

**Summary of Findings from
FY2005 and FY 2006 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<i>Number of OIG Audits:</i>	166	145	0	0	0
<i>Number of UST Field Exams:</i>	142	102	134	108	119
<i>Number of CPA Audits:</i>	14	0	201	169	148
Total	322	247	335	277	267

Description of Finding	Number of Findings	
	FY05	FY06
Case Administration Issues		
<i>Investigation, Liquidation, and Collection of Assets:</i>		
No or inadequate tracking system for receivables	37	25
Asset values not verified or reasonably determined	49	57
Asset admin decisions not adequately documented	30	34
Casualty insurance not verified or obtained when appropriate	34	19
Auctioneer insurance not verified or maintained	8	3
No, inadequate, or untimely report of sale/auctioneer's report	58	44
Assets not timely investigated, pursued, liquidated or collected	85	85
Estate assets not secured or untimely secured	22	17
Untimely, inadequate, or no inventory of estate assets	19	11
Sale/settlement without notice or court order	23	27
Untimely turnover of auction proceeds	17	10
Trustee or auctioneer cannot account for all assets	6	4
Assets sold to insiders/related parties	1	0
<i>Abandonments and Exemptions:</i>		
Formal abandonment (554a) not made when appropriate	8	8
No or untimely objection to improper exemptions	0	2
<i>Case Administration:</i>		
Delay in case administration	18	113
Asset case determination not proper (s/b no asset case)	0	0
No or inadequate case progress review	81	98
No-asset case determination not proper (s/b asset case)	3	2
No-asset case not adequately investigated or documented	8	4
<i>Bonding:</i>		
Trustee underbonded	1	1
Auctioneer bond not verified, inadequate or not obtained	5	4

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<u>Other Case Administration Issues:</u>		
Estate funds not properly invested	12	13
High yield investments not used when appropriate	77	41
Inadequate supervision of professionals	47	36
Estate tax returns not prepared/filed when appropriate	10	6
Reporting Issues		
<u>Asset Tracking / Case Status:</u>		
Scheduled assets on Form 1 do not match petition/schedules	186	186
Unscheduled assets not recorded or properly identified on Form 1	63	96
Asset status not accurately reflected and tracked on Form 1	109	114
Abandonments not properly tracked on Form 1	45	77
Miscellaneous Form 1 errors	137	92
Liquidation (column 5) not/improperly recorded on Form 1	27	33
Form 3 not prepared, maintained or submitted and miscellaneous Form 3 errors such as improper cut-off, does not match Form 1 or 2	65	47
Cases omitted from Form 3	11	9
No UST reports prepared/submitted	1	0
<u>Receipts and Disbursements:</u>		
Form 2 not prepared, maintained or submitted and miscellaneous Form 2 errors such as improper cut-off, inaccurate amounts or uniform transaction codes, no or incorrect tax id numbers	172	130
Receipts not properly referenced between Forms 1 & 2	67	56
Forms 1 and 2 not kept up to date	19	3
Transaction not recorded on Form 2	14	20
Description not recorded or inaccurately recorded on Form 2	58	54
Form 2 contains inaccurate payee/payor information	14	20
Internal Controls		
<u>Bank Accounts:</u>		
Bank accounts not timely or properly reconciled or reviewed	155	144
Funds deposited to non-estate accounts (commingled)	12	7
Void checks not accounted for	5	9
Bank statements/checks not properly captioned	42	11
Missing bank statements	18	14
Unauthorized depository or improper/unreported bank account	3	5
Unopened bankd statements not received directly by trustee	12	9
Missing cancelled checks	7	7

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<u>Disbursements:</u>		
Incorrect amount paid	4	8
Stop payments not timely issued/approved by trustee/checks do not have "Void after 90 days"	21	54
Checks not properly prenumbered	15	12
Blank checks not properly secured	7	3
Disbursements without court order (when required)	14	11
No invoices/support for expenses	17	15
Invoices not approved/reviewed/cancelled by trustee	62	29
No log for disbursement checks that have control numbers	11	5
Unauthorized disbursements by wire transfer/cashier's check	8	7
Signature stamp not controlled by trustee or was used to sign checks	4	3
Starter checks not destroyed after receipt of permanent checks	0	0
Check altered or contains unusual endorsement	0	0
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
<u>Receipts:</u>		
Cash receipts log not used or properly maintained	96	67
Receipts log not maintained by person who opens mail	14	21
Receipts not recorded in receipts log	53	50
Receipts not periodically traced from log to bank statement	55	50
Untimely deposits	57	55
No numbered receipts book or receipts not given	18	12
No or insufficient supporting documents for receipts	51	27
Incoming checks not made payable to estate/trustee	41	10
Deposit slips missing/not secured	6	6
No or inadequate NSF tracking procedure	5	2
Checks not restrictively endorsed immediately upon receipt	24	8
Undeposited funds in estate file or other unsecure location	8	2
Earnest monies not properly accounted for	6	11
<u>Segregation of Duties and Office Operations:</u>		
Insufficient segregation of duties	26	22
Trustee does not actively supervise employees	2	1
<u>File Maintenance / Records Retention:</u>		
No disaster recovery plan	50	26
Files not maintained in business-like manner	16	20
Case files/accounting records missing or not retained/secured	3	5

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<i>Computer Operations and Security:</i>		
Hardware and software not secure	40	15
Passwords known to others/not changed annually	21	8
Application access controls not properly implemented	27	32
Insufficient computer back-up procedures	19	5
Transactions can be deleted/changed	6	2
Trustee/staff cannot operate computer system	6	3
Other Miscellaneous Findings (not otherwise classified)	127	119
Total Number of Audit Findings	2,841	2,534
Number of Audit/Field Exam Reports with No Findings	5	3