

**Summary of Findings from
FY 2005 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<i>Number of OIG Audits:</i>	145	0	0
<i>Number of UST Field Exams:</i>	102	134	108
<i>Number of CPA Audits:</i>	0	201	169
<i>Total</i>	<u>247</u>	<u>335</u>	<u>277</u>

Description of Finding	FY 2005		
	Total Findings	% of Reports	% of Findings
Case Administration Issues			
<u>Investigation, Liquidation, and Collection of Assets:</u>			
No or inadequate tracking system for receivables	37	13%	1%
Asset values not verified or reasonably determined	49	18%	2%
Asset admin decisions not adequately documented	30	11%	1%
Casualty insurance not verified or obtained when appropriate	34	12%	1%
Auctioneer insurance not verified or maintained	8	3%	0%
No, inadequate, or untimely report of sale/auctioneer's report	58	21%	2%
Assets not timely investigated, pursued, liquidated or collected	85	31%	3%
Estate assets not secured or untimely secured	22	8%	1%
Untimely, inadequate, or no inventory of estate assets	19	7%	1%
Sale/settlement without notice or court order/does not comply with Bankruptcy Code	23	8%	1%
Untimely turnover of auction proceeds	17	6%	1%
Trustee or auctioneer cannot account for all assets	6	2%	0%
Assets sold to insiders/related parties	1	0%	0%
<u>Abandonments and Exemptions:</u>			
Formal abandonment (554a) not made when appropriate	8	3%	0%
No or untimely objection to improper exemptions	0	0%	0%
<u>Case Administration:</u>			
Delay in case administration	18	6%	1%
Asset case determination not proper (s/b no asset case)	0	0%	0%
No or inadequate case progress review	81	29%	3%
No-asset case determination not proper (s/b asset case)	3	1%	0%
No-asset case not adequately investigated or documented	8	3%	0%
<u>Bonding:</u>			
Trustee underbonded	1	0%	0%
Auctioneer bond not verified, inadequate or not obtained	5	2%	0%

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<u>Other Case Administration Issues:</u>			
Estate funds not properly invested	12	4%	0%
High yield investments not used when appropriate	77	28%	3%
Inadequate supervision of professionals	47	17%	2%
Estate tax returns not prepared/filed when appropriate	10	4%	0%
Reporting Issues			
<u>Asset Tracking / Case Status:</u>			
Scheduled assets on Form 1 do not match petition/schedules	186	67%	7%
Unscheduled assets not recorded or properly identified on Form 1	63	23%	2%
Asset status not accurately reflected and tracked on Form 1	109	39%	4%
Abandonments not properly tracked on Form 1	45	16%	2%
Miscellaneous Form 1 errors	137	49%	5%
Liquidation (column 5) not/improperly recorded on Form 1	27	10%	1%
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	23%	2%
Cases omitted from Form 3	11	4%	0%
No UST reports prepared/submitted	1	0%	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	62%	6%
Receipts not properly referenced between Forms 1 & 2	67	24%	2%
Forms 1 and 2 not kept up to date	19	7%	1%
Transaction not recorded on Form 2	14	5%	0%
Description not recorded or inaccurately recorded on Form 2	58	21%	2%
Form 2 contains inaccurate payee/payor information	14	5%	0%
Internal Controls			
<u>Bank Accounts:</u>			
Bank accounts not timely or properly reconciled or reviewed	155	56%	5%
Funds deposited to non-estate accounts (commingled)	12	4%	0%
Void checks not accounted for	5	2%	0%
Bank statements/checks not properly captioned	42	15%	1%
Missing bank statements	18	6%	1%
Unauthorized depository or improper/unreported bank account	3	1%	0%
Unopened bankd statements not received directly by trustee	12	4%	0%
Missing cancelled checks	7	3%	0%

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<u>Disbursements:</u>			
Incorrect amount paid	4	1%	0%
No stale-dated check policy / no "Void after 90 days"	21	8%	1%
Checks not properly prenumbered	15	5%	1%
Blank checks not properly secured	7	3%	0%
Disbursements without court order (when required)	14	5%	0%
No invoices/support for expenses	17	6%	1%
Invoices not approved/reviewed/cancelled by trustee	62	22%	2%
No log for disbursement checks that have control numbers	11	4%	0%
Unauthorized disbursements by wire transfer/cashier's check	8	3%	0%
Signature stamp not controlled by trustee or was used to sign checks	4	1%	0%
Starter checks not destroyed after receipt of permanent checks	0	0%	0%
Check altered or contains unusual endorsement	0	0%	0%
Evidence that checks have been signed before filled out	0	0%	0%
Use of counter checks or money orders	0	0%	0%
Checks payable to "cash" or "bearer"	0	0%	0%
<u>Receipts:</u>			
Cash receipts log not used or properly maintained	96	35%	3%
Receipts log not maintained by person who opens mail	14	5%	0%
Receipts not recorded in receipts log	53	19%	2%
Receipts not periodically traced from log to bank statement	55	20%	2%
Untimely deposits	57	21%	2%
No numbered receipts book or receipts not given	18	6%	1%
No or insufficient supporting documents for receipts	51	18%	2%
Incoming checks not made payable to estate/trustee	41	15%	1%
Deposit slips missing/not secured	6	2%	0%
No or inadequate NSF tracking procedure	5	2%	0%
Checks not restrictively endorsed immediately upon receipt	24	9%	1%
Undeposited funds in estate file or other unsecure location	8	3%	0%
Earnest monies not properly accounted for	6	2%	0%
<u>Segregation of Duties and Office Operations:</u>			
Insufficient segregation of duties	26	9%	1%
Trustee does not actively supervise employees	2	1%	0%
<u>File Maintenance / Records Retention:</u>			
No disaster recovery plan	50	18%	2%
Files not maintained in business-like manner	16	6%	1%
Case files/accounting records missing or not retained/secured	3	1%	0%

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<i>Computer Operations and Security:</i>			
Hardware and software not secure	40	14%	1%
Passwords known to others/not changed annually	21	8%	1%
Application access controls not properly implemented	27	10%	1%
Insufficient computer back-up procedures	19	7%	1%
Transactions can be deleted/changed	6	2%	0%
Trustee/staff cannot operate computer system	6	2%	0%
Other Miscellaneous Findings (not otherwise classified)	127	n/c	4%
Total Number of Audit Findings	2,841		100%

Note: Five audit/field exam reports did not contain any findings.