



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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February 9, 2007

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of Cheatham County, we have performed a limited review of the information systems in the Offices of County Mayor, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Director of Accounts and Budgets as of January 18, 2007. This letter transmits the results of our review.

Our audit of Cheatham 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 Director of Schools, Trustee, County Clerk, Clerk and Master, and Register did not reveal any matters that we considered to be reportable conditions. Reportable conditions were identified in the Offices of County Mayor, Circuit and General Sessions Courts Clerk, and Director of Accounts and Budgets. These reportable conditions may be included in the annual financial report of Cheatham 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 MAYOR

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

Cheatham County Mayor and
Board of County Commissioners
February 9, 2007
Page 2

CIRCUIT AND GENERAL SESSIONS COURTS CLERK

1. The office did not implement adequate controls to protect its information resources.

DIRECTOR OF ACCOUNTS AND BUDGETS

1. The office did not develop a disaster recovery plan.

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 Cheatham County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Lynn Seifert, Director of Schools
The Honorable Dorothy Jones, Trustee
The Honorable W.J. Hall, County Clerk
The Honorable Julie Womack, Circuit and General Sessions Courts Clerk
The Honorable Pam Jenkins, Clerk and Master
The Honorable Dolores Moulton, Register
Ms. Tara Patterson, Director of Accounts and Budgets
Mr. Jeff Bailey, Middle Tennessee Audit Manager

CHEATHAM COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION
SYSTEM OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF JANUARY 18, 2007

The review of controls over the information systems in the Offices of County Mayor, Circuit and General Sessions Courts Clerk, and Director of Accounts and Budgets indicated a need for improvement. It should be noted that this was the first information system review performed at the Building and Codes Department which is under the supervision of the Office of County Mayor. 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. We did not include the oral responses in this report.

OFFICE OF COUNTY MAYOR

RECOMMENDATIONS

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

Management of the Building and Codes Department 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

Management of the Building and Codes Department should improve system back-up procedures. Backups should be rotated off site on a weekly basis. Year-end backups should also 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.

3. THE OFFICE SHOULD DEVELOP A DISASTER RECOVERY PLAN

Management of the Building and Codes Department 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 operations 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

**THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS
TO PROTECT ITS INFORMATION RESOURCES**

1. FINDING

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. We provided the official with detailed information regarding the specific vulnerabilities we identified, as well as our recommendations for improvement.

RECOMMENDATION

The office should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

THE OFFICE DID NOT DEVELOP A DISASTER RECOVERY PLAN

1. FINDING

The office did not develop a disaster recovery plan to assist in re-creating its data processing environment in the event of a disaster. Without a formal, written plan, critical computerized applications could be disrupted indefinitely until the system could be repaired or a back-up facility could be found and made operational.

RECOMMENDATION

Management 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 operations 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.

PRIOR AUDIT RECOMMENDATIONS NOT IMPLEMENTED

(Ref: Review of Internal Controls Regarding
Information System Operations as of December 13, 2004)

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
4	5	The office should implement adequate controls to protect its information resources

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

Finding Number	Page Number	Subject
1	8	The office did not develop a disaster recovery plan

PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding
Information System Operations as of December 13, 2004)

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
1	2	The office did not develop a disaster recovery plan

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
1	2	Adequate inventory records should be maintained
2	3	The office should develop policies and procedures for computer operations
3	3	The office should implement adequate controls to protect its information resources
4	3	The office should develop a disaster recovery plan
5	3	The office should fully use its automated accounting system

OFFICE OF COUNTY CLERK

Finding Number	Page Number	Subject
1	4	The office did not have formal policies and procedures for computer operations
2	4	The office did not develop a disaster recovery plan

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
1	5	Management should formally document policies and procedures for computer operations
2	5	System back-up procedures should be improved
3	5	The office should develop a disaster recovery plan

OFFICE OF CLERK AND MASTER

Finding Number	Page Number	Subject
1	6	Management should formally document policies and procedures for computer operations
2	6	System back-up procedures should be improved
3	6	The office should develop a disaster recovery plan
4	6	The office should implement adequate controls to protect its information resources

OFFICE OF REGISTER

Finding Number	Page Number	Subject
1	7	The office did not develop a disaster recovery plan
2	7	The office did not have formal policies and procedures for computer operations