

**Summary of Findings from  
FY 2007 and FY 2008 Chapter 7 Audits and Field Exams  
All Regions**

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<i>Number of UST Field Exams:</i>	134	108	119	83	88
<i>Number of CPA Audits:</i>	201	169	148	219	251
<b>Total</b>	<b>335</b>	<b>277</b>	<b>267</b>	<b>302</b>	<b>339</b>

<b>Description of Finding</b>	<b>Number of Findings</b>	
	<b>FY07</b>	<b>FY08</b>
<b>Case Administration Issues</b>		
<b><i>Investigation, Liquidation, and Collection of Assets:</i></b>		
No or inadequate tracking system for receivables	24	36
Asset values not verified or reasonably determined	110	118
Asset administration decisions not adequately documented	44	53
Casualty insurance not verified or obtained when appropriate	33	44
Auctioneer insurance not verified or maintained	4	6
No, inadequate, or untimely report of sale/auctioneer's report	65	61
Assets not timely investigated, pursued, liquidated or collected	75	77
Estate assets not secured or untimely secured	17	19
Untimely, inadequate, or no inventory of estate assets	9	8
Sale/settlement without notice or court order	24	16
Untimely turnover of auction proceeds	17	19
Trustee or auctioneer cannot account for all assets	0	8
Assets sold to insiders/related parties	1	1
<b><i>Abandonments and Exemptions:</i></b>		
Formal abandonment (554a) not made when appropriate	5	7
No or untimely objection to improper exemptions	1	2
<b><i>Case Administration:</i></b>		
Delay in case administration	116	113
Asset case determination not proper (s/b no asset case)	1	0
No or inadequate case progress review	92	79
No-asset case determination not proper (s/b asset case)	2	2
No-asset case not adequately investigated or documented	7	6
Inadequate civil enforcement procedures	N/A	3
Non-compliance with DSO noticing guidelines	N/A	16

Description of Finding	Number of Findings	
	FY07	FY08
<b><u>Bonding:</u></b>		
Trustee underbonded	0	0
Auctioneer bond not verified, inadequate or not obtained	7	4
<b><u>Other Case Administration Issues:</u></b>		
Estate funds not properly invested	7	12
High yield investments not used when appropriate	40	68
Inadequate supervision of professionals	39	33
Estate tax returns not prepared/filed when appropriate	4	4
<b>Reporting Issues</b>		
<b><u>Asset Tracking / Case Status:</u></b>		
Scheduled assets on Form 1 do not match petition/schedules	216	264
Unscheduled assets not recorded or properly identified on Form 1	102	134
Asset status not accurately reflected and tracked on Form 1	111	174
Abandonments not properly tracked on Form 1	99	143
Miscellaneous Form 1 errors	98	95
Liquidation (column 5) not/improperly recorded on Form 1	42	49
Form 3 not prepared, maintained or submitted and miscellaneous Form 3 errors	72	60
Form 3 / bank report has No Distribution Report filed in case with funds/assets	42	68
Cases omitted from Form 3	20	19
<b><u>Receipts and Disbursements:</u></b>		
Form 2 not prepared, maintained or submitted and miscellaneous Form 2 errors	162	182
Receipts not properly referenced between Forms 1 & 2	77	80
Forms 1 and 2 not kept up to date	7	15
Transaction not recorded on Form 2	20	14
Description not recorded or inaccurately recorded on Form 2	90	99
Form 2 contains inaccurate payee/payor information and amounts	22	24
<b>Internal Controls</b>		
<b><u>Bank Accounts:</u></b>		
Bank accounts not timely or properly reconciled or reviewed	184	218
Funds deposited to non-estate accounts (commingled)	8	13
Void checks not accounted for	13	13
Bank statements/checks not properly captioned	13	26
Missing bank statements	21	27
Unauthorized depository or improper/unreported bank account	6	6
Unopened bank statements not received directly by trustee	2	11
Missing cancelled checks	15	5
<b><u>Disbursements:</u></b>		
Incorrect amount paid	4	5

Description of Finding	Number of Findings	
	FY07	FY08
Stop payments not timely issued/approved by trustee; checks do not have "void after 90	83	53
Checks not properly prenumbered	30	16
Blank checks not properly secured	1	3
Disbursements without court order (when required)	14	10
No invoices/support for expenses	15	16
Invoices not approved/reviewed/cancelled by trustee	36	49
No log for disbursement checks that have control numbers	14	9
Unauthorized disbursements by wire transfer/cashier's check	8	6
Signature stamp not controlled by trustee or was used to sign checks; trustee not	3	1
Check altered or contains unusual endorsement	0	2
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"	0	1
<b><u>Receipts:</u></b>		
Cash receipts log not used or properly maintained	66	65
Receipts log not maintained by person who opens mail	32	80
Receipts not recorded in receipts log	52	52
Receipts not periodically traced from log to bank statement	72	57
Untimely deposits	63	52
No numbered receipts book or receipts not given	7	5
No or insufficient supporting documents for receipts	42	38
Incoming checks not made payable to estate/trustee	14	9
Deposit slips missing/not secured	7	2
No or inadequate NSF tracking procedure	2	2
Checks not restrictively endorsed immediately upon receipt	34	61
Undeposited funds in estate file or other unsecure location	3	6
Earnest monies not properly accounted for	8	13
<b><u>Segregation of Duties and Office Operations:</u></b>		
Insufficient segregation of duties	40	84
Trustee does not actively supervise employees	3	4
<b><u>File Maintenance / Records Retention:</u></b>		
No disaster recovery plan	26	14
Files not maintained in business-like manner	11	13
Case files/accounting records missing or not retained/secured	8	9
<b><u>Computer Operations and Security:</u></b>		
Hardware/software not secure	14	8
Passwords known to others/not changed annually	8	13
Application access controls not properly implemented	45	53
Insufficient computer back-up procedures	5	8
Transactions can be deleted/changed	0	1
Trustee/staff cannot operate computer system	4	2

<b>Description of Finding</b>	<b>Number of Findings</b>	
	<b>FY07</b>	<b>FY08</b>
<b>Other Miscellaneous Findings (not otherwise classified)</b>	164	215
<b>Total Number of Audit Findings</b>	<b>3,124</b>	<b>3,591</b>
<b>Number of Audit/Field Exam Reports with No Findings</b>	6	3