

**Summary of Findings from
FY2006 and FY 2007 Chapter 7 Audits and Field Exams
All Regions**

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<i>Number of OIG Audits:</i>	145	0	0	0	0
<i>Number of UST Field Exams:</i>	102	134	108	119	83
<i>Number of CPA Audits:</i>	0	201	169	148	219
<i>Total</i>	<u>247</u>	<u>335</u>	<u>277</u>	<u>267</u>	<u>302</u>

Description of Finding	Number of Findings	
	FY06	FY07
Case Administration Issues		
<i>Investigation, Liquidation, and Collection of Assets:</i>		
No or inadequate tracking system for receivables	25	24
Asset values not verified or reasonably determined	57	110
Asset administration decisions not adequately documented	34	44
Casualty insurance not verified or obtained when appropriate	19	33
Auctioneer insurance not verified or maintained	3	4
No, inadequate, or untimely report of sale/auctioneer's report	44	65
Assets not timely investigated, pursued, liquidated or collected	85	75
Estate assets not secured or untimely secured	17	17
Untimely, inadequate, or no inventory of estate assets	11	9
Sale/settlement without notice or court order	27	24
Untimely turnover of auction proceeds	10	17
Trustee or auctioneer cannot account for all assets	4	0
Assets sold to insiders/related parties	0	1
<i>Abandonments and Exemptions:</i>		
Formal abandonment (554a) not made when appropriate	8	5
No or untimely objection to improper exemptions	2	1
<i>Case Administration:</i>		
Delay in case administration	113	116
Asset case determination not proper (s/b no asset case)	0	1
No or inadequate case progress review	98	92
No-asset case determination not proper (s/b asset case)	2	2
No-asset case not adequately investigated or documented	4	7
<i>Bonding:</i>		
Trustee underbonded	1	0
Auctioneer bond not verified, inadequate or not obtained	4	7

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<u>Other Case Administration Issues:</u>		
Estate funds not properly invested	13	7
High yield investments not used when appropriate	41	40
Inadequate supervision of professionals	36	39
Estate tax returns not prepared/filed when appropriate	6	4
Reporting Issues		
<u>Asset Tracking / Case Status:</u>		
Scheduled assets on Form 1 do not match petition/schedules	186	216
Unscheduled assets not recorded or properly identified on Form 1	96	102
Asset status not accurately reflected and tracked on Form 1	114	111
Abandonments not properly tracked on Form 1	77	99
Miscellaneous Form 1 errors	92	98
Liquidation (column 5) not/improperly recorded on Form 1	33	42
Form 3 not prepared, maintained or submitted and miscellaneous Form 3	47	72
Form 3 / bank report has No Distribution Report filed in case with	n/a	42
Cases omitted from Form 3	9	20
No UST reports prepared/submitted	0	0
<u>Receipts and Disbursements:</u>		
Form 2 not prepared, maintained or submitted and miscellaneous Form 2	130	162
Receipts not properly referenced between Forms 1 & 2	56	77
Forms 1 and 2 not kept up to date	3	7
Transaction not recorded on Form 2	20	20
Description not recorded or inaccurately recorded on Form 2	54	90
Form 2 contains inaccurate payee/payor information	20	22
Internal Controls		
<u>Bank Accounts:</u>		
Bank accounts not timely or properly reconciled or reviewed	144	184
Funds deposited to non-estate accounts (commingled)	7	8
Void checks not accounted for	9	13
Bank statements/checks not properly captioned	11	13
Missing bank statements	14	21
Unauthorized depository or improper/unreported bank account	5	6
Unopened bank statements not received directly by trustee	9	2
Missing cancelled checks	7	15

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<u>Disbursements:</u>		
Incorrect amount paid	8	4
Stop payments not timely issued/approved by trustee; checks do not have "void after 90	54	83
Checks not properly prenumbered	12	30
Blank checks not properly secured	3	1
Disbursements without court order (when required)	11	14
No invoices/support for expenses	15	15
Invoices not approved/reviewed/cancelled by trustee	29	36
No log for disbursement checks that have control numbers	5	14
Unauthorized disbursements by wire transfer/cashier's check	7	8
Signature stamp not controlled by trustee or was used to sign checks	3	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"	1	0
<u>Receipts:</u>		
Cash receipts log not used or properly maintained	67	66
Receipts log not maintained by person who opens mail	21	32
Receipts not recorded in receipts log	50	52
Receipts not periodically traced from log to bank statement	50	72
Untimely deposits	55	63
No numbered receipts book or receipts not given	12	7
No or insufficient supporting documents for receipts	27	42
Incoming checks not made payable to estate/trustee	10	14
Deposit slips missing/not secured	6	7
No or inadequate NSF tracking procedure	2	2
Checks not restrictively endorsed immediately upon receipt	8	34
Undeposited funds in estate file or other unsecure location	2	3
Earnest monies not properly accounted for	11	8
<u>Segregation of Duties and Office Operations:</u>		
Insufficient segregation of duties	22	40
Trustee does not actively supervise employees	1	3
<u>File Maintenance / Records Retention:</u>		
No disaster recovery plan	26	26
Files not maintained in business-like manner	20	11
Case files/accounting records missing or not retained/secured	5	8
<u>Computer Operations and Security:</u>		

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Hardware/software not secure	15	14
Passwords known to others/not changed annually	8	8
Application access controls not properly implemented	32	45
Insufficient computer back-up procedures	5	5
Transactions can be deleted/changed	2	0
Trustee/staff cannot operate computer system	3	4
Other Miscellaneous Findings (not otherwise classified)	119	164
Total Number of Audit Findings	2,534	3,124
Number of Audit/Field Exam Reports with No Findings	3	6