

ATTACHMENT A**STATEMENT OF WORK****AUDIT OF THE ANNUAL REPORT OF A CHAPTER 12 STANDING TRUSTEE
AND REPORT ON PRESCRIBED PROCEDURES**

The purpose of this document is to set forth the requirements for the Audit of the Annual Report of a Chapter 12 Standing Trustee (“Annual Report”) and for the Report on Prescribed Procedures, including procedures designed to test compliance with the *Handbook for Chapter 12 Standing Trustees, July 1, 2013* (“Handbook”), the Qualifications and Standards for Standing Trustees, effective June 2, 1997, and other appropriate policy memoranda which may be periodically issued by the Executive Office for United States Trustees (“EOUST”), hereinafter referred to collectively as “Program Policy.”¹ These procedures, which are more expansive than otherwise would be required under generally accepted auditing standards, are described in the paragraphs that follow.

There are two reports. The auditor shall express an opinion on the Annual Report. In addition, the auditor will provide a report on the prescribed procedures outlined in this Statement of Work.

BACKGROUND

Chapter 12 is available only to a person who meets the definition of a “family farmer with regular annual income.” To qualify, a debtor must be engaged in a farming operation and must meet certain tests so as to limit eligibility to true family farmers and to exclude investors or speculators who use farm losses to shelter non-farm income. Unlike chapter 13, however, it is available to corporate or partnership entities in addition to individuals if the corporation or partnership is controlled by a single family and otherwise meets the chapter 12 eligibility requirements. For both individual debtors and corporate and partnership debtors, a maximum \$1,500,000 debt ceiling is imposed. A person with debts exceeding \$1,500,000² - even if those debts are contingent or unliquidated - will not be eligible and must seek relief under chapter 7 or 11.

The basic structure of chapter 12 is similar to that of chapter 13 and the conduct of a chapter 12 case is similar to that of a business chapter 13 case. The debtor in a chapter 12 case remains in possession and control of all of the debtor’s property and continues to operate the farm. A chapter 12 trustee is assigned in each case but the trustee does not become involved in operating the debtor’s farm unless the debtor is removed as a debtor in possession.

The United States Trustee appoints and supervises chapter 12 standing trustees and monitors and supervises cases under chapter 12 of title 11 of the United States Code (“Bankruptcy Code”). 28 U.S.C. § 586.

¹ The *Handbook for Chapter 12 Standing Trustees* and other Program Policy may be viewed on the United States Trustee Program’s [website](#).

² For cases commenced before April 1, 2007; limit is adjusted upward periodically.

The United States Trustees are executive-level government employees appointed by the United States Attorney General to supervise the administration of cases and trustees in 21 regions comprised of 48 states, excluding Alabama and North Carolina. Under 28 U.S.C. § 586(b), if the number of cases under chapter 12 of title 11 commenced in a particular region so warrants, the United States Trustee for such region may appoint one or more individuals to serve as a standing trustee, subject to approval by the Director of the EOUST (“Director”), under authority delegated by the Attorney General.

The EOUST and its Director are located in Washington D.C. The EOUST provides national policy direction, coordination, counsel, and administrative support services to United States Trustees. The EOUST periodically issues guidance and policy memoranda which clarify or supplement the requirements stated in the Handbook.

The standing trustee is a private individual, not a government employee, and is a fiduciary. The standing trustee is subject to numerous duties that are outlined and explained in the Handbook.

The standing trustee’s compensation and operating expenses are paid from chapter 12 funds received from debtors. Specifically, a percentage fee to be applied to trust fund receipts is requested by the standing trustee based upon an annual budget submission. After the budget is reviewed and adjustments are made, if necessary, the United States Trustee recommends that the budget and percentage fee be approved by the Director. The percentage fee is limited to a maximum of 10% of payments made under the plan with respect to payments in aggregate amount not to exceed \$450,000 and 3% of payments made under the plan with respect to payments made after the aggregate amount of payments made under the plan exceeds \$450,000. The percentage fee on payments up to \$450,000 may be adjusted throughout the year to avoid excess accumulations or shortages. In non-Covid 19 impacted years, a standing trustee, with approval of the United States Trustee, may carry over from one year to the next up to 50% of the actual authorized operating expenses, less standing trustee compensation, or \$15,000 (effective July 1, 2016), whichever is greater. The operating reserve is considered an actual, necessary expense and part of the standing trustee’s budget. Effective in fiscal year 2020, the limit on allowed carryover into FY 2021 and FY2022 has been temporarily suspended due to anticipated significant reductions in receipts and cases.

Percentage fee revenues available for compensation are calculated after payment of all actual, necessary expenses. Therefore, funds may not be available to pay the trustee maximum compensation in any particular year. Percentage fees in excess of compensation and expenses are not allowed. In non-Covid 19 impacted years, any amount over the 50%/\$15,000 limits (“excess funds”) must be remitted to the United States Trustee System Fund pursuant to 28 U.S.C. § 586(e)(2), subject to certain operating reserve guidelines.

SCOPE

The fiscal year to be audited represents the twelve-month period ending on June 30th. Standing trustee accounts are maintained on a cash basis using the June 30 fiscal year-end. The statements of the trust and expense accounts are contained in the Annual Report (See Appendix A). Preparation of the Annual Report is the responsibility of the standing trustee.

The Annual Report is prepared in accordance with the rules outlined in Program Policy, These rules provide for the preparation of the Annual Report on the cash basis of accounting (which is a special purpose framework under AU-C section 800.07). Accordingly, while the Annual Report is intended to present a picture of the financial status of the standing trustee's operations, it is not intended to present financial positions and results of operations in conformity with generally accepted accounting principles. In recognition of this facet of the Annual Report, the auditor shall become familiar with Program Policy prior to conducting an audit.

The auditor shall provide the following two reports, each of which are discussed more fully below: (1) an Independent Auditors' Report on the Annual Report of the Chapter 12 Standing Trustee; and (2) a Report on Prescribed Procedures. The two reports should be separately bound if prepared in paper format or in separate electronic files if prepared in electronic format. The auditor's reports shall be issued in paper format to the standing trustee but may be issued in electronic format to the EOUST and the United States Trustee at their request. During the course of its work, the auditor may choose to show the standing trustee certain draft portions of its work in order to verify accuracy and completeness. Once the information has been verified, any draft conclusions and findings shown to the standing trustee should also be contemporaneously provided to the United States Trustee's Standing Trustee Coordinator in advance of the exit conference.

GENERAL APPROACH

At the discretion of the EOUST, the audit field work will be conducted remotely or onsite. If the audit field work is conducted at the trustee's office, it must occur over contiguous days. If the audit field work is conducted remotely, the auditor should request access to the trustee's case management software and data files, with appropriate controls as requested by the trustee, to obtain documents and confirm practices and procedures. The auditor may incorporate telephonic or video conferencing to interview the trustee, staff, and outside parties as necessary, and may incorporate other audit practices, pursuant to their professional judgment, to accomplish remote field work requirements.

If the trustee maintains paper files, the auditor should not make a blanket request asking that the trustee copy all documents in a case file. Document requests should be targeted at the transactions being tested and to specific concerns or questions raised by the auditor during the audit.

If a paperless filing system is maintained, the auditor should ask the trustee to download and provide the electronic files for the sample cases and sample transactions. Documents available from the docket should not be requested.

1. Contact the standing trustee and Standing Trustee Coordinator to arrange a mutually convenient date for field work.
2. Confer with the standing trustee prior to commencement of field work to discuss the standing trustee's operations.
3. Confer with the Standing Trustee Coordinator prior to commencement of field work regarding any concerns or unusual items related to the standing trustee's operations.

4. Request any appropriate documentation from the Standing Trustee Coordinator, such as the standing trustee's most recent approved budget, the prior year Annual Report, and the most recent Independent Auditor's Report on the Annual Report of the Chapter 12 Standing Trustee and Report on Prescribed Procedures.
5. Use professional judgment when selecting cases and transactions ("samples") to test. All samples should be selected by the auditor and not the standing trustee. Samples should be selected only after obtaining an understanding of the population as a whole.³ Do not inform the standing trustee prior to the start of field work of the samples that will be tested during the audit. The sample sizes included in this statement of work represent the minimum to be tested. The auditor has discretion to increase the sample sizes if warranted.
6. Obtain a signed Management Representation letter from the standing trustee; and
7. Conduct an exit conference with the standing trustee and the Standing Trustee Coordinator.

³ When using a population list (e.g., a year-end trust fund ledger), consider whether the list includes all cases or transactions during the period tested.

INDEPENDENT AUDITORS' REPORT ON THE ANNUAL REPORT OF THE CHAPTER 12 STANDING TRUSTEE

The financial statement audit will be conducted in accordance with generally accepted auditing standards ("GAAS").

For purposes of the examination of the Annual Report, when the auditor determines materiality levels, the auditor must determine materiality at different levels for the standing trustee's trust fund account and for the expense account. All irregularities (e.g., discrepancies, inconsistencies, errors) shall be reported in the Report on Prescribed Procedures and, if applicable, the AU-C 265 letter, regardless of materiality.

The audit of the Annual Report includes, but is not limited to, the following:

1. Examine, on a test basis, evidence supporting the amounts and disclosures of the Annual Report;
2. Determine that the accounting principles used by the standing trustee, and the overall Annual Report presentation conform to Program Policy;
3. Evaluate the standing trustee's system of internal controls to determine whether it provides reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition;
4. Independently confirm bank balances for all trust and expense accounts.⁴
5. Review the standing trustee's disclosures of any lawsuits, contingent liabilities, and lease arrangements;
6. Review significant events and transactions subsequent to the period under audit and update the standing trustee's disclosures, as appropriate; and
7. Conduct other tests of the accounting records and internal control structure as deemed necessary under the circumstances.

⁴ Other types of confirmations may be sent at the discretion of the auditor.

PRESCRIBED PROCEDURES ENGAGEMENT

This portion of the engagement sets forth the prescribed procedures to test the standing trustee's compliance with Program Policy. All findings must be reported to the United States Trustee, regardless of amount or materiality.

Report Format

The Report on Prescribed Procedures should contain each of the following for each procedure being reported on:

1. Using the element numbering system in this section, restate the prescribed procedure performed.
2. Describe the work performed by the auditor to identify the source of understanding and/or tasks performed to comply with the prescribed procedure.
3. Describe the results of the work performed and include the trustee's procedures, any noted internal control deficiencies, and any observed deviations from the trustee's established procedures. If the deviation resulted from disruptions in the workplace caused by Covid 19, state this in the report.
4. Present recommendations, if applicable, to strengthen internal controls and/or improve the trustee's established procedures⁵.

See Appendix B for sample format for Report on Prescribed Procedures.

Definitions

In performing the work for the prescribed procedures engagement, the following definitions apply:

1. Review - When "review" is used in a prescribed procedure, it is expected that the auditor will perform the following steps and document each step in the working papers:
 - a. Inquire of the standing trustee and trustee office staff and read the standing trustee's written procedures to obtain an understanding of the trustee's established procedures and related internal controls;
 - b. Evaluate the procedure for any control deficiency or material weakness; and
 - c. Verify that the procedures and related internal controls are functioning as designed and documented.
2. Report – When "report" is used in a prescribed procedure, it is expected that the auditor will report the observations and testing results in the format described above under Report Format.

⁵ If a finding/recommendation will be included in the AU-C section 265 letter, the element should include a statement such as: This finding is considered a material weakness (or significant deficiency) and is reported in the FAU-C section 265 letter.

Prescribed Procedure Elements

Segregation of Duties and Controls Over Computer Operations

1. Review the segregation of duties matrix prepared by the standing trustee and report whether duties are adequately segregated and, if not, identify any mitigating controls. Handbook, pages 4-10 to 4-11. A blank form for the segregation of duties matrix is attached to the Statement of Work at Appendix C. Include a copy of the completed matrix in the Report on Prescribed Procedures.
2. Obtain copies of the computer user profiles and compare access rights with the duties set forth in the matrix. Handbook, page 4-21. Report exceptions such as an employee who has access beyond what is required to perform their job duties.
3. Review and report the access controls which provide different levels of security that limit access to sensitive data fields (such as debtor receipts, creditor name, creditor address, creditor number, and disbursement amount), and computer hardware to authorized personnel. Access controls include policies and procedures to prevent or detect errors caused by improper use or manipulation of data files, unauthorized or incorrect use of a computer program, and other improper uses of computer resources. Handbook, page 4-21. Report any exceptions, such as an employee who has access to programming, updating individual debtor records, and access to cash.
4. Review and report the standing trustee's policy for changing user passwords and perform tests to verify passwords are in place. A user password includes both the initial password used to log onto the standing trustee's computer system, and the password for the case administration system. These passwords should be changed at least every 90 days and deleted upon termination of an employee. Handbook, page 4-18. Report the last date of change in passwords. Obtain documentation, such as a password change report, for the working papers.
5. Review and report the controls over the physical security of the computer hardware. For example, determine if the computer server is in a safe environment with controlled access and report any lack of security. Handbook, page 4-18.
6. Review and report the back-up procedures utilized by the standing trustee and confirm compliance with Program policy. Handbook, page 4-18. Report whether the trustee periodically tests the backups, including the employee(s) responsible for testing and the most recent testing date.
7. Review the standing trustee's written office disaster recovery plan for financial and administrative records, as well as for the computer systems and data. Report any lack of procedures or inadequate procedures. Handbook, page 4-25.
8. Review and report whether any third party has access to the standing trustee's computer system. If so, identify and report the controls in place. Examples of controls include whether standing trustee approval is required for issuance of a temporary password or enabling remote access. Handbook, pages 4-18 to 4-20.

9. Review and report whether the standing trustee has a system whereby third parties can access case information. Determine whether access is limited to parties in interest and report whether the party in interest has access to the live database. Handbook, pages 4-18 to 4-20.

Case Monitoring

10. Review and report the standing trustee's procedures for reconciling caseload information with the bankruptcy clerk's office including the number of cases that are open, filed, dismissed, converted and closed. Obtain the June 30 reconciliation and trace information on the reconciliation to supporting documentation on a sample basis. Include relevant reconciliations in the working papers.
11. Report the standing trustee's procedures to properly administer chapter 12 cases, in conformance with the approved plan, and to monitor the accuracy and completeness of case information in the standing trustee's case administration system and any supplementary system, such as a spreadsheet, used by the trustee to manage cases. For example, the standing trustee may use procedures referred to as Bar Date reviews, confirmation work-up, six-month reviews, 24-month reviews, or case audits. Case information includes plans, plan modifications, court orders, proofs of claim, claims registers, notice to pay claims, plan pleadings, notices, and other documents filed with the court. Handbook, pages 3-18 to 3-19, 3-23 to 3-24, 3-28 to 3-29. To evaluate the trustee's procedures, select a sample of cases (e.g., 1 – 5) and perform the following:
 - a. Verify that the pay schedules listing the scheduled plan payments and changes in plan payments in the case administration system and any supplementary system match the appropriate documentation, e.g., plans, modified plans, confirmation orders or other applicable case information, filed with the court. If the scheduled payments vary from the actual payments, review the underlying reasons. Verify the reasons for any irregular one-time plan payments in the systems with the appropriate supporting documentation. Report any discrepancies.
 - b. Verify that the actual plan payments due during the current fiscal year were received, conform to the confirmed plan, modified plan, confirmation order, or other applicable case information obtained by the auditor from the docket, and were entered accurately and appropriately in the case administration system.
 - c. Verify that the required plan disbursements, including any irregular or one-time payments, reflected in the case administration system and any supplementary system agree with the confirmed plan, modified plan, or confirmation order or other applicable case information obtained by the auditor from the docket and were entered accurately and appropriately in the case administration system.

- d. Verify that the actual disbursements made during the current fiscal year conform to the confirmed plan, modified plan, confirmation order, or other applicable case information obtained by the auditor from the docket and that all claimants with filed and allowed proofs of claim were appropriately paid.
 - e. Verify whether the standing trustee's case administration system and any supplementary system contain evidence or documentation that the case was being reviewed, monitored, or audited in accordance with the standing trustee's established procedures.
 - f. Report if there are incompatible duties among the standing trustee's employee(s) performing the case review/audit tasks.
12. Obtain the standing trustee's funds-on-hand report and report all cases with negative balances (by case number only). Action to cure negative balances must be commenced by the standing trustee within 60 days of discovery. Handbook, pages 4-16 to 4-17.
 13. Report the number of cases that have accumulated at least five months of payments and have been confirmed for at least five months. List the five cases with the highest number of months' payments accumulated (by case number only). Report the standing trustee's justification for the lack of disbursements in the five cases.
 14. Review the detail of the standing trustee's suspense (or adjustment) account(s) and report the types of transactions for which the account(s) is used. Report whether the suspense account(s) is monitored and reconciled monthly by the standing trustee. (The standing trustee should make a timely effort to identify the receipts. If the standing trustee is unable to identify the receipts, those funds should be timely transferred to either the Clerk of Court pursuant to court order, or, with authorization from the United States Trustee, to the expense fund depending on local authority.) Handbook, pages 4-16 to 4-17.
 15. Review and report the standing trustee's procedures for monitoring delinquent cases. Test the procedures by reviewing delinquent case reports and standing trustee's actions. Handbook, page 3-23.
 16. Review and report the standing trustee's procedure to identify cases where aggregate payments made under the plan exceed \$450,000. Handbook, pages 2-3 to 2-4.
 17. If the trustee reports constructive receipts (direct payments to third parties pursuant to the plan), review and report the standing trustee's procedures and documentation for determining the amount on which the trustee is computing his or her percentage fees. Handbook, page 2-4. The documentation should include the actual dates, amounts, payee and payer.

18. Review and report the standing trustee's procedures for closing cases. Handbook, page 3-28 to 3-29, 4-9. Closed cases are cases that have converted to chapters 7 or 11 of the Bankruptcy Code, have been dismissed, or have completed plan payments and been closed by the court.
 - a. Examine a sample of closed cases and determine whether all cases have a final account and all checks issued have cleared the bank. Report if the final account was filed within 30 days for a converted case and 150 days for all other cases.
 - b. Report if there are incompatible duties among that the standing trustee's employee's performing the case closing tasks.

Banking, Bonding, and Insurance

19. Review and report the bank reconciliation/proof of cash process and report whether the individual(s) performing the reconciliation(s) has recordkeeping, cash handling or other incompatible duties. Handbook, pages 4-10 to 4-12, 7-1. In doing so:
 - a. Review all monthly trust bank reconciliations and report any unexplained reconciling items. Select June and three other monthly reconciliation for detail testing.
 - i. Determine whether the reconciled trust bank account balance agrees with the general ledger, the detailed debtor ledgers (i.e., the detailed [by case] funds-on-hand report), and the monthly report submitted to the United States Trustee.
 - ii. Trace all items on the bank reconciliation to the supporting documentation.
 - iii. Report any adjustments regardless of materiality.
 - b. Review the June and one other expense account bank reconciliation.
 - i. Determine whether the reconciled expense bank account balance agrees with the general ledger and the monthly report submitted to the United States Trustee.
 - ii. Trace all items on the bank reconciliations to the supporting documentation.
 - c. For monthly bank reconciliations noted as being out of balance, determine the reason, discuss with standing trustee, and disclose the difference in the report.
20. Review and report whether the standing trustee has a "positive pay" agreement with its bank for disbursements by check from the trust account. Handbook, page 4-15.

21. Review the standing trustee's "A, B, C" employee designations for the commercial crime insurance policy and evaluate their accuracy based on observation of the actual duties performed, segregation of duties matrix, and review of the employee job descriptions. See Appendix D for Employee Risk Classifications. Report any employees designated by the standing trustee or determined by the auditor to have duties equivalent to "A" as defined in Program Policy. If an employee meets the definition of "A," review the office procedures to determine if duties or procedures can be reassigned to allow the employee(s) to be designated as "B."
22. Review and report whether all appropriate employees are covered by the employee bond or fidelity insurance and whether the amount of coverage meets minimum requirements. Handbook, page 5-11.
23. Review and report whether there is adequate insurance on the standing trustee's fixed assets and business environment. Handbook, page 5-12.
24. Review and report whether claims were made on any of the standing trustee's insurance policies, such as errors and omissions or employment practices liability. Handbook, pages 5-12 to 5-13.

Receipts

25. Review and report the custody and control procedures for receipts received by mail or in person, including lockbox rejects, payments received at court or off-site, and returned undeliverable trust disbursements. Handbook, pages 4-12 to 4-15. Report whether the standing trustee accepts currency and whether receipts are accepted from debtors who come to the office of the standing trustee. Verify the following and report deficiencies and mitigating controls, if any:
 - a. Items are received and recorded while under dual control.
 - b. Receipts logs are completed and accounted for daily.
 - c. Receipts logs contain all relevant information including notation of final disposition.
 - d. Someone independent of the steps above does reviews the record for completeness and tests the disposition for accuracy.
 - e. Currency is adequately safeguarded.
26. Review and report the procedures for the processing of returned undeliverable disbursement checks. Handbook, pages 4-10 to 4-12. Report internal control weaknesses or if the procedure is not being handled timely. For example, the person processing returned checks should not be involved with the initial check authorization and preparation or any other related function.

27. Review and report all alternate means used by the trustee for collecting receipts from or on behalf of debtors. Discuss separately lockbox services and electronic payments. Handbook, pages 4-13 to 4-15. Report the procedures for accounting for these receipts including posting to the appropriate debtor accounts and report any internal control deficiencies.
28. Review a sample of receipts and items posted as a negative receipt over a twelve-month period that are representative of debtor receipts, creditor refunds, redeposited non-sufficient funds (“NSF”) checks, and undeliverable disbursement checks. Trace sample items to any supporting documentation, debtor ledger accounts and any appropriate logs. Report all discrepancies, such as postings to the wrong debtor ledger accounts.
29. Review and report whether daily deposits are reconciled to daily debtor ledger postings. Handbook, page 4-12.
30. Review and report the standing trustee’s procedures for handling NSF transactions, and report any internal control or procedural weaknesses. Handbook, pages 4-10, 4-15.
31. Review miscellaneous receipts deposited to the expense account, such as revenue related to the sale of the standing trustee’s assets. Report any internal control or procedural weaknesses. Handbook, pages 4-3 to 4-4.
32. Review and report whether pre-confirmation funds are deposited in an interest-bearing account. Handbook, pages 4-2 to 4-3. If yes, select a sample of cases converted or dismissed before confirmation, assess the standing trustee’s calculation of interest paid, match to the Internal Revenue Service Form 1099 for agreement, and report exceptions.

Disbursements

33. Review and report the procedures used to process disbursements from the standing trustee’s trust and expense accounts. Handbook, pages 3-24, 4-15. Discuss separately disbursements by check and by electronic payment. Report deficiencies and mitigating controls, if any. Specifically, review and report:
 - a. Whether the individuals who prepare disbursement checks are involved in incompatible duties, such as preparation of bank reconciliations or inserting and mailing the checks. Handbook, pages 4-10 to 4-11.
 - b. Whether any checks were signed with a signature stamp. Handbook, page 4-11.
 - c. Whether check stock is adequately controlled. Handbook, page 4-12.
 - d. Whether there are adequate controls in place to ensure the accuracy of bank account numbers and bank routing numbers for any electronic payments.

34. Obtain a report of all debtor refunds during the fiscal year. Review the standing trustee's refund process to test the accuracy and timeliness of debtor refunds, and to confirm that refunds are made only when appropriate (e.g., pursuant to court order, when a case is closed, converted or dismissed). Report deficiencies and mitigating controls, if any. Handbook, page 3-24, 4-3.
35. Examine trust fund disbursements during the fiscal year, including debtor refunds and electronic payments, if any. Trace a sample of disbursements to the corresponding debtor ledger accounts and verify that a proof of claim has been filed with the court. Report all discrepancies, such as duplicate payments and postings to the wrong debtor ledger account.
36. Examine expense fund disbursements over the fiscal year. Handbook, pages 4-3 to 4-4, 6-2 to 6-9.
 - a. Inquire about any unusual or unexplained entries.
 - b. Review and report whether all standing trustee and trustee employee training expenses were documented with receipts. Handbook, pages 6-6 to 6-7. From examination of the documentation, report whether there was any indication that standing trustee training funds were used for extended personal travel by the standing trustee or standing trustee staff or for the personal entertainment during seminars.
 - c. Review and report whether all of the standing trustee's fixed asset purchases were recorded on the standing trustee's required inventory listing, and whether the total purchases of fixed assets from the standing trustee's expense account for the year reconcile to the total amounts added to the standing trustee's inventory record for the fiscal year.
37. Review and report the procedures for handling stale-dated checks. Report whether checks are imprinted with "void after 90 days." Report whether any checks were not canceled 120 days after issuance. Handbook, pages 4-13, 4-15.
38. Report any individual(s) other than the standing trustee who is authorized to sign checks. Handbook, page 4-11.
39. Review and report whether interest is transferred monthly from the trust account to the expense account. Handbook, page 4-3.

Compliance With United States Trustee And Other Regulatory Guidelines

40. Review and report whether proper payroll tax returns and unemployment tax returns were timely filed by the standing trustee. Report any delinquent taxes or penalties paid by the standing trustee. Handbook, pages 5-7 to 5-9, 6-8.
41. Review and report whether the standing trustee is in compliance with all leases, employee benefit plan agreements, and other long-term commitments.

42. Inquire of the standing trustee as to any ongoing or pending: 1) litigation where the standing trustee or standing trustee operation is named as party (excluding litigation involving a bankruptcy case) and 2) claims or assessments against the standing trustee, the trust operation, the trust employees, including claims against the trustee's bond, the employee fidelity bond, and/or the errors and omissions policy. Review all charges to the expense fund for outside counsel. Determine whether to request a legal representation letter in accordance with AU-C 501. Report on all litigation, claims, and assessments, including the status and amounts involved. Handbook, page 5-13.
43. Review and report whether the standing trustee personally participates in the employee benefit plans provided for the employees, and whether there were any amounts paid from the expense account for the standing trustee's personal benefit. Report whether these amounts were immediately reimbursed by the standing trustee or subtracted from total cash compensation paid to the standing trustee. Handbook, pages 2-2 to 2-3.
44. Report any complaints against the standing trustee or trust operation filed with government agencies or regulatory bodies (other than the U.S. Department of Justice which includes the United States Trustee Program).
45. Describe and report whether the standing trustee, employees of the standing trustee or other parties used fiduciary trust or expense funds for personal purposes. Handbook, page 4-3.
46. Report the standing trustee's failure to comply with Program Policy, or any federal, state or local law or regulation not already addressed elsewhere in the Statement of Work. The auditor is not expected to confirm whether the standing trustee's application and administration of a Payroll Protection Program loan are compliant with federal rules and regulations.

APPENDIX A

SAMPLE ANNUAL REPORT

(Also available as an Excel File)

CHAPTER 12 STANDING TRUSTEE ANNUAL REPORT INSTRUCTIONS

INTRODUCTION

Please make sure to read the instructions fully. The annual report form is in Excel and **MUST NOT** be saved in any other software application. **Do not insert or delete rows or columns.** Formulas are used to the extent possible; those cells are shaded and password protected (data cannot be entered in those cells). The password is “ch12”. Formula messages are included indicating to “**verify formula**” if a number represented elsewhere in the annual report form does not match. The line item descriptor references where the “matching” numbers are located. The messages directing you to “**verify formula**” may appear until you complete entering data. This is because the data elements being compared are spread throughout the annual report form.

TRUST ACTIVITY TAB

This Section presents the financial activity of the trust.

Section I - TRUST FUNDS RECEIVED DURING YEAR

The purpose of this Section is to determine (a) the total amount of gross payments received from or on behalf of debtors, (b) interest received on trust funds, (c) deposits into the trust account of fees received by the trustee on payments made directly to creditors by debtors (direct payments), and (d) other receipts received during the year, including noticing revenues.

Item I(a) includes all receipts from or on behalf of debtors, whether before confirmation or after. Pre-confirmation receipts are not to be shown as receipts a second time, upon confirmation.

Section II - TRUST FUNDS REFUNDED

Refunds in Item II(a) include refunds of monies after plan confirmation and Item II(b) includes monies refunded in cases with no confirmed plan.

Where the trustee receives debtor's entire wages, and returns some portion to the debtor for living expenses, the returned funds should be included in this Section.

Section III - TRUST FUND DISBURSEMENTS

This Section presents all disbursements from the trust account during the fiscal year.

Item h(i) includes any percentage fees transferred to the expense account that were collected on actual receipts or disbursements. Item III(h)(ii) includes any percentage fees received from debtors on payments made directly to creditors by debtors deposited into the trust account and shown at I(c). The amount recorded in III(h)(i) is reconciled to plan receipts or disbursements at Item VIII(f). This reconciliation demonstrates the actual amounts on which

percentage fees were transferred. If a difference occurs between percentage fees transferred during the year (III(h)(i)), and the properly calculated amount at (VIII(f)(ii)(b)), the difference will be shown and fully explained at VIII(f)(iii). The total of III(h)(i) and III(h)(ii) will be carried forward to IX(a). Administrative expenses in Item III(i) should be broken out between 503(b) awards and other administrative expenses.

Section IV - TRUST FUND SUMMARY PER BOOKS FOR END OF YEAR

This Section represents a summary of amounts previously reported on Sections I through III.

The balance of IV(g) is the actual total trust funds per books at the end of the year. This amount must agree with the final year-end General Ledger total and with the aggregate of all year-end individual debtor ledger totals.

The amount recorded in IV(g) will be the same amount shown in Item V(e) and VI(e). If different, an error in posting has occurred and should be identified and reported separately on Section V(d) and VI(d).

Section V - NATURE AND LOCATION OF TRUST FUNDS PER BOOKS END OF YEAR

This Section represents the total trust funds per books at the end of the year, including the breakdown of trust funds into pre-confirmed and confirmed, the location of these funds, and whether or not the accounts are interest bearing.

Section VI - RECONCILIATION BETWEEN TRUST FUNDS PER BOOKS AND PER BANKS END OF THE YEAR

This Section represents a reconciliation of total trust funds per books and per banks at end of year. Balances should agree to IV(g) and V(e).

Section VII - AGING OF TRUST FUND BALANCES PER BOOKS END OF YEAR

This Section reports debtor receipts by month as recorded in the financial records and calculates, on a first-in, first-out basis, how many months' receipts remain undistributed at year end. This information is an indication of processing efficiency and identifies disbursement delays which have occurred.

RECONCILIATION TAB

This Section presents the reconciliation of percentage fees. Trustees who collect percentage fees at time of receipt of plan payment should use Subsection A. Trustees who collect percentage fees at time of disbursement of funds should use Subsection B.

Subsection A – RECONCILIATION BETWEEN TRUST RECEIPTS UNDER PLANS AND PERCENTAGE FEES reconciles the trust receipts subject to percentage fees, calculated percentage fee revenues and actual percentage fee revenues transferred to expense account.

Subsection B - RECONCILIATION BETWEEN TRUST DISBURSEMENTS UNDER PLANS AND PERCENTAGE FEES reconciles the trust disbursements subject to percentage fees, calculated percentage fee revenues, and actual percentage fee revenues transferred to expense account.

EXPENSE ACTIVITY TAB

This Section presents the financial activity of the expense account.

Section IX - EXPENSE FUNDS RECEIVED

The purpose of this Section is to reflect (a) the total amount of percentage fees transferred from trust funds, (b) administrative expense allowances transferred from trust funds, including 503(b) awards to trustees, (c)(i) fees received directly from debtors on payments under plans not made through the trustee and deposited directly into expense fund, (d) interest transferred from trust funds, (e) interest earned on expense funds, and (f) other receipts.

An example of the items which can be included in IX(f) is Section 110 recoveries.

Section X - OPERATING EXPENSES PAID DURING YEAR

Operating expenses shown in the "Budget" column are those amounts approved by the United States Trustee in the initial budget or through an amended budget or letter amendment. Operating expenses shown in the "Actual" column are those amounts spent.

Related party expenses should be included but also broken out in Exhibit 3, Related Party Expenses Paid from Expense Fund. These include funds paid to the trustee for services or property provided, funds paid to a party related to the trustee, and funds paid or shared with an entity in which the trustee has an ownership or financial interest.

Supporting detail for training expenses at (X)(o) must be provided in Exhibit 1: Training Expenses, attached to this report.

Section XI - EXPENSE FUND SUMMARY PER BOOKS FOR YEAR

The purpose of this Section is to summarize expense fund activity for the year. As a subgroup under Item XI(d), break out insurance deductible amounts. Erroneous disbursements included in Section X should also be broken out under XI(d). Those items are included in the total amount listed at XI(d). Erroneous disbursements not included in Section X should be shown at XI(h). Additionally, individual erroneous disbursements must be itemized at Exhibit 2. Amount at XI(i) is the expense fund balance at year end and is broken out by bank account location at XI(j). The amount shown on XI(i) and (j) should agree to XII(e).

Section XII - RECONCILIATION BETWEEN EXPENSE FUNDS PER BOOKS AND PER BANKS END OF YEAR

This Section represents a reconciliation of total expense funds per books and per banks at end of year.

Section XIII - FUNDS AVAILABLE FOR COMPENSATION

This Section identifies funds available for compensation after payment of expenses. Item XIII(a) identifies payments from the expense fund. XIII(b) identifies funds that may be used to pay expenses. XIII(d) identifies funds that may be used to pay expenses and compensation. The funds available for compensation or (operating loss), XIII(e), will also be recorded in XIV(f).

Section XIV - COMPENSATION

This Section identifies the maximum compensation allowed, the compensation paid the trustee, and any excess compensation taken. Items XIV(a) through (d) provide information on compensation allowed:

1. Item (a) shows compensation earned on net receipts received by trustee;
2. Item (b), reducing available compensation earned on receipts not yet disbursed, should only be completed if the trustee collects fee at disbursement. If trustee is fee at receipt, leave blank;
3. Item (c) shows compensation earned on constructive receipts;
4. Item (d) shows compensation earned on refunds to debtors if no plan is confirmed (requires schedule). If trustee converted to fee at time of receipt during the year, include 5% of balance on hand to extent not included in (a);
5. Item (f) shows funds available for compensation;
6. Item (g)(1) shows the maximum compensation fixed by the Attorney General by means of Notice Fixing Compensation and Percentage Fee;
7. Item (g)(2) shows approved amount of compensation to be collected that was earned on prior year receipts;
8. Item (h) shows compensation paid trustee;
9. Item (i) shows maximum amount of allowable compensation; and
10. Item (j) shows excess compensation paid the trustee.

Additional compensation allowed in XIV(g)(2) is allowed only after a waiver is requested by the trustee and granted by the United States Trustee.

Section XV - EXCESS EXPENSE FUNDS

This Section identifies the amount of expense funds at end of year in excess of 50% of operating expenses or \$15,000, whichever is greater.

Section XVI - SUMMARY OF FUNDS PAYABLE

This Section represents excess compensation payable to the expense fund and/or excess expense funds payable to the United States Trustee System Fund. Section XVI(b) is not applicable due to the COVID 19 pandemic.

Section XVII - UNREIMBURSED OPERATING DEFICITS CARRYFORWARD

This Section itemizes approved unreimbursed operating deficit carryforward from reporting period and from prior years.

STATISTICS TAB

This Section presents bonding, caseload information and payouts to unsecured creditors.

Section XVIII - BONDING REQUIREMENT

This Section represents the required trustee bond amount and bond amount in place. It also provides information on the employee fidelity coverage.

Section XIX - CASES HANDLED

This Section provides information on the cases handled by the trustee during the reporting period.

Section XX - PAYOUT TO NONPRIORITY UNSECURED CREDITORS IN CASES WHERE THE PLAN HAS BEEN COMPLETED

This Section provides information on percentage of the allowed claims that were paid out in cases where the plan has been successfully completed.

STANDING TRUSTEE'S CERTIFICATION TO REPORT AND ACCOUNT

Standing Trustee must affix signature and the current date on the last page of the report (prior to the exhibits). The trustee must retain the original trustee signature page for the required period. If a subsequent amended report is filed, as sometimes is done upon completion of the audit, the amended report must be signed and dated as well.

Executive Office for United States Trustees
Annual Report of Chapter 12 Standing Trustee for the Fiscal Year July 1, 2020 to June 30, 2021

Submission Date: _____ Original _____ Revised _____

First Name: _____

Last Name: _____

Judicial District: _____

STATEMENT OF "TRUST" TRANSACTIONS AND BALANCES

	FY 2021	FY 2020
I. TRUST FUNDS RECEIVED DURING YEAR		
(a) Gross payments from or on behalf of debtors received by Trustee [exclude fees received from debtors on direct payments-show & identify separately at I(c) and/or IX(c)]	\$0.00	\$0.00
(b) Interest received on trust funds (including CDs, U. S. securities, etc)	0.00	0.00
(c) Deposits into trust account for fees received from debtors on direct payments (attach a schedule itemizing those cases detailing the case number, case name, confirmation date, amount of direct payment by debtor, date confirmation of payment was obtained from the creditor and amount of fee received)	0.00	0.00
(d) Other receipts (include noticing revenues) (itemize - attach schedule if more space is needed): EXPLAIN: _____	0.00	0.00
(e) Total trust fund receipts [a + b + c + d]	0.00	0.00
II. TRUST FUNDS REFUNDED		
(a) Refunds on cases after confirmation	0.00	0.00
(b) Refunds on cases with no confirmed plan	0.00	0.00
(c) Total trust fund refunds [a + b]	0.00	0.00

	<u>FY 2021</u>	<u>FY 2020</u>
III. TRUST FUND DISBURSEMENTS		
(a) Secured creditors	0.00	0.00
(b) Priority creditors	0.00	0.00
(c) Unsecured creditors	0.00	0.00
(d) Debtor attorneys	0.00	0.00
(e) Clerk's fees	0.00	0.00
(f) Other Administrative expenses (excluding 503 (b) awards to trustee)	0.00	0.00
(g) Subtotal of above payments [a + b + c + d + e + f]	0.00	0.00
(h) Percentage Fees transferred to expense fund		
(i) Percentage fees on actual payments [same as VIII (f) (iv)]	0.00	0.00
(ii) Percentage fees received from debtors on direct payments	0.00	0.00
(i) Administrative expense allowances transferred to expense fund		
(i) 503 (b) awards	0.00	0.00
(ii) other (itemize-add schedule if more space is needed): Explain:	0.00	0.00
(j) Total disbursements [g + h (i + ii) + i (i + ii)]	0.00	0.00
IV. TRUST FUND SUMMARY PER BOOKS FOR END OF YEAR		
(a) Beginning year balance	0.00	0.00
(b) Receipts [same as I (e)]	0.00	0.00
(c) Refunds [same as II (c)]	0.00	0.00
(d) Disbursements [same as III (j)]	0.00	0.00
(e) Interest and other receipts transferred to expense funds:		
(i) Received by trust fund in current year [cannot exceed I (b)]	0.00	0.00
(ii) Received by trust fund in prior year(s)	0.00	0.00
(f) Other (itemize - add schedule if more space is needed): Explain: _____	0.00	0.00
(g) Total trust funds per books end of year (a + b - c - d - e +/- f) [same as V (e) and VI (e)]	\$0.00	\$0.00

	<u>FY 2021</u>	<u>FY 2020</u>
V. NATURE AND LOCATION OF TRUST FUNDS PER BOOKS END OF YEAR		
Bank/Account No./Interest Bearing (y/n)		
(a) Pre-confirmed Cases		
_____	_____	_____
_____	_____	_____
_____	_____	_____
(b) Confirmed Cases		
_____	_____	_____
_____	_____	_____
_____	_____	_____
(c) Interest not transferred to expense fund	_____	_____
(d) Other (itemize - add schedule if more space is needed):		
_____	_____	_____
(e) Ending Year Balance		
[a + b + c +/- d] [same as IV (g) and VI (e)]	<u>\$0.00</u>	<u>\$0.00</u>

VI. RECONCILIATION BETWEEN TRUST FUNDS PER BOOKS AND PER BANKS END OF YEAR		
(a) Balance per banks	_____	0.00
(b) Deposits in transit	0.00	0.00
(c) Outstanding checks	0.00	0.00
(d) Other reconciling items (itemize - add schedule if more space needed):		
_____	0.00	0.00
_____	0.00	0.00
(e) Balance per books [a + b - c +/- d]		
[same as IV (g) and V (e)]	<u>\$0.00</u>	<u>\$0.00</u>

VII. AGING OF TRUST FUNDS BALANCES PER BOOKS END OF YEAR

	<u>FY 2021</u>	<u>FY 2020</u>
(a) Debtor receipts by month [same as I(a) - gross payments from or on behalf of debtors]		
July	<u>0.00</u>	<u>0.00</u>
August	<u>0.00</u>	<u>0.00</u>
September	<u>0.00</u>	<u>0.00</u>
October	<u>0.00</u>	<u>0.00</u>
November	<u>0.00</u>	<u>0.00</u>
December	<u>0.00</u>	<u>0.00</u>
January	<u>0.00</u>	<u>0.00</u>
February	<u>0.00</u>	<u>0.00</u>
March	<u>0.00</u>	<u>0.00</u>
April	<u>0.00</u>	<u>0.00</u>
May	<u>0.00</u>	<u>0.00</u>
June	<u>0.00</u>	<u>0.00</u>
(b) Total debtor receipts [total of (a)] [same as I(a)]	<u><u>0.00</u></u>	<u><u>0.00</u></u>
(c) Trust funds per books, end of year [same as IV(g)]	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>
(d) Indicate number of months receipts held per books, end of year [add amounts in (a) from latest month (June) to earliest month (July), until same as (c)]	<u><u> </u></u>	<u><u> </u></u>

RECONCILIATION TAB - SECTION VIII

Trustees who collect fee at time of receipt, select A.
Trustees who collect fee at time of disbursement, select B.

FY 2021

FY 2020

A. RECONCILIATION BETWEEN TRUST RECEIPTS UNDER PLANS AND PERCENTAGE FEES

Percentage fees are transferred at time of receipt of plan payment. [Lines (a) through (e) calculate the receipts under plans to which each year's percentage fees apply. Lines (f)(i) through (f)(iv) apply the allowed percentage fee rates to the amount on line (e) to calculate actual percentage fees transferred on receipts. Constructive receipts upon which a direct fee was received are not reflected in Section VIII.]

(a) Gross payments from debtors [same as I(a)]	0.00	0.00
(b) Less plan payments not subject to fee		
(c) Applicable trust receipts [(a) - (b)]	0.00	0.00
(d) Less other reconciling items (itemize - add schedule if more space is needed):		

(e) Trust receipts on which percentage fees were transferred [c- d]	\$0.00	\$0.00
(f) Percentage fee Calculation:		

(i) Percentage(s) applied during year (percentages are those actually used -- provide footnote explanation if different than those authorized by Attorney General) and trust receipts to which percentage fees apply.

DATES FROM	DATES TO	PERCENTAGE	RECEIPTS UNDER \$450,000	CALCULATED PERCENTAGE FEE
_____	_____	_____	X _____	= 0.00
_____	_____	_____	X _____	= 0.00
DATES FROM	DATES TO	PERCENTAGE	RECEIPTS OVER \$450,000	CALCULATED PERCENTAGE FEE
_____	_____	_____	X _____	= 0.00
_____	_____	_____	X _____	= 0.00
(ii) Totals			(a) 0.00	(b) 0.00
(iii) Other reconciling items [itemize - add schedule if more space is needed]:				0.00
_____				0.00
(iv) Actual percentage fees on receipts by trustee transferred to expense fund [(f)(ii)(b) +/- (f)(iii)] [same as III (h) (i)]				\$0.00

B. RECONCILIATION BETWEEN TRUST DISBURSEMENTS UNDER PLANS AND PERCENTAGE FEES

Percentage fees are transferred at time of plan disbursements. [Lines (a) through (e) calculate the disbursements under plans to which each year's percentage fees apply. Lines (f)(i) through (f)(iv) apply the allowed percentage fee rates to the amount on line (e) to calculate actual percentage fees transferred on disbursements. Constructive disbursements upon which a direct fee was received are not reflected in Section VIII.]

(a) Trust disbursements [same as III (j)]	0.00	0.00
(b) Less item III(h) (ii) and III (i) [Percentage fees do not apply to Section 503 (b) awards to trustee or other administrative expense allowances, nor to fees received from debtors on direct payments]	0.00	0.00
(c) Applicable trust disbursements [(a) - (b)]	0.00	0.00
(d) Other reconciling items not subject to fee, such as mortgage payments or child support payments if applicable (itemize - add schedule if more space is needed):		

(e) Trust disbursements on which percentage fees were transferred [c- d]	\$0.00	\$0.00
(f) Percentage fee Calculation:		

(i) Percentage(s) applied during year (percentages are those actually used -- provide footnote explanation if different than those authorized by Attorney General) and trust disbursements to which percentage fees apply.

DATES FROM	DATES TO	PERCENTAGE	DISBURSEMENTS UNDER \$450,000	CALCULATED PERCENTAGE FEE
_____	_____	_____	X _____	= 0.00
_____	_____	_____	X _____	= 0.00
DATES FROM	DATES TO	PERCENTAGE	DISBURSEMENTS OVER \$450,000	CALCULATED PERCENTAGE FEE
_____	_____	_____	X _____	= 0.00
_____	_____	_____	X _____	= 0.00
(ii) Totals			(a) 0.00	(b) 0.00
(iii) Other reconciling items [itemize - add schedule if more space is needed]:				0.00
_____				0.00
(iv) Actual percentage fees on actual disbursements by trustee transferred to expense fund [(f)(ii)(b) +/- (f)(iii)] [same as III (h) (i)]				\$0.00

STATEMENT OF "EXPENSE" TRANSACTIONS AND BALANCES

IX. EXPENSE FUNDS RECEIVED	<u>FY 2021</u>	<u>FY 2020</u>
(a) Percentage fees transferred from trust funds[sum of III(h)(i) and (ii)]	\$0.00	\$0.00
(b) Administrative expense allowances transferred from trust funds [same as III(i), including 503(b) awards to trustee]	0.00	0.00
(c) (i) Fees received directly from debtors on payments under plans not made through the trustee and deposited directly into trustee expense account.	0.00	0.00
(NOTE: When <u>expense account</u> receipts include fees received from debtors on direct payments, attach a schedule itemizing the case number, case name, confirmation date, amount of direct payment by debtor, date confirmation of payment was obtained from the creditor and fee received.)		
(ii) Total amount of <u>direct payments</u> by debtor to creditors for which direct fees reported at I (c) or IX (c) (i) were received.	0.00	0.00
[The entry for the total amount of direct payments from debtors to creditors should be carried forward for the calculation of the 5% compensation limitation at XIV (b)]		
(d) Interest transferred from trust funds:		
(i) Received by trust fund in current year [same as IV (e) (i)]:	0.00	0.00
(ii) Received by trust fund in prior year (s) [same as IV (e) (ii)]:	0.00	0.00
(e) Interest earned on expense funds	0.00	0.00
(f) Other receipts (itemize - add schedule if more space needed):		

(g) Total expense fund receipts [a + b + c + d + e +/- f]	<u>0.00</u>	<u>0.00</u>

X. OPERATING EXPENSES PAID DURING YEAR

(All as defined and approved by U. S. Trustee)

If there are related party expenses, complete Exhibit 3.

	<u>FY21 Actual</u>	<u>FY21 Budget</u>
(a) Salaries (including overtime, bonuses and temporary labor)	_____	_____
(b) Payroll Taxes	_____	_____
(c) Employee Benefits	_____	_____
(d) Temporary Labor	_____	_____
(e) Office Rent & Utilities	_____	_____
(f) Bookkeeping & Accounting Services	_____	_____
(g) Computer Services	_____	_____
(h) Audit Services	_____	_____
(i) Consulting Services	_____	_____
(j) Telephone	_____	_____
(k) Postage	_____	_____
(l) Office Supplies	_____	_____
(m) Bond Premiums/Insurance (other than employee benefits)	_____	_____
(n) Dues, Publications & On-line Services	_____	_____
(o) Training (See Exhibit 1)	0.00	_____
(p) Maintenance & Service Agreements	_____	_____
(q) Travel	_____	_____
(r) Equipment/Furniture Rental	_____	_____
(s) Equipment/Furniture Purchases	_____	_____
(t) Leasehold Improvements	_____	_____
(u) Other Expenses (add schedule if more space is needed):	_____	_____
<hr/>		
(v) Total operating expenses paid [add (a) through (u)]	0.00	0.00

XI. EXPENSE FUND SUMMARY PER BOOKS FOR YEAR

		<u>FY 2021</u>	<u>FY 2020</u>
(a)	Beginning year balance	0.00	0.00
(b)	Receipts [same as IX (g)]	0.00	0.00
(c)	Receipt from Standing Trustee personal funds reimbursing excess compensation, etc.(itemize - add schedule if more space is needed):		
	<hr/>	0.00	0.00
(d)	Expenses paid [same as X (v)]	0.00	0.00
(i)	Erroneous Disbursements if inc. in Section X (itemize on Exhibit 2)	0.00	
(ii)	insurance deductibles	0.00	
(e)	Compensation paid to Trustee	0.00	0.00
(f)	Payment of prior year(s) excess expense funds to U. S. Trustee System Fund for payment to U. S. Treasury	0.00	0.00
(g)	Payments to Standing Trustee to reimburse/reduce operating deficit(s) for prior year(s)	0.00	0.00
(h)	Other, including payments to trust fund not included elsewhere in Section XI, such as erroneous disbursements not included in XI(d)(i) (itemize-add schedule if more space is needed):		
	<hr/>	0.00	0.00
	<hr/>	0.00	0.00
(i)	Subtotal [a + b + c - d - e - f - g +/- h]	0.00	0.00
(j)	Expense funds per books end of year		
	Bank/Account No./Interest Bearing (y/n)		
	<hr/>		
	<hr/>		
	<hr/>		
	Total of expense fund accounts [same as XI (i) above]	<u>0.00</u>	<u>0.00</u>

	<u>FY 2021</u>	<u>FY 2020</u>
XII. RECONCILIATION BETWEEN EXPENSE FUNDS PER BOOKS AND PER BANKS END OF YEAR		
(a) Balance per banks	0.00	0.00
(b) Deposits in transit	0.00	0.00
(c) Outstanding checks	0.00	0.00
(d) Other reconciling items (itemize - add schedule if more space is needed):		
	0.00	0.00
	0.00	0.00
	0.00	0.00
(e) Balance per books [a + b - c +/- d] [same as XI (j)]	<u>\$0.00</u>	<u>\$0.00</u>

XIII. FUNDS AVAILABLE FOR COMPENSATION

(a) Payments made from Expense Fund		
(1) Expenses paid [same as XI (d)]	0.00	0.00
(2) Other payments from expense fund authorized by U.S. Trustee[XI (f) + (h)]	0.00	0.00
(3) Total payments made from expense fund [a (1) + a (2)]	<u>0.00</u>	<u>0.00</u>
(b) Non-percentage Fee Funds to Expense Fund:		
(1) Administrative expense allowances [same as IX (b)]	0.00	0.00
(2) Interest transferred from trust funds in current year [IX (d) (i) + (ii)]	0.00	0.00
(3) Interest earned on expense funds [same as IX (e)]	0.00	0.00
(4) Repayment of excess compensation paid out in prior year [same as XI (c)]	0.00	0.00
(5) Other receipts [same as IX (f) - itemize below]		
(6) Book Balance in expense fund account at beginning of year [same as XI (a)]	0.00	0.00
(7) Total non-percentage fee receipts [b (1) + b (2) + b (3) + b (4) + b (5) + b (6)]	<u>0.00</u>	<u>0.00</u>
(c) Net expenses remaining [a (3) - b (7), but not less than 0]	0.00	0.00
(d) Percentage Fee Receipts to Expense Fund:		
(1) Percentage fees transferred from trust funds [same as IX (a)]	0.00	0.00
(2) Fees received directly from debtors on payments under plans not made through the trustee [same as IX (c) (i)]	0.00	0.00
(3) Total percentage fees available [d (1) + d (2)]	0.00	0.00
(e) Funds available for compensation or (operating loss) [XIII (d) (3) - XIII (c)]	<u>\$0.00</u>	<u>\$0.00</u>

	<u>FY 2021</u>	<u>FY 2020</u>
XIV. COMPENSATION - See Instructions		
Maximum compensation pursuant to 28 U.S.C. § 586 (e) (1) (a), as shown below:		
(a) 5% of net receipts under plans [I (a)] - [II (c)] x 5%	0.00	0.00
(b) IF FEE AT DISBURSEMENT: Less: 5% of receipts carryover to next year [5% of section V(a)+V(b)] IF FEE AT RECEIPT: N.A.		
(c) 5% of constructive receipts under plans [IX (c) (ii)] x 5%	0.00	0.00
(d) 5% of receipts available for refund to debtor if no plan is confirmed (pursuant to Section 1226) - attach Schedule		
(e) Sum of (a) through (d)	0.00	0.00
(f) Funds available for compensation [same as XIII (e), but not less than zero]	0.00	0.00
(g)(1) Maximum compensation fixed by Attorney General (by Notice)		
(g)(2) Approved carryover compensation allowed by Attorney General (by waiver letter)		
(g)(3) Total maximum compensation fixed by Attorney General [g(1) + g(2)]	0.00	0.00
(h) Compensation paid trustee [same as XI (e)]	0.00	0.00
(i) Allowable compensation [lesser of (e), (f) or (g)(1), all plus (g)(2)]	0.00	0.00
(j) Excess compensation paid [(h) - (i), but not less than zero]	0.00	0.00
XV. EXCESS EXPENSE FUNDS		
(a) Ending year balance [same as XI (j)]	0.00	0.00
(b) Less 50% of operating expenses or \$15,000, whichever is greater [50% of XI(d)]	0.00	0.00
(c) Other (add schedule if more space is needed):		
(d) Expense fund balance in excess of 50% of operating expenses or \$15,000, whichever is greater [a - b ± c, but not less than zero]	0.00	0.00
XVI. SUMMARY OF FUNDS PAYABLE		
(a) Payable to Expense Fund from standing trustee for excess compensation paid [same as as XIV (j)]	0.00	0.00
(b) Payable to U. S. Trustee System Fund: Expense fund balance in excess of 50% of operating expenses or \$15,000, whichever is greater [same as XV(d)]	0.00	0.00

XVII. UNREIMBURSED OPERATING DEFICITS CARRYFORWARD

(a)	Unreimbursed operating deficit carryforward at beginning of year, approved by U.S. Trustee (by year generated)	20 _____ 20 _____ 20 _____	_____ _____ _____	_____ _____ _____
(b)	Total beginning year balance [sum of (a)]		0.00	0.00
(c)	Reimbursed to Trustee [same as XI (g)]		0.00	0.00
(d)	Current year deficit [same as XIII (e), if any]		0.00	0.00
(e)	Disallowed by U.S. Trustee (explain)		0.00	0.00
(f)	Ending year balance [b - c + d - e]		<u>0.00</u>	<u>0.00</u>

XVIII. BONDING REQUIREMENT	<u>FY 2021</u>	<u>FY 2020</u>
(a) Highest daily total bank balance (not book balance) for the year (balances per banks, excluding investments subject to the United States Trustee's counter-signature for withdrawal)	<u>0.00</u>	<u>0.00</u>
(b) Bond amount at month end for month with highest daily total bank balance	<u>0.00</u>	<u>0.00</u>
(c) Required trustee bond: Enter 110% of (a)	<u>0.00</u>	<u>0.00</u>
(d) Bond over (under) required amount [b - c]	<u>0.00</u>	<u>0.00</u>
(e) Are employees who have access to receipts or disbursements of cash or negotiable instruments, or to the financial records of the office bonded? ___ Yes ___ No		
Are they covered under the standing trustee bond, commercial crime policy insurance, or by a separate employees fidelity or honesty bond? [indicate type of bond or insurance and the amount]		
TYPE: _____	AMOUNT: _____	

XIX. CASES HANDLED

(a) Cases active, start of period	<u>0</u>	<u>0</u>
(b) New cases filed during fiscal year (+)	<u>0</u>	<u>0</u>
(c) Adjustments during fiscal year:		
(i) Cases transferred in (+)	<u>0</u>	<u>0</u>
(ii) Cases converted from another chapter (+)	<u>0</u>	<u>0</u>
(iii) Cases transferred out (-)	<u>0</u>	<u>0</u>
(iv) Conversions to another chapter (-)	<u>0</u>	<u>0</u>
(v) Dismissals (-)	<u>0</u>	<u>0</u>
Total adjustment (+) or (-)	<u>0</u>	<u>0</u>
(d) Cases closed on completion of the plan (-)	<u>0</u>	<u>0</u>
(e) Cases closed on hardship discharge (-)	<u>0</u>	<u>0</u>
(f) Cases active, end of period (a + b +/- c - d - e)	<u>0</u>	<u>0</u>
(g) Number of cases more than sixty-five months from first payment	<u>0</u>	<u>0</u>

NOTE: The entry for "Cases active, end of period" should be carried forward as the number of "Cases active, Start of Period" in the next fiscal year.

XX. PAYOUT TO NONPRIORITY UNSECURED CREDITORS IN CASES WHERE PLAN HAS BEEN COMPLETED:

(a) Number of cases paying 70% or more on unsecured claims:	_____	_____
(b) Number of cases paying 40%-69% on unsecured claims:	_____	_____
(c) Number of cases paying 1-39% on unsecured claims:	_____	_____
(d) Number of cases paying 0% on unsecured claims:	_____	_____
(e) Number of cases with no unsecured claims:	_____	_____
	<u>0</u>	<u>0</u>

Executive Office for United States Trustees
Annual Report of Chapter 12 Standing Trustee for the Fiscal Year July 1, 2020 to June 30, 2021

STANDING TRUSTEE'S CERTIFICATION TO REPORT AND ACCOUNT

I hereby certify under penalty of perjury that the information contained herein is a complete disclosure of the trustee operation's financial affairs and that it is true and correct. Furthermore, I request that this report be reviewed by the United States Trustee and the Attorney General of the United States or his delegate.

CHAPTER 12 STANDING TRUSTEE'S SIGNATURE

(This acknowledges that I will retain for the required period the original signature page from the annual report.)

Trustee:

Dated: _____

REVIEWED BY:

UNITED STATES TRUSTEE OFFICE

UNITED STATES TRUSTEE

Exhibit 3

**Executive Office for United States Trustees
Annual Report of Chapter 12 Standing Trustee for the Fiscal Year July 1, 2020 to June 30, 2021**

RELATED PARTY EXPENSES PAID FROM EXPENSE FUND
[Part X]

Trustee Name:

	Operating Expenses	Total Amount
(a)	Salaries (including overtime, bonuses and temporary labor)	_____
(b)	Payroll Taxes	_____
(c)	Employee Benefits	_____
(d)	Temporary Labor	_____
(e)	Office Rent & Utilities	_____
(f)	Bookkeeping & Accounting Services	_____
(g)	Computer Services	_____
(h)	Audit Services	_____
(i)	Consulting Services	_____
(j)	Telephone	_____
(k)	Postage	_____
(l)	Office Supplies	_____
(m)	Bond Premiums/Insurance (other than employee benefits)	_____
(n)	Dues, Publications & On-line Services	_____
(o)	Training (See Exhibit 1)	_____
(p)	Maintenance & Service Agreements	_____
(q)	Travel	_____
(r)	Equipment/Furniture Rental	_____
(s)	Equipment/Furniture Purchases	_____
(t)	Leasehold Improvements	_____
(u)	Other Expenses (add schedule if more space is needed):	_____

TOTAL RELATED PARTY EXPENSES:		0.00

Supplemental Information

**Executive Office for United States Trustees
Annual Report of Chapter 12 Standing Trustee for the Fiscal Year July 1, 2020 to June 30, 2021**



Trustee Name

SUPPLEMENT TO CHAPTER 12 STANDING TRUSTEE ANNUAL REPORT INSTRUCTIONS

INTRODUCTION

These instructions relate to the preparation of the Notes on Annual Report and the annual certifications provided to the United States Trustee.

NOTES ON ANNUAL REPORT

This section describes the preparation of the Notes on Annual Report which will be submitted to the United States Trustee as part of the Annual Report. The standing trustee can use the template provided below to tailor the Notes on Annual Report to the specific trust operation. **Do not delete or rename any of these notes. Additional notes can be added after Note 8.** These disclosures are reviewed as part of the audit on the Annual Report of the Chapter 12 Standing Trustee.

Note 1 Summary of Significant Accounting Policies

The Annual Report is prepared in conformity with the rules outlined in the Handbook for Chapter 12 Standing Trustees (July 1, 2013), the Qualifications and Standards for Standing Trustees, effective June 2, 1997, and other appropriate policy memoranda which maybe periodically issued by the Executive Office for United States Trustees, which require a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These rules provide for the preparation of the Annual Report substantially on the cash basis of accounting. Consequently, cash receipts are recognized when received, rather than when due, and expenses are recognized when paid, rather than when incurred. Accordingly, the Annual Report is not intended to present financial position and results of operation in conformity with accounting principles generally accepted in the United States of America.

If the Annual Report is scheduled for an audit this year, add: The statistical section of the annual report, Sections XIX through XX, is information required to be presented in the prescribed annual report format. The statistical section is unaudited and, accordingly, no audit procedures have been performed on the information presented in this section.

Note 2 Bonding

The standing trustee is one of ___ trustees covered under a blanket trustee bond executed in favor of the United States of America. The aggregate liability of the surety for all claims asserted against the bond is limited to the face amount of each claim regardless of the number of years the bond is in effect and regardless of the number of claims involved. The aggregate liability of the surety for all claims asserted against this bond is limited to \$_____ regardless of the number of trustees named as principals, or the number of years the bond is in force, or the number of claims that have been made or may be brought against the bond. The effective date of the bond is _____.

Note 3 Compensated Absences

The employees of the trustee operation earn paid time off (PTO) in accordance with a schedule set forth in the employee handbook. PTO is an all-purpose time off policy for eligible employees to use for vacation, illness, injury, bereavement, and other personal business. Earned and unused PTO is paid upon termination of employment. The liability related to earned but unused PTO totaled \$_____ and \$_____ at June 30, 20__ and 20__, respectively.

[Modify as applicable for the standing trustee's sick, vacation, and paid time off policy.]

Note 4 Retirement Plan

The standing trustee maintains a (for example, 401(k) plan covering all eligible employees of the trustee operation that have obtained ___ months of service). The plan allows for (for example, employee deferrals, employer discretionary matching, and employee discretionary profit sharing contributions). Retirement contributions in the amount of \$_____ and \$_____, or x% and x%, were made for the years ended June 30, 20__ and 20__, respectively.

[Modify as applicable for the standing trustee's specific retirement plan.]

Note 5 Lease Commitment

The standing trustee signed a long-term lease for office space at _____ commencing _____ and ending _____. Under the terms of the lease, the standing trustee pays monthly base rent of \$_____ with annual adjustments for inflation. Rent expense was \$_____ and \$_____ for the years ended June 30, 20__ and 20__, respectively.

The following is a schedule of future minimum rental payments required under this lease for the years ending June 30:

[Add equipment leases, parking leases, and other types of leases, as applicable.]

Note 6 Related Party Transactions

The standing trustee employed _____ during the fiscal years ended June 30, 20__ and 20__. The related party expenses include employee salary, taxes, employee benefits, and training expenses totaling \$_____ and \$_____ for the years ended June 30, 20__ and 20__, respectively.

If none, state “No related party transactions.”

[Modify as applicable for other types of related party transactions.]

Note 7 Contingencies

The standing trustee or the trust operation is involved in ongoing or pending litigation, claims or assessments as follows: _____.

If none, state “No ongoing or pending litigation, claims or assessments.”

[Modify as applicable for the types of contingencies.]

Note 8 Subsequent Events

The standing trustee has evaluated subsequent events through _____, the date the annual report was available to be issued. No events subsequent to June 30, 20__ required disclosure.

ANNUAL CERTIFICATIONS

This section provides a convenient list of the required annual certifications for standing trustees. These certifications are not part of the Annual Report but are provided concurrently with the Annual Report submission as a supplemental letter or other format. The required certifications are:

1. The standing trustee and employees must certify compliance with Handbook section 5.C, Prohibition of Solicitation of Gratuities, Gifts or Other Remuneration or Thing of Value. This certification must be provided to the EOUST with the Annual Report.

Sample

I hereby certify that:

- a) I have not solicited or accepted any gratuity, gift, or other remuneration or thing of value from any person with whom the standing trustee deals in the performance of the standing trustee's duties and responsibilities, except for gifts of nominal value that are in connection with a holiday or special event.
 - b) I have not purchased assets of the trustee operation without written approval of the United States Trustee.
 - c) I have not provided services or products targeted to chapter 12 debtors or creditors, except those services provided as a United States Trustee approved provider of a personal financial management instructional course.
2. Pursuant to Handbook section 4.B.1.c, the standing trustee's bank must provide an annual statement detailing any personal financial relationship with the standing trustee and certifying that the standing trustee has not and will not receive favorable treatment inuring to the personal benefit of the standing trustee. The standing trustee should provide a copy of this certification to the standing trustee coordinator.
 3. Pursuant to Handbook section 4.B.2.a, the standing trustee's bank must provide an annual affidavit that its deposit account records continue to specifically disclose the existence of a fiduciary relationship. This affidavit must be provided to the standing trustee coordinator.
 4. Pursuant to Handbook section 4.B.2.b, the standing trustee must provide an annual statement that records are maintained in the regular course of business, which reflect the interest of each debtor in the commingled funds deposited to the trust account and that each of the respective interests is less than the FDIC insurance limitation (currently \$250,000). This statement must be provided to the standing trustee coordinator.

5. Pursuant to Handbook section 4.F.1, any software provider selected by the standing trustee must comply with the requirements of the Handbook. In addition, the standing trustee must select software providers who maintain a reasonable amount of fidelity coverage on employees. The provider must furnish proof of coverage upon request. A copy of this proof of coverage must be provided to the standing trustee coordinator.

6. Pursuant to Handbook section 4.C.3.b, the standing trustee must mail, at least annually, to the debtor and debtor's attorney, a report showing all receipts from the debtor, all disbursements made during the reporting period, and the amount of undistributed funds on hand. This report may be sent by electronic mail. The standing trustee has the option to maintain a copy of these reports or certify to the United States Trustee that the reports have been sent. The copy of the reports or the certification must be provided to the standing trustee coordinator.

APPENDIX B

SAMPLE FORMAT FOR REPORT ON PRESCRIBED PROCEDURES

Element 1:

Review the segregation of duties matrix prepared by the standing trustee and report whether duties are adequately segregated and, if not, identify any mitigating controls. Handbook, page 4-10.

Work Performed by Auditor:

Utilized the Segregation of Duties Matrix (Appendix ___) to evaluate and document the study of job functions.

Tested the accuracy of the matrix during the audit of the Annual Report and the completion of the prescribed procedures contained in the Statement of Work.

Reviewed the segregation of duties employed by the standing trustee to determine whether incompatible duties are assigned to employees that would allow fraud to go undetected or prevent the timely correction of errors.

Findings:

The Segregation of Duties Matrix appears to be accurate based on our review of the duties performed by the standing trustee and his or her employees. Incompatible duties were noted for certain employees. The incompatible duties are specific to certain procedures reported on later in this prescribed procedures report.

Recommendations:

None.

APPENDIX C

SEGREGATION OF DUTIES MATRIX

(Also available as an Excel file.)

APPENDIX D

EMPLOYEE RISK CLASSIFICATIONS

The classifications of risk and required minimum limits of coverage are:

- A If the standing trustee has one or more employees with significant supervisory responsibilities, access to funds or accounting records, or administrative control over computer security features at a level similar to the standing trustee, then the standing trustee should be insured or the employee(s) bonded at a minimum of 50% of the trustee's bond*;
- B If the standing trustee has one or more employees with responsibilities in cash receipt or disbursement area, access to funds or accounting records, or administrative control over computer security features, the standing trustee should be insured or the employee(s) bonded at a minimum of 20% of the standing trustee's bond amount*; or
- C If the standing trustee has no employees with responsibility for or access to cash or accounting records, or administrative control over computer security features, then the standing trustee must, nonetheless, be insured under this policy for a minimum of 10% of the standing trustee's bond amount.*

* For the purposes of this Appendix, standing trustee bond shall be 110% of the highest daily total bank balance estimated by the standing trustee for the upcoming year. Bank balance includes all bank accounts, certificates of deposit or other permissible investments maintained by the trust operation.