

**Summary of Findings from
FY 2011 - 2013 Chapter 7 Audits and Field Exams**

Top 25 Findings

| | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012</u> | <u>FY 2013</u> |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <i>Number of UST Field Exams:</i> | 75 | 83 | 79 | 124 | 124 |
| <i>Number of CPA Audits:</i> | 165 | 197 | 178 | 117 | 117 |
| <i>Total</i> | 240 | 280 | 257 | 241 | 241 |

| Rank | | | Description of Finding | Top 25 Findings¹ | | | | | |
|--------------------------------------|----------------|----------------|---|------------------------------------|------------------------------|----------------|------------------------------|----------------|------------------------------|
| FY 2011 | FY 2012 | FY 2013 | | FY 2011 | Frequency² | FY 2012 | Frequency² | FY 2013 | Frequency² |
| 1 | 1 | 1 | Scheduled assets on Form 1 do not match petition/schedules | 190 | 74% | 149 | 62% | 163 | 68% |
| 3 | 2 | 2 | Bank accounts not timely or properly reconciled or reviewed | 160 | 62% | 145 | 60% | 146 | 61% |
| 2 | 3 | 3 | Repeat Findings / Prior Deficiencies not corrected | 173 | 67% | 130 | 54% | 132 | 55% |
| 5 | 7 | 4 | Inaccurate Uniform Transaction Codes | 124 | 48% | 105 | 44% | 117 | 49% |
| 6 | 5 | 5 | Miscellaneous Form 1 errors | 120 | 47% | 114 | 47% | 115 | 48% |
| 8 | 6 | 6 | Asset status not accurately reflected and tracked on Form 1 | 114 | 44% | 111 | 46% | 111 | 46% |
| 7 | 8 | 7 | Asset values not verified or reasonably determined | 118 | 46% | 95 | 39% | 105 | 44% |
| 4 | 4 | 8 | Unscheduled assets not recorded or properly identified on Form 1 | 133 | 52% | 121 | 50% | 66 | 27% |
| 15 | 10 | 9 | No, inadequate, or untimely report of sale/auctioneer's report | 65 | 25% | 71 | 29% | 65 | 27% |
| 11 | 13 (tie) | 10 | Non-compliance with DSO noticing guidelines | 76 | 30% | 61 | 25% | 60 | 25% |
| 10 | 15 | 11 | Description not recorded or inaccurately recorded on Form 2 | 85 | 33% | 53 | 22% | 59 | 24% |
| 24 | 16 | 12 | Form 2 not prepared, maintained or submitted and misc. form 2 errors | 31 | 12% | 52 | 22% | 57 | 24% |
| 14 | 9 | 13 | Abandonments not properly tracked on Form 1 | 69 | 27% | 77 | 32% | 56 | 23% |
| 12 | 13 (tie) | 14 (tie) | No or inadequate case progress review | 74 | 29% | 61 | 25% | 50 | 21% |
| 19 | 25 (tie) | 14 (tie) | Liquidation (column 5) not properly recorded on Form 1 | 44 | 17% | 23 | 10% | 50 | 21% |
| 13 | 17 | 15 | Receipts log not maintained by person who opens mail | 72 | 28% | 49 | 20% | 48 | 20% |
| 18 (tie) | 14 | 16 | Assets not timely investigated, pursued, liquidated or collected | 46 | 18% | 60 | 25% | 43 | 18% |
| 27 (tie) | 21 (tie) | 17 | Insufficient segregation of duties | 24 | 9% | 32 | 13% | 40 | 17% |
| 20 | 20 | 18 | Untimely deposits | 37 | 14% | 33 | 14% | 39 | 16% |
| 17 | 11 | 19 | Misc. Form 3 errors/not prepared/does not agree to Form 1 and/or Form 2 | 57 | 22% | 64 | 27% | 38 | 16% |
| 18 (tie) | 25 (tie) | 20 | Receipts not periodically traced from log to bank statement or initialed by trustee | 46 | 18% | 23 | 10% | 36 | 15% |
| 32 (tie) | 24 | 21 (tie) | No or inadequate tracking system for receivables | 14 | 5% | 25 | 10% | 33 | 14% |
| 23 (tie) | 29 (tie) | 21 (tie) | Invoices not approved/reviewed/cancelled by trustee | 33 | 13% | 19 | 8% | 33 | 14% |
| 29 | 30 | 22 (tie) | Form 2 contains inaccurate payee/payor information | 21 | 8% | 18 | 7% | 32 | 13% |
| 26 (tie) | 26 (tie) | 22 (tie) | Application access controls/security controls not properly implemented | 25 | 10% | 22 | 9% | 32 | 13% |
| 26 (tie) | 19 | 23 | Receipts not recorded in receipts log | 25 | 10% | 34 | 14% | 31 | 13% |
| 27 (tie) | 23 | 24 | Casualty insurance not verified or obtained when appropriate | 24 | 9% | 26 | 11% | 30 | 12% |
| 28 | 35 (tie) | 25 | Cases omitted from Form 3 | 22 | 9% | 10 | 4% | 27 | 11% |
| TOP 25 FINDINGS - ALL REGIONS | | | | 2,022 | | 1,783 | | 1,814 | |

Note: The number of findings may differ slightly from prior versions of this report.

¹ The findings are sorted according to their ranking in FY 2013.

² "Frequency" is the percentage of audits and field exams that reported this finding.

**Summary of Findings from
FY 2011 - 2013 Chapter 7 Audits and Field Exams**

Notable Changes in Top 25 Findings

| Rank | | | Description of Finding | FY 2011 | Frequency ² | FY 2012 | Frequency ² | FY 2013 | Frequency ² |
|--|----------|----------|--|---------|------------------------|---------|------------------------|---------|------------------------|
| FY 2011 | FY 2012 | FY 2013 | | | | | | | |
| FINDINGS NO LONGER IN TOP 25 | | | | | | | | | |
| 22 | 18 | 26 | Inadequate supervision of professionals | 35 | 14% | 35 | 15% | 26 | 11% |
| 25 | 26 (tie) | 27 | No or insufficient documentation for receipts | 26 | 10% | 22 | 9% | 25 | 10% |
| 9 | 12 | 28 (tie) | Delay in case administration | 95 | 37% | 63 | 26% | 23 | 10% |
| 16 | 22 (tie) | 29 (tie) | Receipts not properly referenced between Forms 1 and 2 | 58 | 23% | 31 | 13% | 20 | 8% |
| 26 (tie) | 22 (tie) | 29 (tie) | Cash receipts log not used or properly maintained | 25 | 10% | 31 | 13% | 20 | 8% |
| 21 | 21 (tie) | 30 (tie) | NDR filed in cases with funds/assets per Form 3 | 36 | 14% | 32 | 13% | 17 | 7% |
| 23 (tie) | 22 (tie) | 30 (tie) | Asset administration decisions not adequately documented | 33 | 13% | 31 | 13% | 17 | 7% |
| SIGNIFICANT INCREASES WITHIN THE TOP 25 FROM FY 2011 TO FY 2013 | | | | | | | | | |
| 24 | 16 | 12 | Form 2 not prepared, maintained or submitted and misc. form 2 errors | 31 | 12% | 52 | 22% | 57 | 24% |
| 27 (tie) | 21 (tie) | 17 | Insufficient segregation of duties | 24 | 9% | 32 | 13% | 40 | 17% |
| 32 (tie) | 24 | 21 (tie) | No or inadequate tracking system for receivables | 14 | 5% | 25 | 10% | 33 | 14% |
| SIGNIFICANT DECREASES WITHIN THE TOP 25 FROM FY 2011 TO FY 2013 | | | | | | | | | |
| 4 | 4 | 8 | Unscheduled assets not recorded or properly identified on Form I | 133 | 52% | 121 | 50% | 66 | 27% |