnover of auction proceeds	19	11
Trustee or auctioneer cannot account for all assets	8	7
Assets sold to insiders/related parties	1	0
<b><i>Abandonments and Exemptions:</i></b>		
Formal abandonment (554a) not made when appropriate	7	5
No or untimely objection to improper exemptions	2	2
<b><i>Case Administration:</i></b>		
Delay in case administration	113	78
Asset case determination not proper (s/b no asset case)	0	0
No or inadequate case progress review	79	59
No-asset case determination not proper (s/b asset case)	2	0
No-asset case not adequately investigated or documented	6	5
Inadequate civil enforcement procedures	3	2
Non-compliance with DSO noticing guidelines	16	54
<b><i>Bonding:</i></b>		
Trustee underbonded	0	1
Auctioneer bond not verified, inadequate or not obtained	4	6
<b><i>Other Case Administration Issues:</i></b>		
Estate funds not properly invested	12	8
High yield investments not used when appropriate	68	38
Inadequate supervision of professionals	33	35
Estate tax returns not prepared/filed when appropriate	4	1

Description of Finding	Number of Findings	
	FY08	FY09
<b>Reporting Issues</b>		
<b><u>Asset Tracking / Case Status:</u></b>		
Scheduled assets on Form 1 do not match petition/schedules	264	171
Unscheduled assets not recorded or properly identified on Form 1	134	100
Asset status not accurately reflected and tracked on Form 1	174	119
Abandonments not properly tracked on Form 1	143	92
Miscellaneous Form 1 errors	95	87
Liquidation (column 5) not/improperly recorded on Form 1	49	39
Form 3 not prepared, maintained or submitted and miscellaneous Form 3 errors	60	51
Form 3 / bank report has No Distribution Report filed in case with funds/assets	68	41
Cases omitted from Form 3	19	19
<b><u>Receipts and Disbursements:</u></b>		
Form 2 not prepared, maintained or submitted and miscellaneous Form 2 errors	182	126
Receipts not properly referenced between Forms 1 & 2	80	51
Forms 1 and 2 not kept up to date	15	12
Transaction not recorded on Form 2	14	5
Description not recorded or inaccurately recorded on Form 2	99	81
Form 2 contains inaccurate payee/payor information and amounts	24	22
<b>Internal Controls</b>		
<b><u>Bank Accounts:</u></b>		
Bank accounts not timely or properly (incomplete) reconciled or reviewed	218	113
Funds deposited to non-estate accounts (commingled)	13	10
Void checks not accounted for	13	4
Bank statements/checks not properly captioned	26	19
Missing bank statements	27	19
Unauthorized depository or improper/unreported bank account	6	5
Unopened bank statements not received directly by trustee	11	4
Missing cancelled checks	5	2
<b><u>Disbursements:</u></b>		
Incorrect amount paid	5	7
Stop payments not timely issued/approved by trustee; checks do not have "void after 90 days"	53	34
Checks not properly prenumbered	16	19
Blank checks not properly secured	3	2
Disbursements without court order (when required)	10	10
No invoices/support for expenses	16	4
Invoices not approved/reviewed/cancelled by trustee	49	25
No log for disbursement checks that have control numbers	9	2
Unauthorized disbursements by wire transfer/cashier's check	6	2
Signature stamp not controlled by trustee or was used to sign checks	1	1
Check altered or contains unusual endorsement	2	0
Evidence that checks have been signed before filled out	0	0
Use of counter checks or money orders	0	0
Checks payable to "cash" or "bearer"	1	0

Description of Finding	Number of Findings	
	FY08	FY09
<b><u>Receipts:</u></b>		
Cash receipts log not used or properly maintained	65	29
Receipts log not maintained by person who opens mail	80	70
Receipts not recorded in receipts log	52	26
Receipts not periodically traced from log to bank statement	57	43
Untimely deposits	52	39
No numbered receipts book or receipts not given	5	10
No or insufficient supporting documents for receipts	38	26
Incoming checks not made payable to estate/trustee	9	5
Deposit slips missing/not secured	2	1
No or inadequate NSF tracking procedure	2	5
Checks not restrictively endorsed immediately upon receipt	61	22
Undeposited funds in estate file or other unsecure location	6	5
Earnest monies not properly accounted for	13	4
<b><u>Segregation of Duties and Office Operations:</u></b>		
Insufficient segregation of duties	84	35
Trustee does not actively supervise employees	4	2
<b><u>File Maintenance / Records Retention:</u></b>		
No disaster recovery plan	14	9
Files not maintained in business-like manner	13	10
Case files/accounting records missing or not retained/secured	9	4
<b><u>Computer Operations and Security:</u></b>		
Hardware/software not secure	8	4
Passwords known to others/not changed annually	13	5
Application access controls not properly implemented	53	36
Insufficient computer back-up procedures	8	2
Transactions can be deleted/changed	1	0
Trustee/staff cannot operate computer system	2	1
<b>Other Miscellaneous Findings (not otherwise classified)</b>	215	172
<b>Total Number of Audit Findings</b>	<b>3,591</b>	<b>2,487</b>
<b>Number of Audit/Field Exam Reports with No Findings</b>	<b>3</b>	<b>3</b>