

## **Consolidation of Chapter 7 Oversight Functions Creates Greater Uniformity and Efficiency for Trustees**

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### Consolidation of Core Functions

The United States Trustee Program (USTP or Program) continuously works to improve, streamline and increase our efficiency in performing core functions such as chapter 7 trustee oversight. In recent years, we revamped our oversight protocols and used technology to develop more efficient ways to administer our oversight responsibilities. Streamlining and automation can improve efficiency only up to a point, however, and then alternatives must be considered.

One alternative we considered was the consolidation of some core oversight functions. Trustee oversight activities have always been performed by personnel in every USTP field office, but under consolidation these functions would be performed by a select group from throughout the region. We hypothesized that: 1) as people become more skilled in performing a duty, it will take less time; 2) consolidation of the duty will increase uniformity; and 3) people will develop subject matter expertise, enjoy greater job satisfaction, have an increased understanding of the Program and their role in it, and be even more valuable resources within their regions and the USTP. In addition, consolidation of functions will enable the U.S. Trustee to balance the workload within the region, which is a very important consideration in times of constrained resources.

This article presents an overview of the USTP's functional consolidation efforts in chapter 7 and highlights some of the benefits that trustees can expect to see. Four chapter 7 trustee oversight functions are part of the consolidation initiative: Trustee Interim Reports (TIRs), Field Examinations, Trustee Final Reports (TFRs) and Trustee Distribution Reports (TDRs).

### Trustee Interim Reports and Field Examinations

Consolidation of the TIR and field examination functions began with the September 30, 2011, reporting period for trustees in three pilot regions: Region 3 (Delaware, New Jersey and Pennsylvania); Region 9 (Michigan and Ohio); and Region 21 (Florida, Georgia, Puerto Rico and the U.S. Virgin Islands). Region 17 (the Northern and Eastern Districts of California and Nevada) was added the following quarter. The national roll-out of the consolidation of the TIR and field examination functions was completed in October 2013.

While there were some bumps along the way, the anticipated benefits have been realized. The time required to complete TIR reviews and field examinations has been reduced, the reviews are more consistent, and team members have increased their skills and knowledge in these important oversight areas.

For trustees in regions that recently implemented this consolidation of functions, their next TIR or field exam will be the first under the new reporting system. Trustees can expect to receive an email from the regional team leader prior to their TIR due date with instructions on how to submit the required reports as well as a list of suggestions to avoid common errors.

Specialized training has been provided to all members of the TIR/field examination teams to standardize how TIRs are reviewed and field exams are conducted. Individual trustees may perceive differences in the way their reports are reviewed because the new standardized process may differ from prior practice. We are confident that all trustees will soon enjoy the benefit of more consistent reviews conducted by specialized and knowledgeable subject matter experts.

### Trustee Distribution Reports and Trustee Final Reports

A pilot program to consolidate TDR reviews began in April 2012 in Regions 3, 9 and 21. Region 17 and Region 12 (Iowa, Minnesota, North Dakota and South Dakota) were added a few months later. The pilot program to consolidate TFR reviews began in July 2013 in Regions 9 and 21. Originally, we planned to phase in new regions and have all regions on board by April 2014. This implementation schedule was accelerated, however, due to the government shutdown. By the end of 2013 most regions had implemented TDR and TFR consolidation, and the remaining regions should do so in early 2014.

For consolidated review, trustees send TFRs and TDRs to a dedicated email address. The TFR or TDR reviewer may be physically located in another state, so trustees interact with their reviewers by phone or email if questions arise during the review process.

Based on preliminary information from Region 9, more than 2,600 TFRs were reviewed by the regional team from July 2013 through December 2013. In Region 21, more than 5,200 TFRs were approved from July 2013 through December 2013. While we are still analyzing the impact of consolidation, the feedback we have received from trustees in the pilot regions suggests that TFRs are being approved in less time. Fewer days to final report approval means both creditors and trustees receive distributions more quickly.

Nationwide implementation of the consolidation of TFR and TDR reviews did not occur until December 2013, and therefore it is too early to tell whether all regions will experience similar decreases in TFR and TDR processing times. Factors that may affect TFR and TDR approval times include: 1) the number of USTP staff assigned to the TFR team; 2) the number of TFRs filed; 3) the complexity of the cases under review; and 4) differences between the standard TFR protocol and local court practice.

With regard to staffing, the TFR and TDR review teams vary in size according to: 1) the number of trustees supervised; 2) the complexity of cases administered; 3) the average number of TFRs and TDRs filed annually; 4) the geographic size of the region; 5) the number of USTP field offices and the number of courts; and 6) the number of USTP staff available to review TFRs and TDRs. U.S. Trustees weigh these factors carefully in determining the best way to staff the TFR and TDR review teams. Trustees should expect adjustments going forward, as needed, because many regions are new to the consolidated TFR and TDR review process.

Consolidation of the TFR and TDR review functions also meant the adoption of standard national TFR and TDR review protocols. Trustees should notice increased consistency in the reviews performed by consolidation team members. Trustees also may encounter changes in local practice. The consolidation protocol states that the U.S. Trustee should file the TFR with the court unless local court rules provide otherwise. In a few jurisdictions, local rules require

trustees, rather than the U.S. Trustee, to file TFRs and TDRs with the court. The USTP is working with local courts to address this variation.

One issue arising from the consolidation of TFR and TDR reviews is the mailing of original bank statements when the consolidation team is not local. Some trustees have expressed concern about the cost. The Program is looking at ways to reduce or eliminate this burden. We continue to work with banks and vendors to develop secure methods for receiving and storing bank statements electronically.

### Conclusion

The goals of this multi-year consolidation project are to increase efficiency and uniformity in chapter 7 trustee oversight. We recognize that these efforts cannot succeed without cooperation between you and your local USTP office. On behalf of everyone in the USTP associated with this project, I thank you for your patience and support. To the extent you have concerns or comments about the consolidation process, please continue to share them with your local USTP office.