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March 29, 2005

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of DeKalb 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, Clerk and Master, Register, and Sheriff as of February 8, 2005. This letter transmits the results of our review.

Our audit of DeKalb 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, Clerk and Master, and Register did not reveal any matters that we considered to be a reportable condition. Reportable conditions were identified in the Offices of County Mayor and Sheriff. These reportable conditions may be included in the annual financial report of DeKalb County. These matters are also presented in detail in the enclosed Review of Internal Controls Regarding Information System Operations — Findings and Recommendations.

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

COUNTY MAYOR

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

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SHERIFF

1. The office had deficiencies in computer system back-up procedures.
2. Adequate inventory records were not maintained.

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 DeKalb County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Kenny Edge, Highway Superintendent
The Honorable Jim McCormick, Director of Schools
The Honorable Katherine Pack, Circuit and General Sessions Courts Clerk
The Honorable Debra Malone, Clerk and Master
The Honorable Jeffrey McMillen, Register
The Honorable Lloyd Emmons, Sheriff
Mr. Carl Lowe, Mid-East Tennessee Audit Manager

DEKALB COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS - FINDINGS AND RECOMMENDATIONS
AS OF FEBRUARY 8, 2005

The review of controls over the information systems in the Offices of County Mayor and Sheriff indicated a need for improvement. It should be noted that this was the first information system review performed in the Office of Sheriff. 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 oral responses 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 performed on a routine basis. Inadequate back-up procedures could result in the loss of data in the event of a hardware or software failure. Without current system backups, the cost of re-creating data could be substantial.
- B. 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.

RECOMMENDATION

Management should implement daily system back-up procedures. A backup labeled for each day of the week should be maintained. 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. A complete systems backup should also be performed at fiscal year-end. These 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.

OFFICE OF SHERIFF

RECOMMENDATIONS

1. SYSTEM BACK-UP PROCEDURES SHOULD BE IMPROVED

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

1. 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.
2. A current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

2. ADEQUATE INVENTORY RECORDS SHOULD BE MAINTAINED

Inventory records should be established and maintained to properly account for assets, as required by generally accepted accounting principles. Furthermore, personnel who are independent of maintaining the inventory records should periodically verify inventories.