



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

July 27, 2005

Cannon County Executive and
Board of County Commissioners
Cannon County, Tennessee

To the County Executive and County Commissioners:

In conjunction with the annual audit of Cannon County, we have performed a limited review of the information systems in the Offices of County Executive, Highway Superintendent, Director of Schools, Circuit and General Sessions Courts Clerk, Register, and Sheriff as of June 27, 2005. This letter transmits the results of our review.

Our audit of Cannon County is required to be conducted in accordance with standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards specify that we perform general and application control reviews of computer-based accounting and information systems to determine whether an entity's existing procedures and controls provide adequate assurance of data accuracy and financial and operating statement reliability.

Because of inherent limitations in any internal control structure, errors, irregularities, or control weaknesses may exist and may not be detected. However, our information system reviews performed in the Offices of Highway Superintendent, Director of Schools, Register, and Sheriff did not reveal any matters that we considered to be a reportable condition. Reportable conditions were identified in the Offices of County Executive and Circuit and General Sessions Courts Clerk. These reportable conditions may be included in the annual financial report of Cannon County. These matters are also presented in detail in the enclosed Review of Internal Controls Regarding Information Systems Operations – Findings and Recommendations.

A brief summary of the reportable conditions by office is presented below:

COUNTY EXECUTIVE

1. The Ambulance Service did not have formal policies and procedures for computer operations.
2. The Ambulance Service had deficiencies in computer system back-up procedures.
3. The Ambulance Service did not develop a disaster recovery plan.

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CIRCUIT AND GENERAL SESSIONS COURTS CLERK

1. The office did not have formal policies and procedures for computer operations.
2. The office had deficiencies in computer system back-up procedures.
3. The office did not develop a disaster recovery plan.

Please contact Penny Austin, our Information Systems Audit Manager, or me if you have any questions regarding our review of the information systems in the aforementioned offices of Cannon County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Thomas Lovvorn, Highway Superintendent
The Honorable Edward Diden, Director of Schools
The Honorable Robert H. Davenport, Circuit and General Sessions Courts Clerk
The Honorable Deborah A. Morris, Register
The Honorable Kenneth D. Wetzel, Sheriff
Mr. Carl Lowe, Mid-East Tennessee Audit Manager

CANNON COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF JUNE 27, 2005

The review of controls over the information systems in the Offices of County Executive and Circuit and General Sessions Courts Clerk indicated a need for improvement. It should be noted that this was the first information system review performed in the Office of Circuit and General Sessions Courts Clerk and the Ambulance Service, which is under the supervision of the Office of County Executive. The following recommendations have been made to aid these offices in the implementation of controls to better secure their computer systems and the information contained therein. We reviewed these matters with management to provide an opportunity for their response. Management offered oral responses to these items but did not submit written responses. Oral responses have not been included in this report.

OFFICE OF COUNTY EXECUTIVE

RECOMMENDATIONS

1. **MANAGEMENT SHOULD FORMALLY DOCUMENT POLICIES AND PROCEDURES FOR COMPUTER OPERATIONS**

Management of the Ambulance Service should prepare a computer policies and procedures manual that defines policies and procedures for operations such as system startup/shutdown, application access, system access security, system backup and retention schedules, output distribution, hardware/software maintenance, and other general data processing functions. Upon completion, the manual should be distributed to all appropriate personnel.

2. **SYSTEM BACK-UP PROCEDURES SHOULD BE IMPROVED**

The following procedures regarding the system back-up process at the Ambulance Service should be implemented:

1. Management should implement daily system back-up procedures. A backup labeled for each day of the week should be maintained. Management should store these backups in a secure, fireproof location.
2. In addition to daily system backups, a weekly system backup should be performed, and two copies of this backup should be maintained. These backups should be rotated off site on a weekly basis.
3. A secure, fireproof location should be used to store weekly and yearly backups. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe deposit box at a local bank.
4. A current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

3. THE OFFICE SHOULD DEVELOP A DISASTER RECOVERY PLAN

Management of the Ambulance Service should develop and regularly update a disaster recovery plan defining procedures for personnel to follow in the event of a major hardware or software failure, or temporary or permanent destruction of facilities. The plan should contain provisions for a contingency operation site, as well as the adequate backup of data files, system programs, user documentation, supplies, and computer hardware so that operations could continue as normally as possible. A copy of the plan should be kept in a secure area within the office, as well as at a secure, off-site location.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

RECOMMENDATIONS

1. MANAGEMENT SHOULD FORMALLY DOCUMENT POLICIES AND PROCEDURES FOR COMPUTER OPERATIONS

Management should prepare a computer policies and procedures manual that defines policies and procedures for operations such as system startup/shutdown, application access, system access security, system backup and retention schedules, output distribution, hardware/software maintenance, and other general data processing functions. Upon completion, the manual should be distributed to all appropriate personnel.

2. SYSTEM BACK-UP PROCEDURES SHOULD BE IMPROVED

The following procedures regarding the system back-up process should be implemented:

1. In addition to daily system backups, a weekly system backup should be performed, and two copies of this backup should be maintained. These backups should be rotated off site on a weekly basis.
2. A secure, fireproof location should be used to store weekly and yearly backups. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe deposit box at a local bank.
3. A current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

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PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding Information System Operations as of August 14, 2002)

OFFICE OF COUNTY EXECUTIVE

Finding Number	Page Number	Subject
1	1	System Back-up Procedures Should Be Improved

OFFICE OF HIGHWAY SUPERINTENDENT

Finding Number	Page Number	Subject
1	1	The Office Had Deficiencies in Computer System Back-up Procedures