

**Summary of Findings from
FY2017 - FY2021 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<i>Number of UST Field Exams:</i>	68	56	16	16	12
<i>Number of CPA Audits:</i>	248	237	247	243	239
<i>Total</i>	<u>316</u>	<u>293</u>	<u>263</u>	<u>259</u>	<u>251</u>

Description of Finding	Number of Findings				
	FY 2017	FY 2018	FY2019	FY 2020	FY2021
Case Administration Issues					
<u>Investigation, Liquidation, and Collection of Assets:</u>					
Asset values not verified or reasonably determined	165	150	129	108	98
Asset admin decisions not adequately documented	13	9	10	11	8
Casualty insurance not verified or obtained when appropriate	37	25	19	17	29
Auctioneer insurance not verified or maintained	5	6	3	2	12
No, inadequate, or untimely report of sale/auctioneer's report	126	72	77	82	80
Assets not timely investigated, pursued, liquidated or collected	29	25	14	12	4
Estate assets not secured or untimely secured	9	7	4	2	-
Untimely, inadequate, or no inventory of estate assets	3	4	1	-	-
Sale/settlement without notice or court order/does not comply with Code	19	17	16	15	9
No or inadequate tracking system for receivables	46	33	38	38	39
Installment sale - security interest not perfected	2	2	-	3	3
Untimely turnover of auction proceeds	8	5	6	4	4
Trustee or auctioneer cannot account for all assets	3	-	-	-	-
Assets sold to insiders/related parties	-	1	-	-	-
<u>Abandonments and Exemptions:</u>					
Formal abandonment (554a) not made when appropriate	8	5	3	8	11
No or untimely objection to improper exemptions	1	3	-	-	1
<u>Case Administration:</u>					
Delay in case administration	31	22	16	26	10
Asset case determination not proper (s/b no asset case)	-	3	-	-	-
No or inadequate case progress review	76	48	49	44	42
No-asset case not adequately investigated, documented or determined	2	1	-	1	-
Inadequate civil enforcement procedures	-	-	-	-	1
Non-compliance with DSO noticing guidelines	97	74	94	94	87
<u>Bonding:</u>					
Trustee underbonded	-	-	-	1	-
Auctioneer bond not verified, inadequate or not obtained	2	1	-	-	-
<u>Other Case Administration Issues:</u>					
Inadequate supervision of professionals	20	24	5	7	9
Untimely notice or bond claim for missing auction proceeds	-	2	2	-	-
Untimely notice to UST/insurance claim for lost/stolen assets	-	-	-	-	-
Estate tax returns not prepared / filed when appropriate	9	3	4	2	2

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Description of Finding	Number of Findings				
	FY 2017	FY 2018	FY2019	FY 2020	FY2021
Reporting Issues					
<u>Asset Tracking / Case Status:</u>					
Scheduled assets on Form 1 do not match original petition/schedules	195	211	210	176	157
Assets per Form 1 do not agree to amended schedules	199	169	184	159	125
Form 1 not properly prepared for case converted from chapter 11	35	21	15	8	8
Trustee did not maintain documentation of assets remaining in case converted from chapter 11	15	3	6	6	-
Unscheduled assets not recorded or properly identified on Form 1	50	27	25	18	12
Asset status not accurately reflected and tracked on Form 1	153	122	131	134	112
Abandonments not properly tracked on Form 1	62	29	31	18	18
Miscellaneous Form 1 errors	105	78	87	68	77
Liquidation (column 5) not or improperly recorded on Form 1	63	43	54	38	49
Misc. Form 3 errors/not prepared/does not match Form 1 and/or Form 2	79	45	56	70	45
Form 3 / bank report has no-asset report filed in case with funds/assets	7	10	8	15	31
Cases omitted from Form 3	21	17	10	17	22
Form 2 not prepared, maintained or submitted and miscellaneous Form 2 errors such as no or incorrect tax id numbers	36	48	20	28	32
Receipts not properly referenced between Forms 1 & 2	56	41	51	43	45
Inaccurate amount on Form 2	-	1	-	-	-
Inaccurate uniform transaction codes	164	122	119	139	101
Transaction not recorded on Form 2	10	7	9	8	11
Description not recorded or inaccurately recorded on Form 2	70	34	49	34	37
Form 2 contains inaccurate payee/payor information	38	17	12	13	9
Internal Controls					
<u>Bank Accounts:</u>					
Bank accounts not timely or properly reconciled or reviewed	125	121	143	154	135
Funds deposited to non-estate accounts (commingled)	8	3	6	1	3
Void checks not accounted for	2	2	1	-	1
Bank statements / checks not properly captioned	15	8	3	2	10
Missing bank statements	3	10	4	5	1
Unauthorized depository or improper / unreported bank account	3	4	1	2	3
Unopened bank statements not received / reviewed directly by trustee	-	1	1	-	3
Missing cancelled checks	2	1	2	1	-

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Description of Finding	Number of Findings				
	FY 2017	FY 2018	FY2019	FY 2020	FY2021
<u>Disbursements:</u>					
Incorrect amount paid	9	1	2	1	2
Stop payments not timely or authorized by trustee in writing	22	13	11	19	11
Checks not properly prenumbered / sequentially numbered	9	19	10	12	11
Blank checks not properly secured	-	-	-	-	-
Disbursements without court order (when required)	6	5	4	5	2
No invoices / support for expenses	5	4	4	2	1
Invoices not approved / reviewed / cancelled by trustee	18	23	16	12	11
Trustee not sole authorized signer	-	1	-	1	-
No log for disbursement checks that have control numbers	-	1	-	-	-
Unauthorized disbursements by wire transfer / cashier's check	2	3	1	2	3
Signature stamp not controlled by trustee or was used to sign checks	1	2	-	2	-
Check altered or contains unusual endorsement	-	-	-	-	-
<u>Receipts:</u>					
Cash receipts log not used or properly maintained	24	14	7	10	5
Receipts log not maintained by person who opens mail	63	43	51	32	32
Receipts not recorded in receipts log	20	26	22	12	15
Receipts not traced from log to bank statement or initialed by trustee	38	22	22	29	17
Untimely deposits	20	20	16	22	25
No numbered receipts book or receipts not given	7	5	2	5	1
No or insufficient supporting documents for receipts	18	27	3	10	6
Incoming checks not made payable to estate / trustee	4	2	3	2	-
Deposit slips missing / not secured	-	-	1	-	-
No or inadequate NSF tracking procedure	1	-	-	-	-
Checks not restrictively endorsed immediately upon receipt	26	23	13	10	12
Undeposited funds in estate file or other unsecure location	1	-	1	-	-
Earnest monies not properly accounted for	10	-	-	-	-
<u>Segregation of Duties and Office Operations:</u>					
Insufficient segregation of duties	15	15	20	5	15
Trustee does not actively supervise employees	-	2	1	-	-
<u>File Maintenance / Records Retention:</u>					
No or inadequate disaster recovery plan	7	3	1	1	4
Files not maintained in business-like manner	8	4	1	2	-
Case files / accounting records missing or not retained/secured	5	6	-	3	1

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	FY 2017	FY 2018	FY2019	FY 2020	FY2021
<u>Computer Operations and Security:</u>					
Hardware and software not secure	2	2	3	5	-
Passwords known to others / not changed annually	4	-	-	1	-
Application access controls not properly administered	3	1	-	1	-
Passwords/access control changes not limited to trustee	15	4	7	8	2
Insufficient computer back-up procedures	-	2	-	-	-
Transactions can be deleted/changed	-	-	-	-	-
Trustee / staff cannot operate computer system	-	-	-	-	-
Other IT - related findings	17	12	4	6	5
Repeat findings / Prior deficiencies not corrected	237	210	216	202	199
Other Miscellaneous Findings (not otherwise classified)	31	16	18	17	11
Total Number of Audit and Field Exam Findings	2,875	2,268	2,188	2,073	1,887
Number of Audit/Field Exam Reports with No Findings	1	-	1	2	2

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