

**Summary of Findings from
FY2013 - FY2015 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
<i>Number of UST Field Exams:</i>	80	123	124	134	93
<i>Number of CPA Audits:</i>	178	117	117	120	183
Total	258	240	241	254	276

Description of Finding	Number of Findings		
	FY 2013	FY 2014	FY 2015
Case Administration Issues			
<i>Investigation, Liquidation, and Collection of Assets:</i>			
No or inadequate tracking system for receivables	33	40	45
Asset values not verified or reasonably determined	106	122	125
Asset admin decisions not adequately documented	17	21	20
Casualty insurance not verified or obtained when appropriate	30	17	26
Auctioneer insurance not verified or maintained	6	7	5
No, inadequate, or untimely report of sale/auctioneer's report	65	61	86
Assets not timely investigated, pursued, liquidated or collected	40	23	33
Estate assets/debtor records not secured or untimely secured	12	9	9
Untimely, inadequate, or no inventory of estate assets		4	6
Trustee did not send initial demand letters for receivables/preferences	3	2	6
Installment sale/security interest not perfected	5	10	10
Sale/settlement without notice or court order	18	18	11
Untimely turnover of auction proceeds	4	3	9
Trustee or auctioneer cannot account for all assets	2		2
Assets sold to insiders/related parties	1		
<i>Abandonments and Exemptions:</i>			
Formal abandonment (554a) not made when appropriate	5	11	6
No or untimely objection to improper exemptions	1	1	1
<i>Case Administration:</i>			
Delay in case administration	23	46	36
Asset case determination not proper (s/b no asset case)	1	1	
No or inadequate case progress review	50	46	67
No-asset case not adequately investigated, documented or determination not proper (s/b asset case)		1	1
Inadequate civil enforcement procedures	2	5	3
Non-compliance with DSO noticing guidelines	60	85	113
<i>Bonding:</i>			
Trustee underbonded		3	3
Auctioneer bond not verified, inadequate or not obtained	3	8	5
<i>Other Case Administration Issues:</i>			
Inadequate supervision of professionals	26	26	33
Estate tax returns not prepared / filed when appropriate	9	13	11

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Reporting Issues			
<i>Asset Tracking / Case Status:</i>			
Scheduled assets on Form 1 do not match petition/schedules	163	179	220
Assets per Form 1 do not agree to amended schedules		2	8
Form 1 not properly prepared for case converted from chapter 11 (new)			12
Trustee did not maintain documentation for assets remaining in case converted from chapter 11 (new)		4	2
Unscheduled assets not recorded or properly identified on Form 1	66	85	85
Asset status not accurately reflected and tracked on Form 1	111	94	111
Abandonments not properly tracked on Form 1	56	41	53
Miscellaneous Form 1 errors	104	75	80
Liquidation (column 5) not or improperly recorded on Form 1	50	56	85
Misc. Form 3 errors / not prepared / does not agree to Form 1 and / or Form 2	38	59	49
Form 3 / bank report has No Distribution Report filed in case with funds/assets	17	14	7
Cases omitted from Form 3	27	33	33
Miscellaneous Form 2 errors	48	35	45
Receipts not properly referenced between Forms 1 & 2	20	31	46
Forms 1 and 2 not prepared, maintained or submitted	16	7	4
Inaccurate uniform transaction codes	117	122	154
Transaction not recorded on Form 2	9	18	11
Description not recorded or inaccurately recorded on Form 2	59	61	63
Form 2 contains inaccurate payee/payor information	32	28	35
Internal Controls			
<i>Bank Accounts:</i>			
Bank accounts not timely or properly reconciled or reviewed	146	148	138
Funds deposited to non-estate accounts (commingled)	4	7	8
Void checks not accounted for	4		2
Bank statements / checks not properly captioned	7	15	20
Missing bank statements	16	11	11
Unauthorized depository or improper / unreported bank account	3	5	1
Unopened bank statements not received / reviewed directly by trustee	3	4	
Missing cancelled checks	4	5	1

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Description of Finding	Number of Findings		
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<i>Disbursements:</i>			
Incorrect amount paid	3	2	3
Stop payments not timely or authorized by trustee in writing	17	12	6
Checks not properly prenumbered / sequentially numbered	5	14	2
Blank checks not properly secured	1	5	
Disbursements without court order (when required)	2	12	7
No invoices / support for expenses	5	10	3
Invoices not approved / reviewed / cancelled by trustee	33	24	38
Trustee not sole authorized signer		1	
No log for disbursement checks that have control numbers	1		
Unauthorized disbursements by wire transfer / cashier's check	4	3	4
Signature stamp not controlled by trustee or was used to sign checks	2	3	3
Check altered or contains unusual endorsement			1
<i>Receipts:</i>			
Cash receipts log not used or properly maintained	20	19	32
Receipts log not maintained by person who opens mail	48	58	38
Receipts not recorded in receipts log	31	30	30
Receipts not traced from log to bank statement or initialed by trustee	36	36	46
Untimely deposits	39	51	26
No numbered receipts book or receipts not given	1	7	7
No or insufficient supporting documents for receipts	25	14	25
Incoming checks not made payable to estate / trustee	5	3	4
Deposit slips missing / not secured	4	5	6
No or inadequate NSF tracking procedure	1	4	3
Checks not restrictively endorsed immediately upon receipt	23	23	22
Undeposited funds in estate file or other unsecure location	2	2	4
Earnest monies not properly accounted for		2	2

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<u>Segregation of Duties and Office Operations:</u>			
Insufficient segregation of duties	40	31	19
Trustee does not actively supervise employees	3	4	2
<u>File Maintenance / Records Retention:</u>			
No disaster recovery plan	10	19	18
Files not maintained in business-like manner	4	9	2
Case files / accounting records missing or not retained/secured	11	20	6
<u>Computer Operations and Security:</u>			
Hardware and software not secure	9	12	4
Passwords known to others / not changed annually	6	5	5
Application access controls not properly administered	4	2	3
Passwords/access control changes not limited to trustee	28	24	17
Insufficient computer back-up procedures	4	3	4
Transactions can be deleted/changed			1
Trustee / staff cannot operate computer system		1	1
Other IT - related findings		18	19
Repeat findings / prior deficiencies not corrected	132	125	162
Other miscellaneous findings (not otherwise classified)	48	37	33
Total Number of Audit and Field Exam Findings	2,249	2,372	2,564
Number of Audit/Field Exam Reports with No Findings	1	1	2