

# SPECIAL REPORT

Tennessee Wildlife Resources Agency

Review of Missing Funds

January 2012



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY

Department of Audit  
Division of State Audit



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Arthur A. Hayes, Jr.  
Director

January 18, 2012

The Honorable Bill Haslam, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
The Honorable Ed Carter, Executive Director  
Tennessee Wildlife Resources Agency  
Ellington Agricultural Center  
440 Hogan Road  
Nashville, TN 37220

Ladies and Gentlemen:

Transmitted herewith is a special report on the review of missing “pay lake” funds from Tennessee Wildlife Resources Agency (TWRA) Region 1.

On November 5, 2009, our office was notified about a matter involving missing funds from pay lakes in Region 1 of TWRA in West Tennessee. A pay lake is a private pond or small lake that charges a fee to fish, a fee per pound of fish, or a fee only if you catch fish.

We met with TWRA officials on November 9, 2009. They explained to us that before Edison (the state’s newly implemented enterprise resource planning system) came online, the TWRA lake managers had the responsibility of collecting the money from the honor boxes at the various lakes, completing the lake receipt reports, and making the deposits. After the implementation of Edison, TWRA officials decided that the lake managers should take the pay lake funds to the regional offices. TWRA officials explained to us that in order to utilize Edison at the pay lakes, extra equipment needed to be purchased so they decided that the funds should be taken to the regional offices to be deposited instead.

TWRA officials stated that the March 2009 and April 2009 deposits were made by the lake managers as usual. Starting in May 2009, the money from the Region 1 pay lakes was taken to the Region 1 office in Jackson. According to TWRA officials, the money from the lakes was usually cash in small bills. TWRA officials explained that after the regional office took on that responsibility, central office fiscal staff noted discrepancies in the deposit amounts reconciled to the copies of the lake reports prepared by the pay lake managers.

The missing amounts totaled \$4,698.84 for the period May 2009 through October 2009. In addition, TWRA officials stated that weeks prior to our meeting, Pam Lemler, the secretary in the Region 1 office, sold a Lifetime Sportsman License for \$810. The customer paid for the license in cash, which was subsequently missing. Ms. Lemler e-mailed the office in Nashville to see what she needed to do to rectify the problem. She did not remember what happened to the \$810. The officials stated that they had a suspicion Ms. Lemler had taken both the license money and the pay lake money because she was responsible for receiving money from the pay lake managers, recording license sales, placing the money in the safe in the regional office, and depositing the money into a TWRA bank account in Jackson.

We obtained records from TWRA to verify their findings on the missing pay lake funds. After reviewing the records, we verified the \$4,698.84 discrepancy that they found. We traveled to the Region 1 office on February 8, 2010, and interviewed a total of six staff members that day, including Ms. Lemler. The other five staff members knew of some missing money, but they denied taking it. They also stated that they did not know who had taken the money.

During Ms. Lemler's interview, she explained that her job responsibilities consisted of recording license sales into the Remote Easy Access License (REAL) System and taking deposits to the bank. The REAL System is TWRA's electronic licensing system that integrates a Point-of-Sale system and a customer database for the sales and tracking of most of the agency's hunting and fishing licenses and boat registrations. Ms. Lemler admitted selling a Lifetime Sportsman License for \$810 but stated that she did not know what happened to the money after the sale. She denied keeping the money. However, Ms. Lemler admitted keeping the pay lake funds. She stated that she was under extreme financial duress and took the pay lake funds with the intention of paying them back. She stated that she did not know how much she took.

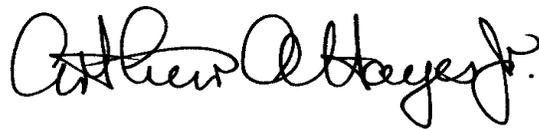
Ms. Lemler was subsequently terminated by TWRA for gross misconduct. Pursuant to Section 8-50-807(d), *Tennessee Code Annotated*, she forfeited 240.2 hours of annual leave worth \$2,615.78, and she was coded not eligible for rehire statewide for a period of two years.

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The findings in this report were referred to the Office of the District Attorney, 26<sup>th</sup> Judicial District. We were notified on May 10, 2010, that Ms. Lemler pled guilty to one count of Theft of Property over \$1,000. She was sentenced to three years' deferred probation because she qualified for judicial diversion, and she was ordered to pay a fine of \$100.00, pay restitution of \$2,083.06, and complete 100 hours of community service. Ms. Lemler was also ordered to maintain full-time employment or become a full-time student. If the conditions of her probation are met, she will become eligible to have her record expunged.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Hayes, Jr." with a stylized flourish at the end.

Arthur A. Hayes, Jr., CPA  
Director

AAH/kf  
10/05

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Special Report

**TENNESSEE WILDLIFE RESOURCES AGENCY**  
**Review of Missing Funds**  
**January 2012**

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## **ORIGIN OF THE REVIEW**

On November 5, 2009, our office was notified about a matter involving missing funds from “pay lakes” in Region 1 of the Tennessee Wildlife Resources Agency (TWRA) located in Jackson, Tennessee. A pay lake is a private pond or small lake that charges a fee to fish, a fee per pound of fish, or a fee only if you catch fish.

We met with TWRA officials on November 9, 2009, at their headquarters at Ellington Agricultural Center in Nashville. They explained to us that before Edison (the state’s newly implemented enterprise resource planning system) came online, the lake managers had the responsibility of collecting the money from the honor boxes at the various lakes, completing the lake reports, and making the deposits. After the implementation of Edison, TWRA officials decided the lake managers should take the pay lake funds to the regional offices. TWRA officials explained to us that in order to utilize Edison at the pay lakes, extra equipment needed to be purchased so they decided that the funds should be taken to the regional offices to be deposited instead.

According to the officials, they started seeing discrepancies around May 2009 in the deposit amounts reconciled to the copies of the lake reports prepared by the pay lake managers. The missing funds totaled \$4,698.84. In addition, an \$810 cash payment for a Lifetime Sportsman License was missing. The officials suspected that Pam Lemler, the secretary for the Region 1 Office, had taken the money because she was primarily responsible for receiving money from the pay lake managers, recording license sales, placing the money in the safe in the regional office, and depositing the money into a TWRA bank account in Jackson.

We began our review of this issue in November 2009.

## **OBJECTIVES OF THE REVIEW**

Our review had the following objectives:

- to review relevant records and determine if the amount of missing pay lake funds we found matched the amount of missing pay lake funds TWRA officials determined was missing;
- to interview appropriate TWRA Region 1 office personnel and determine what actually happened to the missing pay lake funds and the Lifetime Sportsman License funds;
- to develop recommendations to remedy identified deficiencies; and
- to refer the results of our review to the appropriate authorities.

### **SCOPE OF THE REVIEW**

Our work included a review of the monthly pay lake reports dated February 2009 to October 2009, deposit records, Edison reports, and interviews with personnel from the Region 1 office of TWRA.

### **RESULTS OF THE REVIEW**

Based on information obtained during the review of the records, interviews were performed. During the interviews, Ms. Lemler admitted that she took the missing pay lake funds. She denied taking the cash for the Lifetime Sportsman License. Ms. Lemler was subsequently terminated for gross misconduct. Pursuant to Section 8-50-807(d), *Tennessee Code Annotated*, she forfeited 240.2 hours of annual leave worth \$2,615.78, and she was coded not eligible for rehire statewide for a period of two years.

The findings in this report were referred to the Office of the District Attorney General, 26th Judicial District.

We were notified on May 10, 2010, that Ms. Lemler pled guilty to one count of Theft of Property over \$1,000. She was sentenced to three years' deferred probation because she qualified for judicial diversion, and she was ordered to pay a fine of \$100.00, pay restitution of \$2,083.06, and complete 100 hours of community service. Ms. Lemler was also ordered to maintain full-time employment or become a full-time student. If the conditions of her probation are met, she will become eligible to have her record expunged.

### **RECOMMENDATIONS**

Our review resulted in the following recommendations:

1. TWRA should ensure that established safeguards and new control procedures for counting, receipting, and safeguarding of cash are followed.
2. TWRA should provide physical security over any safe, vault, lock box, cashier drawer, or any other area used to secure cash.

**Tennessee Wildlife Resources Agency  
Review of Missing Funds  
January 2012**

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**Tennessee Wildlife Resources Agency  
Review of Missing Funds  
January 2012**

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**INTRODUCTION**

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**ORIGIN OF THE REVIEW**

On November 5, 2009, our office was notified about a matter involving missing funds from “pay lakes” in Region 1 of the Tennessee Wildlife Resources Agency (TWRA) located in Jackson, Tennessee. A pay lake is a private pond or small lake that charges a fee to fish, a fee per pound of fish, or a fee only if you catch fish.

We met with TWRA officials on November 9, 2009. They explained to us that before Edison (the state’s newly implemented enterprise resource planning system) came online, the lake managers had the responsibility of collecting the money from the honor boxes at the various lakes, completing the lake receipt reports, and making the deposits. After the implementation of Edison, TWRA officials decided that the lake managers should take the pay lake funds to the regional offices. TWRA officials explained to us that in order to utilize Edison at the pay lakes, extra equipment needed to be purchased so they decided that the funds should be taken to the regional offices to be deposited instead.

According to the officials, they started seeing discrepancies around May 2009 in the Region 1 deposit amounts reconciled to the copies of the lake reports prepared by the pay lake managers. The missing funds totaled \$4,698.84. In addition, an \$810 cash payment for a Lifetime Sportsman License was missing. The officials suspected that Pam Lemler, the secretary for the Region 1 office, had taken the money because she was primarily responsible for receiving money from the pay lake managers, recording license sales, placing the money in the safe in the regional office, and depositing the money into a TWRA bank account in Jackson.

We began our review of this issue in November 2009.

**OBJECTIVES OF THE REVIEW**

Our review had the following objectives:

- to review relevant records and determine if the amount of missing pay lake funds we found matched the amount of missing pay lake funds TWRA officials determined was missing;
- to interview appropriate TWRA Region 1 office personnel and determine what actually happened to the missing pay lake funds and the Lifetime Sportsman License funds;

- to develop recommendations to remedy identified deficiencies; and
- to refer the results of our review to the appropriate authorities.

## **SCOPE OF THE REVIEW**

Our work included a review of the monthly pay lake reports dated February 2009 to October 2009, deposit records, Edison reports, and interviews with personnel from the Region 1 office of TWRA.

## **BACKGROUND**

The mission of the Tennessee Wildlife Resources Agency (TWRA) is to preserve, conserve, manage, protect, and enhance the state's wildlife and the environment for the use, benefit, and enjoyment of the people of this state and its visitors. TWRA also manages certain non-game wildlife to ensure their continuation. Additionally, the agency is responsible for promoting boating safety in Tennessee.

In order to fulfill its mission, the agency is governed by the Tennessee Wildlife Resources Commission. The 13-member commission consists of the Commissioner of Environment and Conservation, the Commissioner of Agriculture, nine members appointed by the Governor, one member appointed by the Speaker of the House, and one member appointed by the Speaker of the Senate. Daily operations are performed through two primary areas: staff operations and field operations. The major functions of TWRA include law enforcement; operation of lakes, hatcheries, and management areas; information/education; boating and hunter safety; public information; and habitat protection.

TWRA is self-supporting, financed by revenues from the sale of hunting and fishing licenses, boating and other permits, and fines assessed for the violation of game and fishing laws. The agency also receives an apportionment of federal taxes levied on the sale of hunting and fishing equipment under the provisions of the Federal Aid in Wildlife Restoration and Federal Aid in Sport Fish Restoration Acts.

The Tennessee Wildlife Resources Agency operates with a revolving fund. The reserve account balances are amounts of revenues exceeding expenditures. The balances are carried forward every year in the reserve accounts and do not revert to the general fund.

TWRA has four regions across the state. Region 1, which is where the funds were missing, encompasses 25 counties in West Tennessee. The Region 1 headquarters is located in Jackson on Lake Graham. The pay lakes in Region 1 that are associated with this issue are Browns Creek Lake, Maples Creek Lake, and Davy Crockett Lake.

There are numerous ponds and small lakes throughout the state that charge a fee to fish, a fee per pound of fish, or a fee only if you catch fish. These lakes are also known as catch-out facilities, or "pay lakes." TWRA operates 18 pay lakes across the state called family fishing lakes. Some of these 18 lakes are operated by private concessionaires under contract and offer complete services for

the fishing public. For the lakes without private concessionaires or when the private concessionaires are closed, the fishing public is entrusted to utilize “honor boxes” at those particular lakes. The honor boxes allow the fishing public a way to pay for applicable fees for the use of those lakes by placing the applicable fees in envelopes and leaving the fees in the honor boxes.

The Lifetime Sportsman License is available to any individual who has resided in Tennessee continuously for 12 consecutive months immediately preceding the purchase of the license. The Lifetime Sportsman License entitles the holder to all the hunting and fishing privileges afforded holders of an Annual Sportsman License, and this license is good for the life of the holder even if the license holder moves out of state.

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## **DETAILS OF THE REVIEW**

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### **OVERALL CONCLUSIONS**

Based on information obtained during the review of the records, interviews were performed. During the interviews, Ms. Lemler admitted that she took the missing pay lake funds, but she denied knowing what happened to the \$810 for the Lifetime Sportsman License she sold. The missing pay lake funds totaled \$4,698.84.

### **REVIEW OF RECORDS**

TWRA officials found a \$4,698.84 discrepancy between the lake receipt reports and the actual amount of money deposited. This \$4,698.84 discrepancy covered the months from February 2009 to October 2009. After an initial meeting with the District Attorney for the 26<sup>th</sup> Judicial District on November 12, 2009, in Jackson, we obtained records from TWRA to verify the agency’s findings related to the missing pay lake funds. After reviewing the records we received from TWRA, we verified the \$4,698.84 discrepancy that they had found. We presented our findings to TWRA officials on December 29, 2009, and informed the District Attorney General of the 26<sup>th</sup> Judicial District of our findings.

### **INTERVIEWS WITH REGION 1 OFFICE PERSONNEL**

After confirming the \$4,698.84 discrepancy, we traveled to the Region 1 office on February 8, 2010, to interview personnel in that office about the missing pay lake funds. A total of six people were interviewed that day including Pam Lemler, the secretary suspected of taking the money. The other five staff members knew of some missing money, but they denied taking it. They also stated that they did not know who had taken the money.

## **INTERVIEW WITH MS. LEMLER**

During Ms. Lemler's interview, she explained that her job responsibilities consisted of recording license sales into the Remote Easy Access License (REAL) System and taking deposits to the bank. The REAL System is TWRA's electronic licensing system that integrates a Point-of-Sale system and a customer database for the sales and tracking of most of the agency's hunting and fishing licenses and boat registrations. Ms. Lemler admitted selling a Lifetime Sportsman License for \$810 but stated that she did not know what happened to the money after the sale. She denied keeping the money. Ms. Lemler admitted taking the pay lake funds. She stated that she was under extreme financial duress and took the pay lake funds with the intention of paying them back. She stated that she did not know how much she took.

TWRA terminated Ms. Lemler's employment the day of our interview for gross misconduct. Because she was terminated for gross misconduct, under Section 8-50-807(d), *Tennessee Code Annotated*, she forfeited 240.2 hours of annual leave worth \$2,615.78 and was coded not eligible for rehire statewide for a period of two years.

## **REFERRAL**

The issues discussed in this report were referred to the Office of the District Attorney General, 26th Judicial District.

## **RESULTS OF THE REFERRAL**

We were notified on May 10, 2010, that Ms. Lemler pled guilty to one count of Theft of Property over \$1,000. She was sentenced to three years' deferred probation because she qualified for judicial diversion, and she was ordered to pay a fine of \$100.00, pay restitution of \$2,083.06, and complete 100 hours of community service. Ms. Lemler was also ordered to maintain full-time employment or become a full-time student. If the conditions of her probation are met, she will become eligible to have her record expunged.

## **NEW CONTROL MEASURES**

For an employee who handles cash, no measure can prevent taking the cash, but control measures should detect the problem, and in this case they did. The central office's Revenue Division recognized that deposit reports were not being submitted in a timely manner and reports did not reflect the correct amount of cash for deposit as recorded by the pay lake managers. This ultimately led to the Director's office instructing the Region to deposit all cash, count the change fund, and report the total deposits and cash on hand. Revenue Division staff were able to document how much cash was deposited over a six-month period, how much should have been deposited, and who received and deposited the cash.

The weaknesses that were identified were the absence of counting and receipting cash when it changed hands and the lack of physical security over the cash. Prior to the discovery of the theft, the cash was kept in an unlocked safe in a room with a door that locked, but the key to the room was

in a known and accessible location. The room and the safe were unlocked during normal working hours.

New control measures were implemented by TWRA after the incident at the Region 1 office. All agency facilities that handle money were instructed to generate a receipt when cash changes hands. Also, all facilities were instructed to secure cash in a locked device such as a safe or strongbox. See Exhibit A for the new control measures.

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## **RECOMMENDATIONS**

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Our review resulted in the following recommendations:

1. TWRA should ensure that established safeguards and new control procedures for counting, receipting, and safeguarding of cash are followed.
2. TWRA should provide physical security over any safe, vault, lock box, cashier drawer, or any other area used to secure cash.

## EXHIBIT A

Tennessee Wildlife Resources Agency

### **Receipting of Cash and Deposit Practices Initiated in Response to Investigation of Missing Funds**

**Effective: November 18, 2010**

TWRA Deposit Locations:

TWRA Region I Jackson  
TWRA Region 3 Crossville  
TWRA Region 4 Morristown  
TWRA Nashville Sales Office  
John Sevier Firing Range, Knoxville  
Stones River Hunter Ed Ctr, Antioch  
TWRA Hunter Ed and Range Facility, Bartlett

Other Sales Locations:

Davy Crockett Lake, Jackson  
Maples Lake, Jackson  
Browns Lake, Jackson  
Off-site special events, such as Wild Turkey Fed. Conv, State Legislature, Duck Blind Draws, etc.

Definitions:

Cashier – employee responsible for receiving, receipting and balancing cash and cash equivalents for the day's business.

#### **Receipting and Safe-guarding of Cash**

When cash is received for the sale of licenses, permits, boat registrations or items available for the public to purchase such as maps, targets, etc., the Cashier must receipt the cash daily into the EDISON iNovah Cashiering system. Cash that is transferred from one employee to the Cashier for the purpose of making a deposit in iNovah should be re-counted in the presence of both employees and receipted into iNovah at that time. The Cashier should provide a copy of the printed receipt for the employee to retain.

Cash should be stored in a secure location, such as a vault, safe, lock box, or cashier drawer out of the view of the public and accessible only to authorized personnel. Cash received for sales should not be co-mingled with any other type of funds such as Petty Cash funds or Change funds.

## EXHIBIT A (Cont.)

### Deposit Practices

In general, follow the guidelines of Finance and Administration Policy 25 for frequency of deposits <http://tennessee.gov/finance/act/policyb.html> . The Nashville Sales Office, because of the consistent high dollar amount of sales, is to deposit revenues daily. Regional Offices and Firing Range locations must deposit any funds on hand at least once per week.

Cashiers must balance daily, all items for deposit; cash, checks, credit card payments, etc., with sales totals and all of it must be reviewed by an Office Supervisor at that deposit location. The final audit and closing of all deposits will be made by an Agency Receivable Specialist in the TWRA Revenue Division in the Nashville Office. **It is imperative that the deposit be delivered to the bank the day that the deposit batch(es) are closed.** Cashiering locations may designate a day of the week to make deposits or contact the Revenue Division, as needed, if there is a change in the deposit routine to ensure that the deposit date and deposit delivery date match.

Deposits should be transported to the bank by a responsible party. It is desirable to have a bank teller to verify cash amounts before they receipt and stamp the Certificate of Deposit. Bank receipt and CD's should be sent preferably by email or faxed the next business day or as soon as possible to the Revenue Division.

Funds received by mail:

Cash, checks, money orders, etc., received in the mail must be taken immediately to the nearest TWRA Cashiering location for proper handling.

Questions should be forwarded to the Revenue Division @ 615-781-6553.

Source: Tennessee Wildlife Resources Agency, Chief of Planning and Federal Aid, 11/18/2010.