



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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June 28, 2006

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

To the County Mayor and Board of County Commissioners:

In conjunction with the annual audit of Haywood County, we have performed a limited review of the information systems in the Offices of County Mayor, Chief Administrative Highway Officer, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, and Register as of May 1, 2006. This letter transmits the results of our review.

Our audit of Haywood 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, Chief Administrative Highway Officer, Director of Schools, Trustee, County Clerk, and Circuit and General Sessions Courts Clerk did not reveal any matters that we considered to be a reportable condition. Reportable conditions, however, were identified in the Office of Register. These reportable conditions may be included in the annual financial report of Haywood 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 is presented below:

REGISTER

1. The office did not have formal policies and procedures for computer operations.
2. 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 Haywood County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Greg McCarley, Chief Administrative Highway Officer
The Honorable George Chapman, Director of Schools
The Honorable William Howse, Trustee
The Honorable Ann Medford, County Clerk
The Honorable Joe Moore, Circuit and General Sessions Courts Clerk
The Honorable Steve Smith, Register
Mr. Norm Norment, West Tennessee Audit Manager

HAYWOOD COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION
SYSTEM OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF MAY 1, 2006

The review of controls over the information system in the Office of Register indicated a need for improvement. It should be noted that this was the first information system review performed in this office. The following recommendations 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 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 REGISTER

RECOMMENDATIONS

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

Management should prepare a computer policies and procedures manual. This manual should define 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**

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.

PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding
Information System Operations as of June 6, 2003)

OFFICE OF TRUSTEE

| Finding Number | Page Number | Subject |
|---------------------------|------------------------|----------------|
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| 1 | 1 | The office maintained a duplicate set of accounting records |
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