

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
ARKANSAS GAME AND FISH COMMISSION
FOR THE YEAR ENDED JUNE 30, 2020**

Finding:

R1-19-4-2004 of the Department of Finance and Administration (DFA) Office of Accounting Financial Management Guide states that “the bonded disbursing officer for each state agency, board, commission or institution is responsible for...reporting any losses of state funds to the Chief Fiscal Officer of the State and to the Division of Legislative Audit. Losses include... the apparent theft or misappropriation of state funds or property theft.” The Arkansas Game and Fish Commission (AGFC) notified us of the following thefts of state property:

- Between May 18, 2020 and July 22, 2020, a 20 horsepower Yamaha outboard motor with a tiller handle and an electric jack plate with a cost of \$3,218 was stolen from an AGFC trout boat while located at Shawnee Supreme Boats in Midway, Arkansas (Baxter County), for repairs. Incident and police reports were filed.
- On January 11, 2021, AGFC staff were made aware of a theft that occurred at a storage unit in DeWitt, Arkansas, that contained materials for the Nongame Bird Program. Contents stolen included research materials, office furniture, safety equipment, and small electronic devices valued at \$5,020. A police report was filed.

Recommendation:

We recommend the Agency continue to monitor and strengthen controls related to the safeguarding of assets to prevent future occurrences of theft.

Agency Response:

Management concurs with the finding and recommendation to strengthen controls related to the safeguarding of inventory. We have established and provided employees with additional information and guidance to support the prevention of future occurrences of theft and strengthen internal controls to safeguard our inventory.

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
ARKANSAS TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2021**

Finding:

Arkansas Teacher Retirement System (ATRS) notified Arkansas Legislative Audit of an overpayment of member benefits. The death of a member that occurred in May 2017 was not reported to the Agency until October 2021, resulting in an overpayment totaling \$51,523.

Additionally, ATRS has a benefit verification form, requiring a notarized response from the member, that is used to help identify members that may have died. The member's benefits can be suspended if the member fails to respond after a number of attempts to contact them. Starting in July 2020, ATRS made multiple attempts to obtain the form for this member and received no response; however, benefits were not suspended until October 2021.

Recommendation:

We recommend the Agency develop procedures to enforce suspension of benefits when required forms are not returned and ensure these procedures are consistently implemented for all members.

Agency Response:

The primary process used by ATRS to identify when a retiree dies (in the absence of notification by a family member) is a monthly search of national and state death databases through a professional death audit company. A list of retirees who reside in Arkansas are also sent to the Arkansas Department of Health for comparison against the Arkansas death database. This process is probably about 99.99% accurate, but with a retiree count of over 50,000, this could result in about 5 retiree deaths not being reported to ATRS. The death audit process is continually being improved. Special focus is placed upon members with out-of-state addresses since past overpayments to deceased retirees lived outside Arkansas.

The discovery of the overpayments made to the retiree that died in 2017 is a direct result of additional procedures implemented by ATRS in 2019. The process is to mail out-of-state retirees a Benefit and Address Verification Affidavit (BAVA). The BAVA process currently consists of mailing a BAVA to every out-of-state retiree on July 1. The BAVA should be completed, signed, notarized, and mailed back to ATRS. Multiple mailings are made in an attempt to allow the member to respond and avoid a needless suspension of benefit payments. Once the member has not responded to the second letter, the staff tries to locate the retiree or a family member in order to verify the well-being of the retiree. Once all location attempts have failed, the member's retirement benefit is suspended.

In the event an overpayment to a deceased retiree is discovered, the Arkansas Department of Legislative Audit is notified. ATRS then attempts to recover any funds that are immediately available. In this case, ATRS was able to recover \$5,049.98 through ACH debit, taxes, and insurance premiums. An additional \$10,000 was recovered from an offset to the lump sum death benefit. In the end, ATRS engaged outside legal counsel to seek a civil judgment in the amount of \$36,472.73 from the retiree's beneficiaries.

ATRS acknowledges that the over payment in this case could have been about seven thousand dollars (\$7,000) less had the Agency implemented a more aggressive schedule for the BAVA process. Future BAVA efforts should be much more efficient due to the out-of-state retirees being familiar with the process and the up-to-date contact information collected from prior BAVAs.