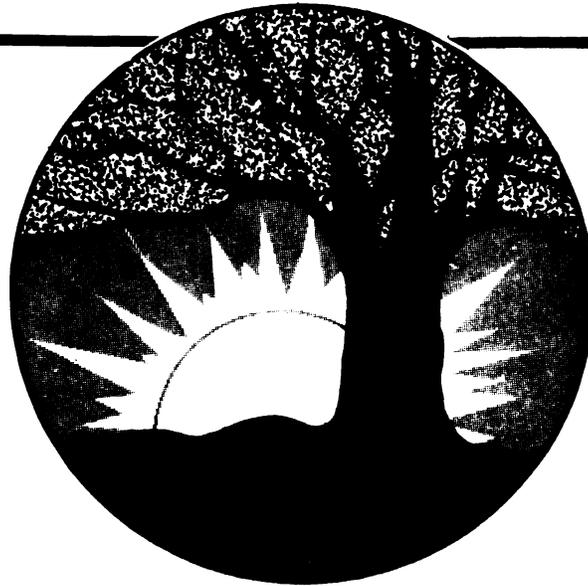


PERFORMANCE AUDIT

Tennessee Fish and Wildlife Commission
Tennessee Wildlife Resources Agency
October 2013



Justin P. Wilson
Comptroller of the Treasury



State of Tennessee
Comptroller of the Treasury
Department of Audit
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October 1, 2013

The Honorable Ron Ramsey
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The Honorable Beth Harwell
Speaker of the House of Representatives
The Honorable Mike Bell, Chair
Senate Committee on Government Operations
The Honorable Judd Matheny, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

The Honorable Dr. Jeff McMillin, Chairman
Tennessee Fish and Wildlife Commission
1705 Edgemont Avenue
Bristol, Tennessee 37620
and
The Honorable Ed Carter, Executive Director
Tennessee Wildlife Resources Agency
Ellington Agricultural Center
440 Hogan Road
Nashville, Tennessee 37220

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the Tennessee Fish and Wildlife Commission and the Tennessee Wildlife Resources Agency for the period July 1, 2009, through May 31, 2013. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

Our audit disclosed certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report. Management of the agency has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the commission should be continued, restructured, or terminated.

Sincerely,

Deborah V. Loveless, CPA
Director

DVL/dbc
13/054

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Tennessee Fish and Wildlife Commission
Tennessee Wildlife Resources Agency
October 2013

AUDIT SCOPE AND METHODOLOGY

We have audited the Tennessee Fish and Wildlife Commission and the Tennessee Wildlife Resources Agency for the period July 1, 2009, through May 31, 2013. Our audit scope included a review of internal control and compliance with laws, regulations, and provisions of contracts or grant agreements in the areas of the Tennessee Fish and Wildlife Commission, State Payment Cards, equipment, crop leases, conflicts of interest, the Remote Easy Access Licensing System, computer access, performance measures, and Title VI. The Tennessee Fish and Wildlife Commission and management of the Tennessee Wildlife Resources Agency are responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, and provisions of contracts and grant agreements.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. We present more detailed information about our methodologies in the individual report sections.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CONCLUSIONS

FINDINGS

Tennessee Wildlife Resources Agency management did not maintain proper controls over State Payment Cards, increasing the risk that state resources will be used improperly due to fraud, waste, and abuse

Employees used State Payment Cards to purchase goods and services that were not permitted to be purchased with State Payment Cards. In addition, employees circumvented purchasing limits and did not ensure that purchases were supported by documentation that met requirements prescribed by State Payment Card policies and procedures (page 10).

As noted in the 2007 prior financial and compliance audit and the 2010 follow-up review, the Tennessee Wildlife Resources Agency did not maintain proper internal controls over equipment, increasing the risk that asset misappropriation will not be prevented or detected and corrected timely*

Employees failed to tag equipment items and did not ensure that information recorded in the asset management system was complete and accurate. In addition, staff did not prepare equipment loss reports timely, did not report lost or stolen equipment to the Office of the Comptroller of the Treasury timely, and did not reimburse the agency for lost or stolen equipment (page 19).

As noted in the 2000, 2005, and 2009 prior audits, the Tennessee Wildlife Resources Agency did not comply with procedural requirements for crop leases, increasing the risk that the agency would fail to generate appropriate amounts of revenue from leased land due to improper bidding and administrative practices**

Employees failed to comply with the State Building Commission's requirements regarding proper bidding, advertising, and documentation procedures for crop leases (page 26).

The Tennessee Wildlife Resources Agency did not enforce its conflict-of-interest policies, increasing the risk that potential conflicts of interest would not be prevented or detected and addressed timely

Management did not ensure that conflicts-of-interest forms were completed by Wildlife series class employees and maintained in the employees' personnel files (page 29).

The Tennessee Wildlife Resources Agency did not always maintain proper information systems security controls, increasing the risk of fraudulent activity

Based on our computer access testwork, the agency did not follow best practices regarding computer access and data management (page 32).

* This finding is repeated from a prior audit.

** This finding is repeated from prior audits.

OBSERVATIONS

The following State Payment Card issues did not warrant a finding but are included in this report (page 16) because of their effect on the operations of the Tennessee Wildlife Resources Agency: an application was not maintained; cardholders did not comply with policies and procedures; and cards were used infrequently.

Performance Audit
Tennessee Fish and Wildlife Commission
Tennessee Wildlife Resources Agency

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Performance Audit
Tennessee Fish and Wildlife Commission
Tennessee Wildlife Resources Agency

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Tennessee Fish and Wildlife Commission and the Tennessee Wildlife Resources Agency (TWRA) was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-235, the Tennessee Fish and Wildlife Commission is scheduled to terminate on June 30, 2014. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether the commission should be continued, restructured, or terminated.

ORGANIZATION AND STATUTORY RESPONSIBILITIES

The Tennessee Fish and Wildlife Commission was created on July 1, 2012, and replaced the Tennessee Wildlife Resources Commission according to Sections 70-1-201 and 70-1-208, *Tennessee Code Annotated*. The Tennessee Fish and Wildlife Commission is, according to Section 70-1-201, an independent and separate administrative board, consisting of 13 members: nine members (three from each grand division of the state) appointed by the Governor, two members appointed by the Speaker of the House of Representatives, and two members appointed by the Speaker of the Senate. In order to stagger the terms, the initial (2012) appointments specify that five appointed members of the commission serve terms of two years and eight months; five serve four years and eight months; and three serve six years and eight months. This statute also states that “the governor and the speakers shall strive to ensure that at least one (1) person serving on the commission is sixty (60) years of age or older, at least one (1) person serving on the commission is a member of a racial minority, and at least two (2) persons serving on the commission are female.” Pursuant to Section 70-1-203, “The governor, the commissioner of environment and conservation and the commissioner of agriculture...serve as ex officio, nonvoting members of the commission....” According to Section 70-1-206, the commission is directed, and authorized, to (1) appoint and dismiss the executive director of the agency; (2) approve the TWRA budget pursuant to Section 70-1-306, *Tennessee Code Annotated*; (3) promulgate necessary rules, regulations, and proclamations as required by law; (4) establish the salary of the TWRA executive director; and (5) “Establish objectives within the state policy that will enable the wildlife resources agency to develop, manage and maintain sound programs of hunting, fishing, trapping and other wildlife related outdoor recreational activities.” The

commission is required by statute to meet at least 6 times each year and may meet up to 12 times per year.

The Tennessee Wildlife Resources Agency was created by Chapter 481 of the 1974 Public Acts, codified as Section 70-1-301 et seq., *Tennessee Code Annotated*. The agency was given “full and exclusive jurisdiction of the duties and functions relating to wildlife formerly held by the game and fish commission or of any other law relating to the management, protection, propagation, and conservation of wildlife, including hunting and fishing, except those powers and duties conferred upon the fish and wildlife commission as provided in §70-1-206.” The agency is also responsible for the acquisition of wetlands and bottomland hardwood forests and for the enforcement of the Boating Safety Act, codified as Section 69-9-201 et seq.

The Tennessee Wildlife Resources Agency is organized into two primary areas—Staff Operations and Field Operations—each of which reports to an assistant director.

Staff Operations

The Staff Operations area provides administrative and staff support to the agency through six divisions: Information Technology, Human Resources, Administrative Services, Information and Education, Audit, and Revenue.

Within the Information Technology Division, there are six sections: Programming/Analysis, Geographic Information System, Print Operations, Network Administration, Data Processing/Uniform Ordering and Management, and Asset Management. The Programming/Analysis section is responsible for the Remote Easy Access Licensing System, which is a comprehensive system allowing the purchase of hunting and fishing licenses from license agents, on the telephone, and on the Internet. This section also oversees all development of new system programming as well as maintenance of legacy programs. The Geographic Information System section is responsible for mapping and spatial data. The Print Operations section produces printed reports, permits, and forms; the Network Administration section maintains the TWRA LAN and desktop support; the supervisor of the Data Processing/Uniform Ordering and Management section oversees the data entry applications and uniform orders; and the Asset Management section oversees the purchase of computer hardware and software for the agency as well as monitoring inventory of agency equipment.

The Human Resources Division is responsible for employee recruitment, benefits, payroll, and training as related to sexual harassment, supervisory skills, the Americans with Disabilities Act program, and new employee orientation. The Administrative Services Division is responsible for the budget and procurement.

With the mission to provide quality programs and information to all hunters, anglers, and wildlife enthusiasts, the Information and Education Division is responsible for distributing information through agency publications and presentations and educating the public through many programs like Archery in the Schools and Becoming an Outdoors Woman. In addition, the Information and Education Division is also responsible for the *Tennessee Wildlife Magazine* and the information on the agency’s website.

The Internal Audit Division monitors the agency's internal controls and audits property records and agency lake concessionaires.

Along with auditing agency revenue, the Revenue Division is responsible for processing boat registrations and license sales.

Field Operations

The agency's Field Operations area is administered through the four regional offices located in Jackson, Nashville, Crossville, and Morristown and consist of the following major divisions: Boating and Law Enforcement, Wildlife and Forestry Management, Fisheries Management, Engineering and Real Estate Services, and Environmental Services.

The Boating and Law Enforcement Division coordinates statewide law enforcement activities, recommends law enforcement policy, and maintains law enforcement statistics. In addition, this division maintains all TWRA communications equipment statewide including mobile radios, vehicle and boat blue-lights and sirens, and electronic equipment used in covert operations. Programs such as Hunter Education, boat registration, boater education and awareness, search and rescue, boat theft, and waterway facilities (e.g., boat ramps, courtesy docks, and mooring facilities) are also included in this division. As TWRA is the only state agency equipped to respond en masse to a water-related event, Homeland Security has also become a major responsibility of this division. TWRA is the primary agency tasked by the Tennessee Emergency Management Agency with responding to water-related natural or man-made catastrophes.

The Wildlife and Forestry Management Division coordinates statewide wildlife, non-game, and endangered species management and administers the forestry program on agency lands. Personnel conduct research, work to preserve the state's wildlife resources, and provide hunting, trapping, and other recreational opportunities.

The Fisheries Management Division coordinates statewide fish management (both sport and commercial), aquatic endangered species, and water pollution programs. Technical assistance is also provided for owners of farm ponds and small lakes.

The Engineering and Real Estate Services Division provides construction and engineering services and maintains over 200 boat access sites.

The Environmental Services Division is responsible for environmental areas that affect fisheries and the loss or destruction of wildlife habitat. Responsibilities include projects associated with reservoirs, streams, trout waters, and wetlands; the Tennessee Aquatic Database System, which is used for policy decisions, mitigation, and national projects like the Aquatic Gap Analysis Program; and the Fish Kill Database, which is used to collect fish mortality information regarding incident location and date, number of fish killed, estimated value of fish lost, and cause of fish mortality.

An organization chart of the Tennessee Wildlife Resources Agency is on the following page.

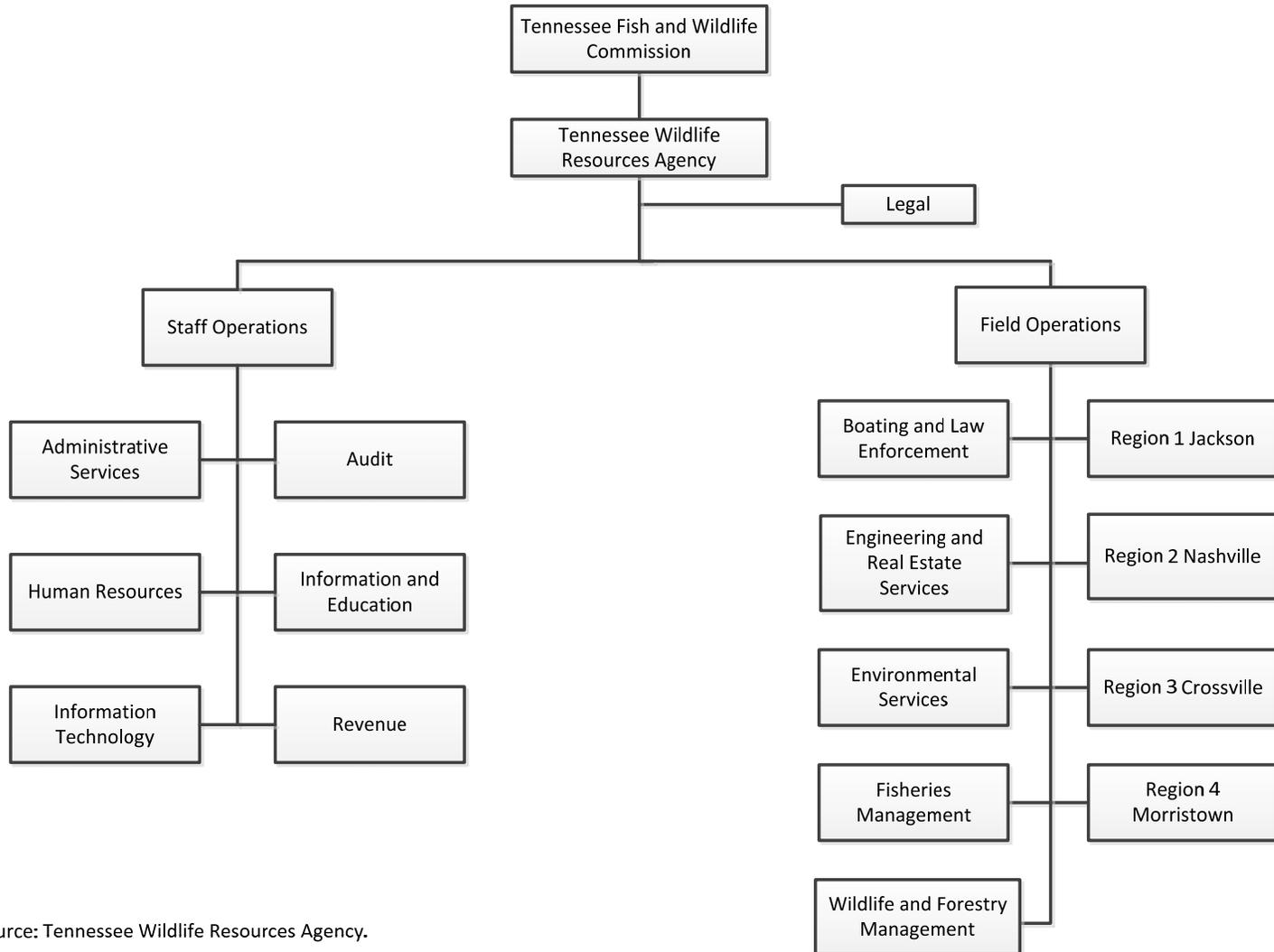
AUDIT SCOPE AND METHODOLOGY

We have audited the Tennessee Fish and Wildlife Commission and the Tennessee Wildlife Resources Agency for the period July 1, 2009, through May 31, 2013. Our audit scope included a review of internal control and compliance with laws, regulations, and provisions of contracts or grant agreements in the areas of the Tennessee Fish and Wildlife Commission, State Payment Cards, equipment, crop leases, conflicts of interest, the Remote Easy Access Licensing System, computer access, performance measures, and Title VI. The Tennessee Fish and Wildlife Commission and management of the Tennessee Wildlife Resources Agency are responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, and provisions of contracts and grant agreements.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. We present more detailed information about our methodologies in the individual report sections.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Tennessee Wildlife Resources Agency
May 31, 2013**



Source: Tennessee Wildlife Resources Agency.

PRIOR AUDIT FINDINGS

The prior financial and compliance audit report of the Tennessee Wildlife Resources Agency, which was released in July 2007, and covered the period June 1, 2003, through June 30, 2006, contained seven findings involving the Tennessee Wildlife Resources Agency. Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendation(s) in the prior audit report. The Tennessee Wildlife Resources Agency filed its report with the Department of Audit on January 28, 2008. We conducted a follow-up of all seven prior findings in the Prior Audit Findings Follow-up Review dated October 27, 2010. In the follow-up review, we determined that management had corrected six of the seven prior findings. We conducted a follow-up of the one remaining unresolved prior audit finding concerning equipment as part of the current audit.

The prior performance audit report, released November 2009, on the Tennessee Wildlife Resources Commission (now the Tennessee Fish and Wildlife Commission) and the Tennessee Wildlife Resources Agency covered the period August 2005 to April 2009 and contained four findings. The Tennessee Wildlife Resources Agency filed its follow-up report with the Department of Audit on June 23, 2010. A follow-up of all four prior performance audit findings was conducted as part of the current audit.

RESOLVED AUDIT FINDINGS

The current audit disclosed that the Tennessee Fish and Wildlife Commission and the Tennessee Wildlife Resources Agency have corrected three of the previous performance audit findings concerning

- reexamining the decisions made by the commission regarding harvesting shovelnose sturgeon and paddlefish;
- agency-wide standardized policies and procedures for maintaining and securing weapons used for hunter education; and
- maintenance of documentation demonstrating that the Agency and the Commission perform procedures to ensure the data reliability of the Remote Easy Access Licensing System.

REPEATED AUDIT FINDINGS

The prior financial and compliance audit report and follow-up review contained a finding concerning inadequate controls over equipment, and the prior performance audit report contained a finding concerning inadequate oversight and controls over crop leases. These findings have not been resolved and are repeated in the applicable sections of this report.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

TENNESSEE FISH AND WILDLIFE COMMISSION

The Tennessee Fish and Wildlife Commission is an independent and separate administrative board of conservation for game, fish, and wildlife of the state. It consists of 13 citizens of the state who are required to be well informed on conservation of game animals, birds, and fish in this state. Commission members are required to file a conflict-of-interest disclosure annually and abstain from voting or discussing issues with which they may have a conflict of interest. Any member of the commission who misses four regular or special meetings of the commission during any year of the commission member's term of office ipso facto vacates the member's office as a member of the commission.

Our objectives in examining the commission were to determine

- whether any commissioners were consistently absent and if there were any instances in which the commission was unable to vote or conduct other commission business because of the lack of a quorum of seven commissioners;
- if all commissioners signed a conflict-of-interest form; and
- if the commission and its commissioners met the statutory requirements for appointments, meetings, and duties and functions.

We reviewed the commission meeting minutes and attendance records for the commission meetings since July 1, 2012, to determine commissioners' attendance and if seven commissioners were present to vote and conduct business. We obtained and reviewed the commissioners' signed conflict-of-interest forms. In addition, we interviewed key personnel and reviewed commission meeting minutes, applicable sections of *Tennessee Code Annotated*, and other documentation to determine if statutory requirements were met.

Based on our review, we determined that

- there were no commissioners who were regularly absent, and there was a quorum for every meeting;
- there was a signed conflict-of-interest form for each commissioner; and

- the commission and its commissioners met the statutory requirements for appointment, meetings, and duties and functions.

STATE PAYMENT CARDS

Tennessee Wildlife Resources Agency (TWRA) provides its employees State Payment Cards as a quick, efficient method to procure goods and services in the official conduct of TWRA's mission. As of January 24, 2013, TWRA employed a staff of 701 employees, 562 of whom were assigned State Payment Cards. TWRA staff used State Payment Cards to make over 57,000 purchases of goods and services between July 1, 2009, and January 24, 2013, totaling approximately \$13.3 million.

TWRA cardholders are required to record purchases on a transaction log, attach supporting purchase documentation to the log, and reconcile purchases to the monthly payment card cycle statement. Additionally, cardholders sign payment card cycle statements in order to provide evidence that they have reviewed the statements for unauthorized purchases. If cardholders do not perform these control procedures, then TWRA approvers cannot properly review purchases to determine whether the purchases are authorized, adequately documented, and necessary for state operations. Approvers' failure and/or inability to properly review and approve transactions increases the risk that State Payment Cards will be used for unauthorized, wasteful, or fraudulent purchases. Additionally, the *State of Tennessee State Payment Card Cardholder/Approver Manual* (Cardholder Manual) requires the Agency Coordinator to deactivate cards upon a cardholder's separation from TWRA. Failure to deactivate State Payment Cards promptly also increases the risk that cards will be used for fraudulent or inappropriate purchases.

The objectives of our review of State Payment Cards were to determine whether

- cardholders were authorized and if the required payment card forms and agreements were on file and included the proper signatures;
- purchases were made from appropriate vendors, were adequately supported, and complied with policies and procedures;
- cardholders reconciled payment card statements to the transaction logs, and attached the proper documentation to the logs;
- cardholders and approvers signed the transaction logs; and
- management promptly terminated payment cards upon employees' separation from the agency, and purchases were not made after the cardholders were terminated.

We interviewed key agency personnel and reviewed supporting documentation to gain an understanding of the agency's controls and procedures over State Payment Cards.

We obtained a list of all 550 TWRA active State Payment Card cardholders on May 9, 2012, and selected a nonstatistical, random sample of 60 cardholders. We obtained a list of 506 TWRA active State Payment Card cardholders on February 28, 2013, which excluded those cardholders selected in the previous sample, and selected a nonstatistical, random sample of 25 cardholders. For the cardholders selected for testwork, we reviewed employee listings and the payment card forms and agreements to determine if the cardholders were authorized and if the State Payment Card New Account Application and Maintenance Forms, State Payment Card Cardholder Agreements, and State Payment Card Approver Agreements were maintained and included the required signatures.

To determine compliance with the Cardholder Manual, we selected a nonstatistical, random sample of 25 of the 550 State Payment Card cardholders from the May 9, 2012, active cardholder listing and surveyed the cardholders. In addition, we obtained a list of the 57,666 payment card transactions made with TWRA payment cards during the period July 1, 2009, to January 24, 2013, totaling \$13,299,864. Because we were unable to perform procedures to determine the completeness of our population, none of the transaction sample results can be generalized to all transactions that occurred during the period. We selected a nonstatistical, random sample of 149 of the payment card transactions and a nonstatistical, haphazard sample of 5 of the payment card transactions. The 154 payment card transactions selected for testwork totaled \$41,716. For the payment card transactions tested, we reviewed the supporting documentation to determine whether the cardholders complied with purchasing restrictions and documentation requirements prescribed by policies and procedures.

We obtained all 264 payment card transaction logs for the payment card transaction cycle December 16, 2011, to January 15, 2012, and selected a nonstatistical, random sample of 60. Also, we obtained a listing of all payment card transactions during the period May 4, 2012, to January 24, 2013; and we selected a nonstatistical, random sample of 26 of the 12,701 transactions and tested the related cardholder transaction logs. We reviewed the transaction logs and the attached payment card cycle statements and receipts to determine if the cardholders and approvers signed the transaction logs and to determine if cardholders reconciled their payment card cycle statements to their transaction logs, signed and dated the attached statements, and attached original receipts to the logs.

We obtained a listing of employees who were terminated during the time period July 1, 2009, through February 28, 2013, and compared this information to cardholder listings, payment card transactions, and records demonstrating when management deactivated the State Payment Cards. Then we reviewed this documentation to determine how promptly management terminated payment cards and whether former employees' payment cards had been used for purchases after employees separated from the agency.

Based on the procedures performed, we determined that

- the cardholders were authorized and the signed agreements were on file, but the signed payment card forms were not always maintained (see observation 1);

- purchases were made from appropriate vendors, but purchases were not always adequately supported and did not always comply with policies and procedures (see finding 1 and observation 2);
- cardholders reconciled transaction logs to payment card statements, but the Agency Coordinator did not always maintain transactions logs and the cardholders did not always attach proper supporting documentation to the logs (see finding 1);
- cardholders and approvers signed the transaction logs; and
- management did not always promptly terminate cardholders' payment cards, resulting in one purchase made on a terminated employee's payment card (see finding 1).

Also, see additional audit conclusions in observation 3.

Finding 1. Tennessee Wildlife Resources Agency management did not maintain proper controls over State Payment Cards, increasing the risk that state resources will be used improperly due to fraud, waste, and abuse

In order to ensure that state entities use payment cards appropriately, in September 2006, the Division of Accounts within the Department of Finance and Administration promulgated State Payment Card policies and procedures in the *State of Tennessee State Payment Card Cardholder/Approver Manual* (Cardholder Manual), which was revised in January 2008. In December 2011, statewide administrative responsibility for State Payment Cards was transferred to the Department of General Services' Central Procurement Office. According to the Program Administrator within the Central Procurement Office, the Cardholder Manual is still in effect. In addition to the State Payment Card policies and procedures prescribed by the Cardholder Manual, the Tennessee Wildlife Resources Agency (TWRA) has also established additional payment card requirements in TWRA Cardholder Procedures and TWRA Supervisor/Approver Procedures. These documents provide employees guidelines related to card activation and deactivation, prohibited purchases, documentation requirements, and approval and reconciliation procedures.

According to the Department of Finance and Administration's Policy 29, "State Contracts for Credit and Debit Cards," departmental fiscal officers select designated Agency Coordinators who maintain day-to-day oversight responsibility for ensuring that agency staff use payment cards in accordance with the Cardholder Manual; however, ". . . agency fiscal officers are ultimately responsible for oversight of the [State Payment Card] program within their department." TWRA's Chief of Administrative Services stated that he is the fiscal officer ultimately responsible for oversight of TWRA's payment card program. Based on the results of our testwork, we found that the Chief of Administrative Services did not ensure that TWRA staff adhered to the requirements prescribed by the Cardholder Manual and TWRA Cardholder Procedures. Our testwork disclosed the following issues:

Transactions Were Inadequately Documented and Were for Prohibited Purchases

Sample Results

We found problems with 36 of 154 payment card transactions selected (23%). Specifically, we found that the Chief of Administrative Services did not ensure cardholders complied with purchasing restrictions and documentation requirements prescribed by the State Payment Card policies and procedures in 32 of the 36 transactions and that the Supervisor of Budget and Accounting did not maintain any supporting documentation for the remaining four payment card transactions. For the 32 transactions tested, the transactions and supporting documentation were not in accordance with the Cardholder Manual and TWRA Cardholder Procedures due to one or more deficiencies, which included the following:

- One transaction totaling \$3,935 was artificially separated into four transactions so that two cardholders could circumvent the \$2,000 purchasing limit on their State Payment Cards. The vendor charged the four transactions to the two payment cards within 18 minutes of each other, and the transactions were recorded on sequential invoices.
- For 12 transactions totaling \$1,576, the supporting receipts did not include required information, such as vendors' names; purchase dates; and descriptions of each item purchased, including unit price and quantity. The detail is essential for appropriate review of purchases with the payment cards.
- Nine transactions were purchases of goods and services that are prohibited by State Payment Card policies and procedures. Specifically, a total of \$1,041 was charged to State Payment Cards for computer-related items, utility billings, and gift cards.
- For nine transactions, the supporting documentation did not include the state tag number or the boat registration number of the asset that was repaired or for which fuel or oil was purchased.

Other Less Significant Discrepancies Noted

During our sample testwork review, we also noted that a cardholder had used a payment card to purchase a political book. According to Section 4.2 of the Cardholder Manual, cardholders are prohibited from using State Payment Cards to purchase political publications. According to the cardholder who purchased the book, he was not aware that the purchase was inappropriate, and he stated that the book was purchased on behalf of another employee; however, the cardholder could not recall the employee for whom the book was purchased and was not aware of its location. The total cost of the book was \$13.

In addition, during our review of the original receipts attached to transaction logs, we noted that one cardholder purchased nine computer-related items, such as external hard drives and scanners, totaling \$1,269. We determined that three of the items had not been assigned a state tag and were not included on the cardholder's current list of equipment. The remaining six computer items had been assigned a state tag and were included on the cardholder's list of

equipment. Once we brought these matters to the attention of the cardholder and the Property Officer, the Property Officer determined that the three computer-related items were located in a storage facility at the TWRA Central Office.

Summary – Inadequate Documentation and Prohibited Purchases

For TWRA, the Supervisor of Budget and Accounting acts as the Agency Coordinator for the State Payment Card program. Based on discussions with the Supervisor of Budget and Accounting and our review of transaction logs, TWRA assigns each cardholder an approver (typically the cardholder's supervisor) who is responsible for reviewing and approving payment card transactions and corresponding transaction logs.

We determined that the issues noted above were primarily the result of the approvers' failure to detect and address instances in which cardholders had inadequately documented purchases or had used payment cards for prohibited purchases. Based on discussions with the Supervisor of Budget and Accounting, the Property Officer, and cardholders, other factors that caused or contributed to the issues we identified included the following:

- According to the Supervisor of Budget and Accounting, cardholders were confused about which products represented computer-related items, because a formal list or criteria for determining which products qualify as computer-related items had not been established by either TWRA or the Department of General Services' Central Procurement Office.
- A cardholder and an approver failed to communicate the purchase of the equipment to the Property Officer to ensure the assets were tagged and inventoried properly.
- According to the Supervisor of Budget and Accounting, a cardholder and an approver believed that purchases of gift cards were appropriate because the gift cards were for a work-related event. Specifically, staff within TWRA's Division of Information and Education organized a fishing rodeo for children and purchased gift cards from Toys R Us as prizes for the event. Because the event was an agency-sponsored event, the cardholder and the approver believed that the purchases were appropriate.

We also noted that the risk of TWRA staff's failure to comply with purchasing restrictions and documentation requirements for State Payment Card transactions was not included in management's annual risk assessment.

Failure to ensure that State Payment Card transactions are supported by adequate documentation increases the risk that approvers will fail to detect and take corrective action when cardholders use payment cards for prohibited purchases. In addition, using State Payment Cards for prohibited purchases increases the risk that state resources will be used inefficiently or for personal gain. Furthermore, unless cardholders and approvers communicate the procurement of equipment to Property Officers for tagging and recording the equipment in TWRA's asset management system, TWRA cannot ensure that purchased goods are accounted for properly and are used to their full capacity.

Supporting Documentation for Transaction Logs Was Inadequate

Based on our testwork, for 18 of 60 cardholder transaction logs tested (30%), the Chief of Administrative Services did not ensure that TWRA cardholders signed and dated the payment card cycle statements attached to 17 transactions logs and did not ensure that a cardholder attached detailed, original purchase receipts (or equivalent documentation) for all transactions listed on one transaction log. Cardholders are required to sign and date the bank's payment card statements to certify the statements' accuracy based on the cardholders' transaction logs. Similarly, cardholders must attach the original receipts to transaction logs so that reviewers can ensure purchases are authorized and allowable.

Prior to the end of our audit period, we selected an additional sample of 26 cardholder transaction logs in order to determine whether TWRA management initiated corrective action to address the issues noted above and found that the Chief of Administrative Services, responsible for the program, had not initiated corrective action. Specifically, we noted that

- the Supervisor of Budget and Accounting could not provide one of 26 transaction logs selected (4%);
- management had not ensured that cardholders signed and dated the payment card cycle statements attached to 12 of 25 transaction logs tested (48%); and
- management did not ensure that, for 2 of 25 transaction logs tested (8%), cardholders attached purchase receipts (or equivalent documentation) for all transactions listed on the logs.

We determined that the issues noted above occurred because the cardholders' approvers approved the transaction logs in spite of the logs' deficiencies. We also noted that the risk that TWRA staff will fail to comply with documentation requirements for transaction logs was not included in management's annual risk assessment. Cardholders' failure to sign and date the payment card cycle statements attached to transaction logs increases the risk that the agency may pay for unauthorized purchases on the statements. Failure to attach adequate supporting documentation to transaction logs increases the risk that cardholders' approvers will fail to identify inappropriate purchases and disbursements.

State Payment Cards Were Not Deactivated Timely

TWRA has a responsibility to collect and cancel cardholders' payment cards when cardholders leave TWRA service. We found that the Chief of Administrative Services did not ensure that the Supervisor of Budget and Accounting deactivated 12 former employees' State Payment Cards promptly once the employees separated from TWRA. The Supervisor of Budget and Accounting deactivated the 12 employees' State Payment Cards between 6 and 240 days after the employees' separation dates, with an average of 105 days after separation dates.

Section 2.4 of the Cardholder Manual requires agency personnel to notify the Agency Coordinator immediately when a cardholder separates from the state or transfers to another state department or agency. The Agency Coordinator is then responsible for terminating the card. The Supervisor of Budget and Accounting (TWRA's Agency Coordinator) stated that he was not

aware that eight of the cardholders were no longer employed with the agency until we brought this matter to his attention.

We reviewed the purchase records for these 12 former employees' State Payment Cards and found that one of the employees' cards was used to purchase items six days after the employee separated from the agency. The purchase appeared to have been for goods that would have been otherwise acceptable under State Payment Card policies and procedures, and the purchase totaled only \$55. Based on our review of email documentation that the employee sent prior to her separation date, the employee gave her State Payment Card to a Procurement Officer before the employee separated from the agency. We noted that the supporting documentation for the purchase did not indicate who made the purchase; however, the Procurement Officer initialed and dated the payment card statement and transaction log, and the former employee's State Payment Card approver approved the transaction log for the purchase. As a result, it is possible that another employee used the former employee's State Payment Card to purchase these items. According to Section 4.6 of the Cardholder Manual, allowing an individual other than the cardholder to have access to the card or card number to initiate or complete a transaction is prohibited.

The Supervisor of Budget and Accounting stated that these issues were primarily caused by TWRA staff's failure to notify him of employee terminations timely so that he could terminate the former employees' payment cards immediately.

We noted that the risk that TWRA will fail to deactivate former employees' State Payment Cards timely was not included in management's annual risk assessment. Failure to ensure that staff deactivate State Payment Cards timely once employees separate from the agency increases the risk that former employees' State Payment Cards will be used for unauthorized purchases.

Recommendation

The Chief of Administrative Services should revise TWRA's written policies and procedures to require the Supervisor of Budget and Accounting and/or his assistant to conduct a periodic, documented review of payment card transactions, transaction logs, and supporting documentation to ensure that cardholders and approvers are complying with established State Payment Card policies and procedures. As part of this quality review process, each approver should be reviewed at least annually to ensure the approval function is operating as designed. The approvers who are found to have repeatedly failed to identify prohibited purchases and inadequate documentation should be reviewed more frequently, with additional training provided and disciplinary action taken as needed. The documentation prepared during these review processes should be filed and maintained. The Chief of Administrative Services should periodically review a sample of this documentation to determine whether the Supervisor of Budget and Accounting and/or his assistant performed the review process timely. The Chief of Administrative Services should sign and date the documentation to demonstrate his review.

In order to determine which purchases require commodity code approval and therefore may not be purchased using State Payment Cards (such as computer-related items), the Chief of Administrative Services should consult with the Asset Management Division and the Edison Division within the Department of Finance and Administration and request a list of the items and corresponding commodity codes for which Edison requires commodity code approval. Once the Chief of Administrative Services has obtained the list of items that require commodity code approval in Edison, the Chief of Administrative Services should revise the agency's State Payment Card policies and procedures by including the list of items and adding provisions that prohibit cardholders from purchasing items on the list. The Chief of Administrative Services should ensure that the revised policies and procedures are disseminated to all cardholders and approvers.

In addition, the Chief of Administrative Services should establish written policies and procedures that require approvers to document on each transaction log whether any of the log's transactions represented purchases of products that meet the Department of Finance and Administration's definition of sensitive equipment and therefore should be recorded in the asset management system and tagged. If any purchased products meet these requirements, the approver should be required to document the date on which the procurement of the product was communicated to the Property Officer for inclusion in TWRA's asset management system. This communication should be printed, attached to the transaction log, and maintained.

The Chief of Administrative Services, the Assistant Director of Staff Operations, and the Chief of Human Resources should establish written policies and procedures that require staff within the Division of Human Resources to communicate employee terminations to the Supervisor of Budget and Accounting so that the Supervisor of Budget and Accounting may deactivate former employees' State Payment Cards on the same day employees separate from TWRA. This communication should be documented and maintained in the employees' personnel files.

Finally, management should include the risks noted in this finding in management's documented risk assessment. The risk assessment and the mitigating controls should be adequately documented and approved by the Executive Director of TWRA.

Management's Comment

We concur. TWRA has followed the State's guidance in using payment cards as the preferred method of payment for most purchases. While we have not experienced any significant problems in using the cards, we have not always been in strict compliance with the payment card policies. An anticipated revision to the payment card manual should provide a better foundation for compliance. The auditors' recommendations are already partially implemented and we will strive to establish the other recommendations as best practices in documenting payment card purchases.

Observation 1: State Payment Card application was not maintained

The *State of Tennessee State Payment Card Cardholder/Approver Manual* requires each potential new cardholder to complete a State Payment Card New Account Application and Maintenance Form prior to the receipt of the payment card. This form must be signed by the employee and authorized agency officials. We found that the Chief of Administrative Services did not ensure that the Supervisor of Budget and Accounting maintained a State Payment Card New Account Application and Maintenance Form for one of 25 cardholders tested (4%). According to the Supervisor of Budget and Accounting, it is likely that the form was misfiled. Unless TWRA management ensures that State Payment Card New Account Application and Maintenance Forms are prepared and maintained, management cannot ensure payment cards are issued to properly authorized employees.

Observation 2: Cardholders did not comply with card distribution and activation requirements

We selected a random sample of State Payment Card cardholders and surveyed the cardholders to determine compliance with the Cardholder Manual. Based on cardholders' responses to our survey, for 5 of 25 cardholders surveyed (20%), the Chief of Administrative Services did not ensure that cardholders complied with card distribution and activation requirements. Specifically, the five cardholders had not complied with Section 2.3 of the Cardholder Manual, which requires each cardholder to immediately sign the back of the State Payment Card upon the cardholder's receipt of the card. Failure to sign cards increases the risk that fraudulent purchases will not be prevented or detected.

Observation 3: State Payment Cards were used infrequently

As of January 24, 2013, management of TWRA had authorized and issued State Payment Cards to 562 of its 701 employees (80%). Based on our analysis, we determined that 42% of cards active during the period July 1, 2009, through January 24, 2013, were used infrequently. Specifically, 5% of active cards were not used for any transactions during the period, and an additional 37% of cards were used an average of once per month or less during the period. The Chief of Administrative Services stated that TWRA management had not performed a review of cardholder usage to determine whether TWRA should deactivate the State Payment Cards assigned to employees who seldom use their cards.

As noted in finding 1, we identified numerous deficiencies in TWRA's internal controls over payment cards. By deactivating seldom used cards, TWRA could better control payment card purchases and monitor those individuals who are most likely to use the cards for procurement needs. This would reduce the oversight needed to effectively address the issues identified in finding 1 and manage TWRA's State Payment Card Program in general. In addition, failure to deactivate payment cards that are seldom used exposes TWRA to a greater risk of fraudulent purchases. The Chief of Administrative Services should conduct an assessment to determine whether deactivating State Payment Cards that are used infrequently would be advantageous to TWRA, and the methodology and conclusions should be documented and maintained. If the assessment finds that deactivating seldom used cards would be advantageous, the Chief of Administrative Services should ensure that these cards are deactivated accordingly.

EQUIPMENT

As of March 13, 2013, the Tennessee Wildlife Resources Agency (TWRA) had approximately \$35.5 million of active equipment recorded in Edison. Because TWRA employees' duties include responsibility for fish and wildlife management (including related law enforcement activities), TWRA's equipment is often located in remote areas and includes items that are not typically owned by other state agencies. These items include guns, All Terrain Vehicles (ATVs), boats, and tractors. Due to the sensitive nature of these items and the decentralized nature of the agency's operations, it is critical that TWRA maintains proper internal controls over equipment.

The Information Technology Division is responsible for all of TWRA's equipment. The Property Officers report to the Chief of Information Technology and are responsible for preparing the agency's annual inventory to report to the Department of Finance and Administration's Asset Management Division; tracking equipment loss reports; and keeping equipment information up to date in Edison. Regional Property Assistants are responsible for recording information into Edison and assisting in the annual inventory. TWRA has equipment located in all 95 counties of the State of Tennessee. Locations include, but are not limited to, wildlife management areas, fish hatcheries, lakes, and regional offices.

The objectives of our review were to follow up on the prior audit finding and to determine whether

- equipment could be physically located, was properly tagged, and was correctly recorded in Edison; and
- equipment loss reports were prepared timely, lost or stolen equipment was reported timely to the Office of the Comptroller of the Treasury, and the lost or stolen equipment was removed from Edison.

To gain an understanding of the controls over equipment, we obtained and reviewed the policies and procedures, interviewed key personnel, and performed walkthroughs of the procedures and facilities.

We obtained the population of all 9,159 active equipment items in Edison assigned to TWRA on April 24, 2012. We selected a nonstatistical, haphazard sample of 10 equipment items from the population and then selected a nonstatistical, random sample of 15 of the remaining 9,149 equipment items. In addition, we obtained all 1,988 TWRA equipment transactions in Edison from July 1, 2009, to December 31, 2012, and selected a nonstatistical, random sample of 50 transactions, which represented purchases of 135 equipment items. Because each equipment transaction in the population of 1,988 could represent the purchase of multiple equipment items, we could not determine the total number of equipment items purchased. We selected a nonstatistical, haphazard sample of 60 equipment items located at various TWRA facilities throughout Tennessee during June and July of 2012 to ensure equipment items were accurately recorded in Edison. Because we cannot know the total population of equipment items located in all of TWRA's facilities, we cannot generalize our sample results to the population. For the 220 equipment items sampled, we inspected the equipment items and reviewed Edison equipment information to determine if the equipment could be located, if the equipment had a state tag number on it, and the accuracy of the information recorded in Edison.

We obtained a listing of 123 lost or stolen equipment items at TWRA between July 1, 2009, and April 25, 2012. We selected 34 lost or stolen equipment items that we identified as significant based on the nature of the items, such as firearms, trailers, and boats. We then selected a nonstatistical, random sample of 39 lost or stolen equipment items from the remaining items on the list. After we began reviewing documentation for the selected items, we determined that eight of the significant items selected and five of the sample items selected were lost or stolen prior to our audit period. Therefore, these items were excluded from our testwork, and a total of 60 items were tested. Because the listing included items lost or stolen prior to our audit period, we cannot know the total population of equipment items lost or stolen from July 1, 2009, to April 25, 2012, and our sample results cannot be generalized to the population. In addition, we obtained a list of all 26 lost or stolen equipment items at TWRA between April 26, 2012, and May 6, 2013, and tested all 26 items. For the 86 items selected for testwork, we reviewed equipment loss reports, memoranda documenting the date on which TWRA submitted the reports to the Office of the Comptroller of the Treasury, and Edison equipment information to determine if the agency prepared equipment loss reports timely, properly reported lost and stolen items to the Comptroller, and removed the items from Edison.

Based on the procedures performed, we determined that

- equipment could not always be located, items were not always tagged, and equipment information was not always accurately recorded in Edison (see finding 2); and
- although equipment items reported as lost or stolen were removed from Edison, equipment loss reports were not always prepared timely, and lost or stolen equipment

items were not reported to the Comptroller or were not reported timely (see finding 2).

Finding 2. As noted in the 2007 prior financial and compliance audit and the 2010 follow-up review, the Tennessee Wildlife Resources Agency did not maintain proper internal controls over equipment, increasing the risk that asset misappropriation will not be prevented or detected and corrected timely

In the 2007 financial and compliance audit and the 2010 review of the report of actions taken by management to implement the audit recommendations identified in the 2007 audit, we found that the Tennessee Wildlife Resources Agency (TWRA) management and staff did not always

- prepare equipment loss reports timely;
- report lost or stolen equipment to the Office of the Comptroller of the Treasury timely;
- accurately record equipment information in the asset management system;
- tag equipment; and
- add confiscated weapons to the asset management system.

During the current audit, we found that to improve its internal controls related to asset management, TWRA had revised written policies and procedures and had assigned staff to assist the Property Officer with asset management functions. However, our current audit testwork disclosed that TWRA had not resolved any of the issues noted above. In addition, the current audit revealed that, although the Assistant Director of Field Operations required employees to reimburse TWRA for equipment lost or stolen due to negligence on the employees' part, the Assistant Director had not established procedures to ensure that staff complied with this requirement. The results of our testwork are detailed further below.

Inaccurate Equipment Records and Failure to Tag Equipment

TWRA uses the statewide accounting system, Edison, to record asset information, including assets' serial, tag, and model numbers; locations; and manufacturers' names. TWRA also affixes tags to equipment that meets certain criteria, such as computers and equipment with a cost of \$5,000 or more, as required by the Department of Finance and Administration's "State of Tennessee Equipment Tagging Requirements, Item Lists, and Commonly Asked Questions."

Sample Results

Based on our testwork, for 98 of 220 equipment items tested (45%), we found that the custodians responsible for the equipment, the Property Officers, and the Property Assistants did not ensure that equipment was tagged and that information for the equipment was recorded accurately in Edison. Specifically, custodians did not ensure that property tag numbers were affixed to 23 equipment items, and the Property Officers and Property Assistants did not ensure that equipment information (such as serial numbers, model numbers, and location information) for 85 equipment items was recorded accurately in Edison. In addition, Property Officers and Property Assistants did not ensure that one asset that had been lost by the asset's custodian was removed from Edison.

Once we discussed these matters with the Property Officer, the Property Officer corrected the inaccurate information recorded in Edison. In addition, for 9 of the 23 equipment items noted that were not tagged, the assets' custodians printed the tag numbers on the equipment after we brought the matter to their attention.

Other Less Significant Discrepancies Noted

We noted that the Property Officers and Property Assistants did not ensure that

- information recorded in Edison identifying the names of custodians of equipment was correct for five equipment items and
- one asset donated to TWRA through a court order was recorded in Edison.

In addition, we found that, except for the risk that inaccurate location information for equipment would be recorded in the asset management system, none of the risks identified above were included in management's annual risk assessment.

Summary – Inaccurate Records and Failure to Tag Equipment

According to the Property Officer, while the Property Officers and the Property Assistants are ultimately responsible for ensuring that asset information for purchased equipment is accurately recorded in Edison, the information that they record in Edison is primarily reported to them by the custodians of the equipment and their supervisors. In addition, TWRA's annual inventory process involves custodians recording each asset's location, serial number, tag number, and other pertinent information and reporting the information to the Property Officers and Property Assistants. While this process was designed to facilitate accurate recordkeeping for equipment, discussions with the Property Officer and review of completed equipment inventory forms disclosed that custodians and the staff responsible for reviewing and approving the forms did not always report correct model, serial, and tag numbers or location information. Because the accuracy of the information that the Property Officers and the Property Assistants record in Edison is dependent upon the accuracy of the custodians' information, the Property Officers and Property Assistants were unable to ensure that asset information was recorded in Edison correctly.

According to the Assistant Director of Field Operations and the Assistant Director of Staff Operations, the assistant directors believed that most of these issues were caused by TWRA staff's lack of attention to detail or human error during the preparation of receiving reports and other documentation. The assets' custodians stated that tags were not affixed to equipment due to various factors, including employees assuming that the tags would ultimately wear off.

TWRA cannot adequately track and safeguard its assets without maintaining a control environment in which tags are affixed to equipment, accurate asset information is recorded in the asset management system, and lost or stolen items are promptly removed from the asset management system.

Failure to Report Lost and Stolen Equipment Timely

State law requires agencies to report stolen equipment to the Office of the Comptroller of the Treasury. Specifically, Section 8-19-501(a), *Tennessee Code Annotated*, states,

Any official of any agency of the state having knowledge that a theft, forgery, credit card fraud, or any other act of unlawful or unauthorized taking, or abuse of, public money, property, or services, or other shortages of public funds has occurred shall report the information immediately to the office of the comptroller of the treasury.

TWRA has established policies and procedures for reporting lost and stolen equipment. Specifically, TWRA's Administrative Directive Number 23, "Reporting of Damaged or Lost Property," Sections II.A and II.B, states,

A. Equipment, materials, supplies, etc., missing or stolen shall immediately be reported verbally to the supervisor of the employee discovering the loss. After reporting the missing or stolen property, the employee has three (3) months to search for and investigate the loss.

B. As soon as practical, a written lost property report shall be completed and signed by the employee including descriptive information. . . .

TWRA's policies and procedures for reporting the theft of public property to the Office of the Comptroller of the Treasury are inconsistent with state law. Specifically, state law requires theft of public property to be reported to the Office of the Comptroller of the Treasury immediately, but TWRA's policies and procedures permitted employees to investigate stolen property for up to three months before preparing lost property reports and sending them to supervisors, regional managers or chiefs, and assistant directors for their approval. While providing employees a reasonable period of time to attempt to locate missing items appeared appropriate, we determined that a policy permitting employees to conduct a three-month investigation before initiating the process of reporting the loss to the Office of the Comptroller of the Treasury did not appear appropriate when the facts and circumstances surrounding the loss were indicative of theft.

The Property Officer stated that TWRA requires custodians to prepare and submit the lost property report to their supervisor by the end of the three-month investigation period. After the custodian prepares the equipment loss report, the Chief of Administrative Services is to submit the report to the Office of the Comptroller of the Treasury, with signatures from the employee's supervisor, regional manager or chief, Property Officer, and assistant director.

Sample Results

Based on our testwork, for 80 of 86 lost or stolen equipment items tested (93%), the assistant directors did not ensure that staff prepared equipment loss reports timely and reported the lost or stolen equipment to the Office of the Comptroller of the Treasury timely. Specifically, we found that the 80 lost or stolen equipment items were not reported in accordance with TWRA policies and procedures and state law due to one or more of the following issues:

- For 26 equipment items tested, the custodian of the equipment failed to record the date on which the custodian discovered that the item was missing on the equipment loss report; therefore, we could not determine whether the report was prepared timely.
- For 21 equipment items tested, the custodian of the equipment failed to prepare an equipment loss report within 90 days of the date on which the custodian discovered that the item was missing, as required by TWRA's policies and procedures. Employees prepared equipment loss reports for these 21 equipment items between 20 and 1,689 days late, with an average of 385 days late.
- For 48 equipment items tested, the Chief of Administrative Services did not report the lost or stolen equipment to the Office of the Comptroller of the Treasury, as required by TWRA's procedures and state law.
- For 21 equipment items tested, the Chief of Administrative Services failed to report the lost or stolen equipment timely to the Office of the Comptroller of the Treasury. For stolen equipment, we considered the report to have been submitted to the Office of the Comptroller of the Treasury timely if it was submitted within 30 days of the date on which the theft was discovered. For equipment that could not be located, but for which there was no indication of theft, we considered the report to have been submitted to the Office of the Comptroller of the Treasury timely if it was submitted within 30 days of the date on which the equipment loss report was prepared. We found that the reports for the 21 equipment items were submitted to the Office of the Comptroller of the Treasury between 10 and 1,021 days late, with an average of 123 days late.

The Property Officer stated that the Chief of Administrative Services did not report lost or stolen equipment items to the Office of the Comptroller of the Treasury because the Property Officer informed the Chief of Administrative Services that providing a written report of lost or stolen equipment to the Office of the Comptroller of Treasury was no longer necessary. According to the Property Officer, a former employee within the Edison Division of the Department of Finance and Administration had mistakenly informed the Property Officer that providing a written report to the Office of the Comptroller of the Treasury was not necessary and

that an email would be sufficient, because the loss or theft was documented in Edison. Once the Property Officer and the Chief of Administrative Services learned that these reports were still required to be submitted, the Chief of Administrative Services resumed the submission process.

For equipment losses that were reported to the Office of the Comptroller of the Treasury, our review of the equipment loss reports revealed that the Chief of Administrative Services failed to report lost or stolen equipment to the Office of the Comptroller of the Treasury timely due to several factors. Once an employee prepares an equipment loss report, TWRA's policies and procedures require the report to be reviewed and signed by the employee's supervisor, the regional manager or chief, the Property Officer, and the assistant director before the report is sent to the Chief of Administrative Services for submission to the Office of the Comptroller of the Treasury. If any of the employees involved in the process fail to complete and submit the documentation timely, the Chief of Administrative Services is unable to report the loss or theft to the Office of the Comptroller of the Treasury in a timely manner. Although the Chief of Administrative Services was ultimately responsible for submitting the reports to the Office of the Comptroller of the Treasury, in all instances in which the reports were submitted late, we found that the late submissions were caused by untimely submissions from one or more of the other employees involved in the process.

Employees' failure to prepare equipment loss reports and to report lost or stolen equipment to the Office of the Comptroller of the Treasury timely increases the risk that TWRA management will be unable to investigate lost or stolen items effectively, identify potentially fraudulent losses, and prevent similar issues from reoccurring.

Other Less Significant Discrepancies Noted

We noted that although employees are required by Administrative Directive Number 23, "Reporting of Damaged or Lost Property," to immediately provide verbal notification to their supervisors of lost or stolen equipment, TWRA had not established policies requiring supervisors to maintain documentation of this communication or to immediately notify the Property Officer so that the Property Officer could maintain this documentation. Therefore, we could not compare the date of loss reported on the equipment loss report to the date on which the supervisor was notified to determine whether employees immediately notified supervisors of lost or stolen equipment, as required by TWRA's policies. For the purposes of determining whether employees prepared the equipment loss report within 90 days of the loss, we had to presume that employees' recollections regarding the date of loss (as reported on the equipment loss report) were accurate. Unless supervisors document the dates on which supervisors are verbally notified of lost or stolen equipment and employees document on equipment loss reports the date on which employees first become aware of missing or stolen equipment, management will be unable to identify instances in which employees are not reporting lost items in accordance with TWRA's policies and to prevent similar instances from reoccurring.

In addition, based on discussion with the Assistant Director of Field Operations and review of equipment loss reports, the assistant director required employees to reimburse TWRA for equipment loss or theft when the assistant director determined that the loss or theft was due to employees' negligence; however, we found that employees had not reimbursed TWRA for lost equipment as required and that the assistant director had not established policies or procedures to

ensure that employees complied with these reimbursement requirements. Specifically, during our review of equipment loss reports for 10 equipment items, we noted that the assistant director had determined that employees should reimburse the agency the depreciated book value of the lost equipment; however, discussions with the Account Technician and review of supporting documentation disclosed that TWRA employees had not reimbursed the agency for 10 of 10 equipment items that were lost valued at \$1,129.

According to the Assistant Director of Field Operations, he was not aware that the employees had not reimbursed TWRA and was not aware of the reimbursement process. The assistant director stated that, although he had intended for the policy to be enforced, he had not established a reimbursement process or procedures for ensuring that employees reimburse TWRA for the book value of the lost or stolen equipment. Failure to establish a process for ensuring that employees adhere to reimbursement requirements increases the risk that employees will not be held accountable for preventable losses and that the financial impact of such losses will not be mitigated.

Finally, we also noted that none of the risks identified above were included in management's annual risk assessment.

Recommendation

The Executive Director should establish policies and procedures to ensure that equipment is properly tagged and that Edison information for equipment is accurate and complete. The Executive Director should instruct all employees responsible for preparing an equipment inventory form for the annual inventory process to physically view each piece of equipment assigned to them, ensure the equipment is tagged, and verify that all pertinent information recorded on the form is correct. In addition, the Executive Director should require employees' supervisors to review and verify the information reported on employees' equipment inventory forms prior to the forms' submission to the Property Officers and Property Assistants, and this review process should be documented.

The Executive Director should ensure that TWRA's policies and procedures are revised to reflect state law. Specifically, TWRA should require all stolen property to be reported to the Office of the Comptroller of the Treasury immediately. Employees are required to verbally report the theft to their supervisors once it is determined that the theft has occurred. If neither the employee nor the employee's supervisor is aware of evidence that indicates that a theft has not occurred, it appears reasonable to conclude that the item has been stolen and should be reported to the Office of the Comptroller of the Treasury immediately. Therefore, the Executive Director should revise TWRA's policies to require employees to notify the Office of the Comptroller of the Treasury immediately when items are stolen.

The Executive Director should require employees' supervisors to ensure that all equipment loss reports include the date on which the employee first became aware that the item was missing or stolen. All equipment loss reports that do not have this date or the employee's best estimate of this date should be deemed incomplete and remitted to the employee for completion prior to the supervisor's approval of the document. In addition, TWRA should revise

the equipment loss reports to include a field in which the supervisor is required to report the date that the employee verbally reported the loss to the supervisor. Finally, the Executive Director should establish and promulgate policies and procedures for ensuring that employees comply with management's reimbursement decisions promptly.

Management's Comment

We concur. We have already addressed several of the issues and will continue to try to resolve the issue of paper property tags on outdoor equipment and other issues included in the audit. The auditors' recommendations are already partially implemented and we will revise our process for reporting lost and stolen items.

CROP LEASES

The Tennessee Wildlife Resources Agency (TWRA) contracts with farmers to raise crops on agency properties, thereby benefiting the farmers, the agency, wildlife, and hunters. In these crop leases, the farmers pay with cash and/or through in-kind services such as leaving crops in the field to provide food for wildlife. These leases are subject to policies and procedures promulgated by the State Building Commission (SBC) in *By-laws, Policy, and Procedure of the State Building Commission of Tennessee*, Attachment 1.

The objectives of our review were to follow up on the prior audit finding and to

- determine whether the agency is in compliance with the *By-laws, Policy, and Procedure of the State Building Commission of Tennessee*, Attachment 1 (SBC requirements).

We reviewed documentation and interviewed key personnel involved in the awarding and oversight of crop leases. We obtained and reviewed the SBC requirements regarding crop leases. After we obtained a list of crop leases for the period July 1, 2009, through January 30, 2013, we selected a nonstatistical, random sample of 60 of the 175 crop leases and reviewed the crop lease files to determine whether the agency complied with SBC requirements.

Based on testwork performed, we determined that

- the *By-laws, Policy, and Procedure of the State Building Commission of Tennessee*, Attachment 1, was not always followed by the agency (see finding 3).

Finding 3. As noted in the 2000, 2005, and 2009 prior audits, the Tennessee Wildlife Resources Agency did not comply with procedural requirements for crop leases, increasing the risk that the agency would fail to generate appropriate amounts of revenue from leased land due to improper bidding and administrative practices

The Tennessee Wildlife Resources Agency (TWRA) contracts with farmers who raise crops on state property. These arrangements are known as crop leases. In exchange for permission to grow crops on state property, the farmers either pay cash rent for use of the property or provide payments in-kind by leaving a portion of the crops grown on the property as food for wildlife, for example.

Section 12-2-112(d), *Tennessee Code Annotated*, requires TWRA to perform crop leasing activities through procedures reviewed and approved by the State Building Commission (SBC), which has promulgated such procedures in *By-laws, Policy, and Procedure of the State Building Commission of Tennessee*, Attachment 1 (SBC requirements). These procedures include requirements regarding preparing and advertising invitations to bid, opening sealed bids, authorizing and documenting crop leases, and requiring minimum insurance for lessees.

We noted in the 2000, 2005, and 2009 performance audits that TWRA staff did not always comply with crop lease procedures approved by SBC. Specifically, staff within TWRA's Central Office did not always maintain copies of required documentation for crop leases, and Regional Wildlife Managers did not always ensure that multi-year crop leases were for terms of five years or less. In response to the most recent prior audit finding in the performance audit released in November 2009, TWRA management concurred and stated that TWRA would take measures to ensure that all farming contract information is maintained in the Central Office.

During the current audit, we identified no crop leases with terms in excess of five years. However, as in prior audits, the current audit revealed instances in which staff within TWRA's Central Office (specifically, the Contracts Administrator) failed to comply with SBC requirements for maintaining documentation. In addition, we found that Regional Wildlife Managers failed to comply with SBC's bidding, documentation, and advertising requirements for crop leases. We also found that the Contracts Administrator failed to ensure that crop leases were authorized timely.

In order to determine TWRA's compliance with SBC requirements, we reviewed contracts, bid documents, and other supporting documentation for the leases. Based on our testwork, for 47 of 60 crop leases tested (78%), we found that Regional Wildlife Managers and the Contracts Administrator did not adhere to one or more SBC requirements, and that the Contracts Administrator failed to comply with SBC requirements timely. Specifically, the following problems were noted:

- The Regional Wildlife Managers did not advertise invitations to bid for 14 crop leases at least two times in a two-week period.
- The Regional Wildlife Managers did not ensure that advertisements for 11 crop leases included the date on which the sealed bids for the crop leases would be opened.

- The Regional Wildlife Managers did not open sealed bids for 16 crop leases at least ten days after the last crop lease advertisement (excluding Saturdays, Sundays, and holidays).
- For one crop lease, a Regional Wildlife Manager could not provide documentation verifying that the lessee had obtained general liability insurance to cover personal injury and property damage.
- The Contracts Administrator did not maintain records demonstrating the amounts of crop received at harvest for six crop leases.
- The Contracts Administrator did not maintain advertising affidavits of publication for 38 crop leases, as required by SBC requirements. However, for 37 crop leases, the Contracts Administrator provided us copies of the published advertisements, which demonstrated that TWRA did advertise invitations to bid for the leases.
- The Contracts Administrator did not ensure that three crop leases were approved by the Executive Director timely. The Executive Director approved the three crop leases between 12 and 20 days after the dates on which the terms of the crop leases began, with an average of 15 days after the dates on which the terms began.

Discussions with the Contracts Administrator revealed that she believed that the Regional Wildlife Managers' failure to adhere to proper crop lease procedures was due to a lack of familiarity with some of the more technical aspects of SBC requirements. Discussions with the Contracts Administrator also disclosed that she did not adhere to SBC requirements due to oversight and her belief that advertising affidavits of publication were not needed because copies of advertisements were sufficient. In addition, according to the Contracts Administrator, the crop leases were not approved timely due to scheduling conflicts. As a result of these scheduling conflicts, the Contracts Administrator could not meet with the Executive Director in a timely manner in order to ensure that the Executive Director and the Contracts Administrator signed and notarized the contracts, respectively, prior to the dates on which the terms of the crop leases began.

Failure to adhere to SBC requirements for crop leases and to do so in a timely manner increases the risk that TWRA will fail to generate appropriate amounts of revenue from leased land due to improper bidding and administrative practices. We noted that these risks were not included in management's risk assessment.

Recommendation

The Executive Director of TWRA should ensure that all Regional Wildlife Managers are aware of and comply with the crop lease requirements prescribed by *By-laws, Policy, and Procedure of the State Building Commission of Tennessee*, Attachment 1. The Executive Director should also assign staff to periodically review crop leases and associated documentation to ensure that Regional Wildlife Managers and the Contracts Administrator comply with

applicable policies and procedures and that procedures are performed timely. These reviews should be conducted by someone other than the Regional Wildlife Managers and the Contracts Administrator and should be documented. Finally, the Executive Director should ensure that the risks noted in this finding are included in TWRA's annual risk assessment and that the corresponding control activities that the agency references in its annual risk assessment adequately address these risks.

Management's Comment

We concur. While the sharecropping process is working well for both TWRA and local farmers, we need to address lapses in following the specific processes outlined in the cooperative farming procedures. TWRA will follow the auditors' recommendation.

CONFLICTS OF INTEREST

The Tennessee Wildlife Resources Agency Administrative Directive Number 3, Appendix Number 2, "CONDITIONS FOR EMPLOYMENT AND CONTINUED EMPLOYMENT RELATING TO CONFLICTS OF INTEREST INVOLVING COMPENSATION FROM WILDLIFE RELATED ACTIVITIES," lists the activities deemed conflicts of interest by Wildlife series class employees. Wildlife series class employees are required to sign and date a conflicts-of-interest form that acknowledges compliance with the activities and conditions therein. The signed conflicts-of-interest forms are kept in the employee files by the Division of Human Resources.

The objective of our review of conflicts of interest was to determine whether

- employees have a signed conflicts-of-interest form on file.

We obtained and reviewed the policies and procedures on conflicts of interest for new-hire and promoted employees and interviewed key personnel.

We obtained a list of all active employees of the Tennessee Wildlife Resources Agency as of April 25, 2012, with a start date on or after January 1, 1997, and selected a nonstatistical, random sample of 60 of the 301 employees from the list who were hired or promoted into the Wildlife series class. Prior to the end of our audit period, we obtained another list of all active employees of the Tennessee Wildlife Resources Agency as of April 12, 2013, with a start date on or after January 1, 1997, and selected a nonstatistical, random sample of 60 of the 253 employees from the list who were hired or promoted into the Wildlife series class and who were not selected in our previous sample. After we selected the employees from each list, we reviewed the personnel files for signed conflicts-of-interest statements.

Based on the procedures performed, we determined that

- conflicts-of-interest forms were not always signed by Wildlife series class employees and maintained in the employees' personnel files (see finding 4).

Finding 4. The Tennessee Wildlife Resources Agency did not enforce its conflict-of-interest policies, increasing the risk that potential conflicts of interest would not be prevented or detected and addressed timely

Personnel within the Tennessee Wildlife Resources Agency (TWRA) are categorized into various classes depending on the job duties associated with their positions. Employees working in the field of fish and wildlife law enforcement and management, such as Wildlife Officers and Wildlife Managers, are categorized as Wildlife series class employees. On January 1, 1997, TWRA established a policy requiring all employees hired or promoted into the Wildlife series class to sign conflicts-of-interest forms. Specifically, TWRA's Administrative Directive Number 3, "Transfer, Promotion, and New Hire Policies," Part III, states, "As a condition of employment, all employees hired in a Wildlife series class position must sign a CONDITION FOR EMPLOYMENT AND CONTINUED EMPLOYMENT RELATING TO CONFLICTS OF INTEREST FORM." Further, Part II of this directive states, "As a condition for promotion into a Wildlife series class position, the successful applicant must sign a CONDITION FOR EMPLOYMENT AND CONTINUED EMPLOYMENT RELATING TO CONFLICTS OF INTEREST FORM."

Based on our testwork, for 9 of 60 Wildlife series class employees tested (15%), we found that the Chief of Human Resources did not ensure that conflicts-of-interest forms were completed by Wildlife series class employees and maintained in the employees' personnel files. Once we brought these issues to the attention of the Chief of Human Resources, Human Resources staff began contacting the nine Wildlife series class employees and obtained the signed conflicts-of-interest forms for these employees.

Prior to the end of our audit period, we tested an additional sample in order to determine whether TWRA management completed corrective action for all Wildlife series class employees and found that the Chief of Human Resources still had not ensured that all Wildlife series class employees signed conflicts-of-interest forms. In our additional sample, we found that the Chief of Human Resources did not ensure conflicts-of-interest forms were completed by the employees and maintained in the employees' personnel files for 11 of 60 Wildlife series class employees tested (18%). Once we brought these issues to the attention of the Chief of Human Resources, Human Resources staff began contacting the 11 Wildlife series class employees and obtained the signed conflicts-of-interest forms for 4 of the employees.

Discussions with the Assistant Director of Staff Operations and the Chief of Human Resources revealed that collecting the conflicts-of-interest forms has not been a high priority for TWRA and that TWRA has chosen to use its resources for other critical areas within the agency instead. TWRA's failure to enforce its conflict-of-interest policies increases the risk that potential conflicts of interest will not be prevented or detected and addressed timely. We noted that these risks were not included in management's risk assessment.

Recommendation

The Executive Director of TWRA should require Human Resources staff to conduct a review of the personnel files of all Wildlife series class employees who were hired or promoted into the class on or after January 1, 1997, to ensure that conflicts-of-interest forms have been prepared by employees as required by TWRA's policies and that this documentation is maintained in employees' personnel files. Once this review is complete, on an annual basis, the Assistant Director of Staff Operations should require Human Resources staff to review the personnel files of all employees hired or promoted into the Wildlife series class within the previous year to ensure that the conflicts-of-interest forms have been prepared and filed. This review should be documented. Also, the Executive Director should consider requiring all TWRA employees to sign a conflicts-of-interest form, particularly those responsible for procurement. Finally, the Assistant Director of Staff Operations should ensure that the risks noted in this finding are included in TWRA's annual risk assessment and that the corresponding control activities that the agency references in its annual risk assessment adequately address these risks.

Management's Comment

We concur. We have not experienced any significant conflict of interest problems and will review the policy to determine whether it is still relevant and necessary. If we determine that the policy should be continued we'll follow the auditors' recommendation.

REMOTE EASY ACCESS LICENSING SYSTEM

The Tennessee Wildlife Resources Agency (TWRA) uses a computer system called the Remote Easy Access Licensing (REAL) System to sell hunting and fishing licenses, register boats, take applications for and run quota hunt draws, collect harvest information, provide accounting features, and complete numerous other functions by using point of sale (POS) equipment in retail establishments across the state. The REAL System allows TWRA to know its constituency and to sell licenses faster. It allows TWRA to collect the license sale fees from each retail license agent by using the automated clearing house.

The objectives of our review were to follow up on the prior audit finding and to determine whether

- Active Network (the vendor for the REAL System) has a disaster recovery plan in place for the REAL System;
- the agency monitors the contract with Active Network to determine if Active Network is in compliance with the contract terms;

- the contracted auditing firm reported any weaknesses in Active Network’s Standard for Attestation Engagement (SSAE) 16 report on the REAL System disaster recovery plan; and
- TWRA staff reconciled revenue reported in Edison to the data in the REAL System.

We reviewed the contract with Active Network to determine if the vendor is required to have a disaster recovery plan in place for the REAL System and obtained the disaster recovery plan.

We conducted interviews with key personnel and reviewed monitoring documentation to determine if TWRA monitors Active Network’s contract for compliance.

Also, we reviewed Active Network’s SSAE16 report to determine whether any weaknesses were noted on Active Network’s disaster recovery plan for the REAL System.

We tested a nonstatistical, random sample of 5 of the 46 monthly reconciliations during the period July 1, 2009, through April 30, 2013, to determine if the agency reconciled the revenue reported in Edison from the Department of the Treasury to the data from the agents in the REAL System.

Based on the procedures performed, we determined that

- Active Network has a disaster recovery plan in place;
- the agency monitored Active Network for compliance with the contract;
- no weaknesses were noted in Active Network’s SSAE16 report for the disaster recovery plan for the REAL System; and
- staff reconciled the revenue reported in Edison with the information in the REAL System.

COMPUTER ACCESS

The objective of our review was to determine whether

- management followed information systems industry best practices regarding computer access and data management.

To determine whether management followed information systems industry best practices, we compared management’s internal control activities to the industry’s best practices.

Based on the procedures performed, we determined that

- management did not follow information systems industry best practices regarding computer access and data management (see finding 5).

Finding 5. The Tennessee Wildlife Resources Agency did not always maintain proper information systems security controls, increasing the risk of fraudulent activity

Based on our testwork, the Tennessee Wildlife Resources Agency’s staff did not always maintain proper information systems security, resulting in increased risk of fraudulent activity. The wording of this finding does not identify specific vulnerabilities that could allow someone to exploit the agency’s computer systems. Disclosing these vulnerabilities could present a potential security risk by providing readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. We provided the agency’s management detailed information regarding specific vulnerabilities we identified as well as our recommendations for improvement.

Recommendation

The Executive Director of the Tennessee Wildlife Resources Agency should ensure that these conditions are remedied through procedures that encompass all aspects of effective access controls. The Executive Director should ensure that risks associated with this finding are adequately identified and assessed in the agency’s documented risk assessment. The Executive Director should implement effective controls to ensure compliance with applicable requirements, assign staff to be responsible for ongoing monitoring of the risks and mitigating controls, and take action if deficiencies occur.

Management’s Comment

We concur. We will follow the auditors’ recommendation.

PERFORMANCE MEASURES

Executive agencies are required by the Governmental Accountability Act of 2002 and Section 9-4-5606(b), *Tennessee Code Annotated*, to annually submit both a strategic plan for delivering services, and the proposed program performance measures and standards to assist the General Assembly in making meaningful decisions about the allocation of the state’s resources in meeting vital needs.

The objectives of our review of performance measures of the Tennessee Wildlife Resources Agency (TWRA) were to

- determine if there were any changes in services to the most recent *Agency Strategic Plans* submitted from the previous plan; and

- determine the adequacy of the agency's methods for preparing and reviewing performance measures.

We reviewed the most recent *Agency Strategic Plans*, dated September 2012, found on the Department of Finance and Administration's website. We reviewed the plan and looked for any changes in services since the previous strategic plan. From agency personnel for the programs, we obtained information on how TWRA prepares and reviews performance measures.

Based on our review, we determined that

- the agency did not make any changes in services since the previous plan; and
- the procedures for preparing and reviewing performance measures were adequate, and the performance measures were appropriately reported.

See Appendix 2 on page 38 for the agency's performance measures for each division.

APPENDICES

Appendix 1 Title VI and Other Information

The Human Rights Commission is charged with the responsibility of verifying that all state governmental entities that are recipients of federal financial assistance comply with the requirements of Title VI of the Civil Rights Act of 1964 pursuant to the State of Tennessee Public Acts of 2009, Chapter 437. Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin under any program or activity receiving federal financial assistance. In response to a request from members of the Government Operations Committee, we compiled information concerning federal financial assistance received by the Tennessee Wildlife Resources Agency and the agency's efforts to comply with Title VI requirements. The results of the information gathered are summarized below.

The Tennessee Wildlife Resources Agency received \$25,672,681 in federal funds during fiscal year 2012. The agency timely submitted its Title VI Implementation Plan to the Human Rights Commission on September 27, 2011. Statute requires submission by October 1 of each year. The agency did not receive any Title VI complaints for fiscal year 2012. The *Tennessee Title VI Compliance Program* report for fiscal year 2012, issued by the Human Rights Commission on September 24, 2012, to the Governor and General Assembly included the following finding on the agency's Title VI compliance:

- No compliance review process for monitoring subrecipients, to include grantees

However, according to the agency's Title VI Compliance Officer and the Human Rights Commission's Title VI Director, the agency has submitted a subrecipient monitoring plan to the Human Rights Commission.

Detailed below are the agency's staff gender and ethnicity demographics as well as the gender and ethnicity demographics for the Tennessee Fish and Wildlife Commission.

**Tennessee Wildlife Resources Agency
Staff Gender and Ethnicity by Job Position
As of March 5, 2013**

Title	Gender		Ethnicity					
	Male	Female	Asian	Black	Hispanic	Native American	White	Other
Account Clerk	1	7	0	1	0	7	0	0
Accountant 2	0	0	0	0	0	0	0	0
Accounting Technician 1	0	5	0	0	0	0	5	0
Accounting Technician 2	0	4	0	0	0	0	4	0
Administrative Assistant 2	0	2	0	0	0	0	2	0
Administrative Secretary	1	18	0	0	1	0	18	0
Administrative Services Assistant 2	0	3	0	0	0	0	3	0
Administrative Services Assistant 4	1	0	0	0	0	0	1	0
Administrative Services Assistant 5	1	0	0	0	0	0	1	0
Administrative Services Director 1	0	2	0	0	0	0	2	0
Aircraft Lead Pilot	0	1	0	0	0	0	1	0
Attorney 3	0	1	0	0	0	0	1	0
Auditor 3	0	1	0	0	0	0	1	0
Bindery Worker 1	0	2	0	0	0	0	2	0
Building Maintenance Worker 2	1	0	0	0	0	0	1	0
Building Maintenance Worker 3	1	0	0	1	0	0	0	0
Computer-Assistance Design and Drawing Technician 3	0	0	0	0	0	0	0	0
Clerk 2	0	1	0	0	0	0	1	0
Clerk 3	1	0	0	0	0	0	1	0
Communications Dispatcher 2	8	6	0	1	0	0	13	0
Computer Operations Supervisor	0	1	0	0	0	0	1	0

Title	Gender		Ethnicity					
	Male	Female	Asian	Black	Hispanic	Native American	White	Other
Custodial Worker 1	0	2	0	0	0	0	2	0
Data Processing Operator 1	0	3	1	2	0	0	0	0
Distributed Computer Operator 2	1	0	0	0	0	0	1	0
Executive Administrative Assistant 1	0	1	0	0	0	0	1	0
Executive Administrative Assistant 3	3	0	0	0	0	0	3	0
Facilities Manager 1	1	0	0	0	0	0	1	0
General Counsel 2	0	1	0	0	0	0	1	0
Geographic Information Systems Technician 2	0	0	0	0	0	0	0	0
Geographic Information Systems Technician Manager 1	0	1	0	0	0	0	1	0
Graphics Designer 1	1	0	0	0	0	0	1	0
Human Resources Analyst 2	0	2	0	1	0	0	1	0
Human Resources Manager 1	0	1	0	0	0	0	1	0
Human Resources Technician 3	0	1	0	0	0	0	1	0
Information Resource Support Specialist 2	0	1	0	0	0	0	1	0
Information Resource Support Specialist 3	2	2	0	0	0	0	4	0
Information Resource Support Specialist 4	2	0	0	1	0	0	1	0
Information Resource Support Specialist 5	2	0	1	0	0	0	1	0
Information Systems Consultant	0	1	0	1	0	0	0	0
Information Systems Manager 2	1	0	0	0	0	0	1	0
Land Surveyor	1	0	0	0	0	0	1	0
Legal Assistant	0	1	0	0	0	0	1	0
Mail Clerk	1	0	0	0	0	0	1	0
Mail Technician 1	1	0	0	1	0	0	0	0
Media Producer/ Director	2	0	0	0	0	0	1	1
Offset Press Operator 1	2	0	0	0	0	0	2	0
Offset Press Operator 2	1	0	0	0	0	0	1	0
Procurement Officer 1	0	5	0	0	0	0	5	0
Programmer/ Analyst 3	2	1	0	0	0	0	3	0

Title	Gender		Ethnicity					
	Male	Female	Asian	Black	Hispanic	Native American	White	Other
Programmer/ Analyst 4	1	2	0	1	0	0	1	1
Programmer/ Analyst Supervisor	1	0	0	1	0	0	0	0
Property Officer 1	1	0	0	0	0	0	1	0
Property Officer 2	1	0	0	0	0	0	1	0
Publications Editor 2	0	1	0	0	0	0	1	0
Radio Communications Technician 3	4	0	0	0	0	0	4	0
Radio Systems Analyst	1	0	0	0	0	0	1	0
Real Property Agent 4	1	0	0	0	0	0	1	0
Secretary	0	11	0	0	0	0	11	0
Transportation Technician 1	0	0	0	0	0	0	0	0
Transportation Technician 2	1	0	0	0	0	0	1	0
Transportation Technician 3	1	0	0	0	0	0	1	0
Website Developer 1	0	1	0	0	0	0	1	0
Wildlife Biologist 2	15	1	0	0	0	0	16	0
Wildlife Biologist 3	12	3	0	0	0	0	15	0
Wildlife Captain	19	0	0	0	0	1	18	0
Wildlife Criminal Investigator	3	0	0	0	0	0	3	0
Wildlife Educational Program Coordinator	1	1	0	0	0	0	2	0
Wildlife Enforcement Assistant Manager	2	0	0	0	0	0	2	0
Wildlife Equipment Operator Supervisor	4	0	0	0	0	0	4	0
Wildlife Equipment Operator	24	0	0	0	0	0	24	0
Wildlife Information and Education Assistant Director	1	0	0	0	0	0	1	0
Wildlife Information and Education Director	1	0	0	0	0	0	1	0
Wildlife Information Specialist	5	0	0	0	0	0	5	0
Wildlife Lieutenant	12	0	0	0	0	0	12	0
Wildlife Major	4	0	0	0	0	0	4	0
Wildlife Manager 1	28	1	0	0	0	0	29	0
Wildlife Manager 2	45	1	0	0	0	0	46	0
Wildlife Manager 3	20	1	0	0	0	0	21	0
Wildlife Manager 4	14	0	0	0	0	0	14	0

Title	Gender		Ethnicity					
	Male	Female	Asian	Black	Hispanic	Native American	White	Other
Wildlife Manager 5	13	0	0	0	0	0	13	0
Wildlife Officer	118	5	1	0	0	0	122	0
Wildlife Operations Specialist	1	0	0	0	0	0	1	0
Wildlife Resources Assistant Director	3	0	0	0	0	0	3	0
Wildlife Resources Director	1	0	0	0	0	0	1	0
Wildlife Sergeant	24	0	0	0	0	1	23	0
Wildlife Technician 1	83	0	0	0	0	0	83	0
Wildlife Technician 2	42	2	0	0	0	0	44	0
Totals	545	107	3	11	1	9	626	2

Source: Information obtained from the Chief of Human Resources.

Tennessee Fish and Wildlife Commission*
Gender and Ethnicity Summary
As of April 11, 2013

Commissioner	Gender	Ethnicity
Dr. Jeff McMillin, Chairman	Male	White
Jeffrey H. Griggs, Vice-Chairman	Male	White
Franklin J. Bledsoe, Secretary	Male	White
Clayton Stout	Male	White
William H. Cannon, Jr.	Male	White
Jamie Woodson	Female	White
Julie Schuster	Female	White
Fred E. Teague III	Male	White
William W. Cox	Male	White
James H. Ripley	Male	White
Thomas A. Rice	Male	White
James Stroud	Male	White
Vacant	N/A	N/A
*Pursuant to Section 70-1-203, <i>Tennessee Code Annotated</i> , the Governor, the Commissioner of Environment and Conservation, and the Commissioner of Agriculture, or their designees, serve as ex officio, nonvoting members of the commission and are not included in calculation of a quorum.		

Source: Information obtained from the Executive Administrative Assistant.

Appendix 2
Performance Measures Information
Source: Assistant Director of Staff Operations and the Agency Strategic Plans

As stated in the Tennessee Governmental Accountability Act of 2002, “accountability in program performance is vital to effective and efficient delivery of governmental services, and to maintain public confidence and trust in government.” In accordance with this act, all executive branch agencies are required to submit annually to the Department of Finance and Administration a strategic plan and program performance measures. The department publishes the resulting information in two volumes of *Agency Strategic Plans: Volume 1 - Five-Year Strategic Plans* and *Volume 2 - Program Performance Measures*. Agencies were required to begin submitting performance-based budget requests according to a schedule developed by the department, beginning with three agencies in fiscal year 2005, with all executive-branch agencies included no later than fiscal year 2012. The Tennessee Wildlife Resources Agency began submitting performance-based budget requests effective for fiscal year 2006.

Detailed below are the agency’s performance standards and performance measures, as reported in the September 2012 *Volume 2 - Program Performance Measures*. Also reported below is a description of the agency’s processes for identifying/developing the standards and measures, collecting the data used in the measures, and ensuring that the standards and measures reported are appropriate and that the data are accurate.

We did not audit, sample, or test this information, the procedures used to determine the information, or the controls over the validity of the information.

Performance Standards and Measures

Wildlife Resources

Performance Standard

Provide recreational opportunities for the sportsmen in Tennessee.

Performance Measure

Annual harvest of white-tailed deer by hunters.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
167,758	170,000	170,000

Measuring the number of deer harvested by hunters during the year is the most accurate and reliable measurement of the deer population available to them. Since this is a measurement

for which they have decades of historical data, they can easily use this information for comparison. This measure is important because it helps the agency manage the deer population. Deer hunters use the TWRA computerized point-of-sale license system to record deer harvested. This can be done at a TWRA-designated check station or on-line. The big game biologist reviews the information from the system and posts it on the TWRA website.

Boating Safety

Performance Standard

Reduce the number of boating-related fatalities by enforcing boating safety laws.

Performance Measure

Number of boating fatalities per 100,000 boats.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
9.3	4.5	4.5

TWRA’s boating program is primarily a safety program. The agency measures the number of persons killed in boating-related accidents per 100,000 registered boats. This is important because it gives a measure that can be compared from year to year as to how safe boating is in the state and; therefore, how successful the program is in keeping boating safe. TWRA officers investigate fatal boat accidents and submit reports to TWRA’s Law Enforcement Division for review. These reports are compiled into one annual report, and it is posted on the TWRA website for public review.

Wetlands Acquisition Fund

Performance Standard

Preserve and expand wetlands in Tennessee.

Performance Measure

Total acres protected for public use and benefit through the Wetlands Acquisition Fund.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
209,091	209,000	214,000

The purpose of the Wetlands Acquisition Fund is to preserve and expand Tennessee wetlands. Wetlands of interest are scored on several criteria including the quality of the site, whether it is at risk of being drained or destroyed, and whether it is part of a larger acquisition objective. Funding for the Wetlands Acquisition Act comes from a tax on the transfer of real

estate. The agency measures the number of acres purchased as a measurement of how well they are conserving this natural resource. The TWRA Real Property Agent maintains a spreadsheet with information from the deeds. Wetlands purchases are reviewed by the Fish and Wildlife Commission at the regular commission meetings.

Wetlands Compensation Fund

Performance Standard

Reimburse local governments for wetlands removed from taxation.

Performance Measure

Percent of due compensation that is paid to public entities.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
100%	100%	100%

The Wetlands Compensation Fund is used to reimburse local governments for the amount of revenue lost from state and local property taxes due to state acquisition of wetlands. To encourage preservation, it provides that wetlands and bottomland hardwood forests acquired by Tennessee are exempt from all state and local property taxes. This measure is important fiscally to make sure the program makes payments in a timely manner. Annually, the Comptroller of the Treasury, Division of Property Assessments, calculates the amount of reimbursements to cities and counties for lost property tax revenue resulting from state acquisition of properties newly acquired through the Wetlands Acquisition Fund. The division provides the Payments in Lieu of Taxes Pursuant to Sections 11-14-406 and 67-4-409, *Tennessee Code Annotated*. This information is reviewed by the Department of General Services, Accounting Services, and then forwarded to TWRA to make the payments.

**Appendix 3
Business Unit Codes**

Tennessee Wildlife Resources Agency business unit codes:

- 328.01 Wildlife Resources Agency
- 328.02 Boating Safety
- 328.03 Wetlands Acquisition Fund
- 328.04 Wetlands Compensation Fund

Source: Assistant Director of Staff Operations.