



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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July 19, 2006

Carroll County Mayor and
Board of County Commissioners
Carroll County, Tennessee

To the County Mayor and Board of County Commissioners:

In conjunction with the annual audit of Carroll County, we have performed a limited review of the information systems in the Offices of County Mayor; Highway Commission Chairman; Director of Schools; Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff as of June 20, 2006. This letter transmits the results of our review.

Our audit of Carroll 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 County Mayor, Trustee, Clerk and Master, Register, and Sheriff did not reveal any matters that we considered to be a reportable condition. Reportable conditions, however, were identified in the Offices of Highway Commission Chairman; Director of Schools; and Circuit, General Sessions, and Juvenile Courts Clerk. These reportable conditions may be included in the annual financial report of Carroll 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:

HIGHWAY COMMISSION CHAIRMAN

1. The office had deficiencies in computer system back-up procedures.

DIRECTOR OF SCHOOLS

1. The office had deficiencies involving its check-signing machine.

CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

1. Sufficient user documentation for the software application was not maintained.

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

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Scotty Bailey, Highway Commissioner
The Honorable Dennis Parker, Highway Commissioner
The Honorable Nolan Robinson, Highway Commissioner
The Honorable Ricky Scott, Highway Commissioner
The Honorable Charlotte Tucker, Director of Schools
The Honorable Patricia B. Rich, Trustee
The Honorable Bertha Taylor, Interim Circuit, General Sessions, and Juvenile Courts Clerk
The Honorable Kenneth Todd, Clerk and Master
The Honorable Judy M. Baker, Register
The Honorable Bendall Bartholomew, Sheriff
Mr. Norm Norment, West Tennessee Audit Manager

CARROLL COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION
SYSTEM OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF JUNE 20, 2006

The review of controls over the information systems in the Offices of Highway Commission Chairman; Director of Schools; and Circuit, General Sessions, and Juvenile Courts Clerk indicated a need for improvement. The following findings and 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. The oral responses have not been included in this report.

OFFICE OF HIGHWAY COMMISSION CHAIRMAN

THE OFFICE HAD DEFICIENCIES IN
COMPUTER SYSTEM BACK-UP PROCEDURES

1. FINDING

The following weaknesses regarding computer system back-up procedures in the office were identified:

- A. System backups were not stored off site. In the event of a disaster, all back-up data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- B. A back-up log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.

RECOMMENDATION

Weekly backups should be rotated off site on a weekly basis. Year-end backups should be stored off site and retained indefinitely. 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. Furthermore, a current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

OFFICE OF DIRECTOR OF SCHOOLS

THE OFFICE HAD DEFICIENCIES INVOLVING ITS
CHECK-SIGNING MACHINE

1. FINDING

The office used a mechanical check-signing machine to affix the signature of the board chairman. The mechanical counter on the machine could be reset; therefore, we could not ensure that the office accounted for all checks.

RECOMMENDATION

Adequate internal controls should be maintained over the use of the mechanical signature device. The machine should have a counter that cannot be reset indicating the total number of checks processed.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

SUFFICIENT USER DOCUMENTATION FOR THE SOFTWARE APPLICATION WAS NOT MAINTAINED

1. FINDING

The office did not maintain formal user documentation pertaining to the software. This documentation is necessary to provide users with information regarding system maintenance, system inputs, application processing requirements, output definitions, and system recovery. Inadequate documentation may result in inaccurate and inefficient processing of applications.

RECOMMENDATION

The office should maintain user documentation pertaining to the software application. Management should contact their vendor and obtain current user documentation for all components of their computer system.

PRIOR AUDIT RECOMMENDATIONS NOT IMPLEMENTED

(Ref: Review of Internal Controls Regarding Information System Operations as of July 15, 2003)

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

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2	1	Sufficient user documentation for the software application was not maintained
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PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding Information System Operations as of July 15, 2003)

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

Finding Number	Page Number	Subject
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1	1	The office did not develop a disaster recovery plan
3	2	The office did not have adequate controls to protect its information resources