

**Summary of Findings from
FY2020 - FY2022 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
<i>Number of UST Field Exams:</i>	56	16	16	12	15
<i>Number of CPA Audits:</i>	237	247	243	239	221
<i>Total</i>	<u>293</u>	<u>263</u>	<u>259</u>	<u>251</u>	<u>236</u>

Description of Finding	Number of Findings		
	FY 2020	FY2021	FY2022
Case Administration Issues			
<u>Investigation, Liquidation, and Collection of Assets:</u>			
Asset values not verified or reasonably determined	108	98	98
Asset admin decisions not adequately documented	11	8	5
Casualty insurance not verified or obtained when appropriate	17	29	17
Auctioneer insurance not verified or maintained	2	12	2
No, inadequate, or untimely report of sale/auctioneer's report	82	80	72
Assets not timely investigated, pursued, liquidated or collected	12	4	11
Estate assets not secured or untimely secured	2	-	3
Untimely, inadequate, or no inventory of estate assets	-	-	2
Sale/settlement without notice or court order/does not comply with Code	15	9	10
No or inadequate tracking system for receivables	38	39	22
Installment sale - security interest not perfected	3	3	2
Untimely turnover of auction proceeds	4	4	4
Trustee or auctioneer cannot account for all assets	-	-	1
Assets sold to insiders/related parties	-	-	-
<u>Abandonments and Exemptions:</u>			
Formal abandonment (554a) not made when appropriate	8	11	2
No or untimely objection to improper exemptions	-	1	-
<u>Case Administration:</u>			
Delay in case administration	26	10	16
Asset case determination not proper (s/b no asset case)	-	-	-
No or inadequate case progress review	44	42	34
No-asset case not adequately investigated, documented or determined	1	-	1
Inadequate civil enforcement procedures	-	1	1
Non-compliance with DSO noticing guidelines	94	87	64
<u>Bonding:</u>			
Trustee underbonded	1	-	-
Auctioneer bond not verified, inadequate or not obtained	-	-	5
<u>Other Case Administration Issues:</u>			
Inadequate supervision of professionals	7	9	6
Untimely notice or bond claim for missing auction proceeds	-	-	-
Untimely notice to UST/insurance claim for lost/stolen assets	-	-	-
Estate tax returns not prepared / filed when appropriate	2	2	-

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Reporting Issues			
<u>Asset Tracking / Case Status:</u>			
Scheduled assets on Form 1 do not match original petition/schedules	176	157	133
Assets per Form 1 do not agree to amended schedules	159	125	114
Form 1 not properly prepared for case converted from chapter 11	8	8	5
Trustee did not maintain documentation of assets remaining in converted case	6	-	-
Unscheduled assets not recorded or properly identified on Form 1	18	12	15
Asset status not accurately reflected and tracked on Form 1	134	112	78
Abandonments not properly tracked on Form 1	18	18	23
Miscellaneous Form 1 errors	68	77	76
Liquidation (column 5) not or improperly recorded on Form 1	38	49	43
Misc. Form 3 errors/not prepared/does not match Form 1	70	45	36
Form 3 / bank report has no-asset report filed in case with funds/assets	15	31	22
Cases omitted from Form 3	17	22	10
Form 2 not prepared and misc. Form 2 errors such as no or incorrect tax id numbers	28	32	15
Receipts not properly referenced between Forms 1 & 2	43	45	37
Inaccurate amount on Form 2	-	-	-
Inaccurate uniform transaction codes	139	101	91
Transaction not recorded on Form 2	8	11	2
Description not recorded or inaccurately recorded on Form 2	34	37	49
Form 2 contains inaccurate payee/payor information	13	9	13
Internal Controls			
<u>Bank Accounts:</u>			
Bank accounts not timely or properly reconciled or reviewed	154	135	133
Funds deposited to non-estate accounts (commingled)	1	3	-
Void checks not accounted for	-	1	-
Bank statements / checks not properly captioned	2	10	2
Missing bank statements	5	1	-
Unauthorized depository or improper / unreported bank account	2	3	3
Unopened bank statements not received / reviewed directly by trustee	-	3	3
Missing cancelled checks	1	-	-

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Description of Finding	Number of Findings		
	FY 2020	FY2021	FY2022
<u>Disbursements:</u>			
Incorrect amount paid	1	2	4
Stop payments not timely or authorized by trustee in writing	19	11	4
Checks not properly prenumbered / sequentially numbered	12	11	11
Blank checks not properly secured	-	-	-
Disbursements without court order (when required)	5	2	3
No invoices / support for expenses	2	1	2
Invoices not approved / reviewed / cancelled by trustee	12	11	9
Trustee not sole authorized signer	1	-	-
No log for disbursement checks that have control numbers	-	-	-
Unauthorized disbursements by wire transfer / cashier's check	2	3	-
Signature stamp not controlled by trustee or was used to sign checks	2	-	-
Check altered or contains unusual endorsement	-	-	-
<u>Receipts:</u>			
Cash receipts log not used or properly maintained	10	5	11
Receipts log not maintained by person who opens mail	32	32	25
Receipts not recorded in receipts log	12	15	19
Receipts not traced from log to bank statement or initialed by trustee	29	17	17
Untimely deposits	22	25	14
No numbered receipts book or receipts not given	5	1	3
No or insufficient supporting documents for receipts	10	6	8
Incoming checks not made payable to estate / trustee	2	-	1
Deposit slips missing / not secured	-	-	-
No or inadequate NSF tracking procedure	-	-	-
Checks not restrictively endorsed immediately upon receipt	10	12	11
Undeposited funds in estate file or other unsecure location	-	-	-
Earnest monies not properly accounted for	-	-	8
<u>Segregation of Duties and Office Operations:</u>			
Insufficient segregation of duties	5	15	3
Trustee does not actively supervise employees	-	-	-
<u>File Maintenance / Records Retention:</u>			
No or inadequate disaster recovery plan	1	4	4
Files not maintained in business-like manner	2	-	-
Case files / accounting records missing or not retained/secured	3	1	1

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Description of Finding	Number of Findings		
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<i>Computer Operations and Security:</i>			
Hardware and software not secure	5	-	1
Passwords known to others / not changed annually	1	-	1
Application access controls not properly administered	1	-	-
Passwords/access control changes not limited to trustee	8	2	2
Insufficient computer back-up procedures	-	-	-
Transactions can be deleted/changed	-	-	-
Trustee / staff cannot operate computer system	-	-	-
Other IT - related findings	6	5	-
Repeat findings / Prior deficiencies not corrected	202	199	178
Other Miscellaneous Findings (not otherwise classified)	17	11	11
Total Number of Audit and Field Exam Findings	2,073	1,887	1,632
Number of Audit/Field Exam Reports with No Findings	2	2	4

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