



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

May 3, 2006

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

To the County Mayor and Board of County Commissioners:

In conjunction with the annual audit of Clay County, we have performed a limited review of the information systems in the Offices of County Mayor, Highway Superintendent, Director of Schools, Circuit and General Sessions Courts Clerk, and Register as of February 28, 2006. This letter transmits the results of our review.

Our audit of Clay 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, Circuit and General Sessions Courts Clerk, and Register did not reveal any matters that we considered to be a reportable condition. A reportable condition; however, was identified in the Office of County Mayor. This reportable condition may be included in the annual financial report of Clay County. This matter is also presented in detail in the enclosed Review of Internal Controls Regarding Information Systems Operations – Findings and Recommendations.

A brief summary of the reportable condition is presented below:

**COUNTY MAYOR**

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

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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 Clay County, Tennessee.

Sincerely,



Richard V. Norment  
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Ernest Garrison, Highway Superintendent  
The Honorable Doug Young, Director of Schools  
The Honorable Peggy Ballard, Circuit and General Sessions Courts Clerk  
The Honorable Brenda Browning, Register  
Mr. Carl Lowe, Mid-East Tennessee Audit Manager

**CLAY COUNTY, TENNESSEE  
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION  
SYSTEM OPERATIONS — FINDINGS AND RECOMMENDATIONS  
AS OF FEBRUARY 28, 2006**

The review of controls over the information system in the Office of County Mayor indicated a need for improvement. The following finding and recommendation have been made to aid this office in the implementation of controls to better secure its computer system and the information contained therein. We reviewed this matter with management to provide an opportunity for their response. Management offered an oral response to this item but did not submit a written response. The oral response has not been included in this report.

**OFFICE OF COUNTY MAYOR**

**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.

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**PRIOR AUDIT RECOMMENDATIONS NOT IMPLEMENTED**

(Ref: Review of Internal Controls Regarding  
Information System Operations as of July 22, 2004)

**OFFICE OF COUNTY MAYOR**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
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1	1	The office had deficiencies in computer system back-up procedures
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**PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED**

(Ref: Review of Internal Controls Regarding  
Information System Operations as of July 22, 2004)

**OFFICE OF DIRECTOR OF SCHOOLS**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
1	1	The office had deficiencies in computer system back-up procedures

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
1	2	The office had deficiencies in computer system back-up procedures