



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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July 30, 2004

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of Humphreys County, we have performed a limited review of the information systems in the Offices of County Mayor, Road Supervisor, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register as of July 27, 2004. This letter transmits the results of our review.

Our audit of Humphreys 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 Trustee, 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, Road Supervisor, Director of Schools, and County Clerk. These reportable conditions may be included in the annual financial report of Humphreys 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 involving its warrant-signing machine.

Humphreys County Mayor and
Board of County Commissioners
July 30, 2004
Page 2

ROAD SUPERVISOR

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

DIRECTOR OF SCHOOLS

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

COUNTY CLERK

1. The office had deficiencies in computer system back-up procedures.
2. The office had not implemented adequate controls to protect its information resources against unauthorized access, modification, destruction, or disclosure.

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 Humphreys County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Ronald Carter, Road Supervisor
The Honorable James L. Long, Director of Schools
The Honorable Wanda Adkins, Trustee
The Honorable Betty Etheridge, County Clerk
The Honorable Elaine Choate, Circuit and General Sessions Courts Clerk
The Honorable Mike Bullion, Clerk and Master
The Honorable Shirley Fields, Register
Mr. Nolan Bradford, West Tennessee Auditor 4
Mr. Jerry Gallemore, West Tennessee Auditor 4
Mr. Norm Norment, West Tennessee Auditor 4

HUMPHREYS COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF JULY 27, 2004

The review of controls over information systems in the Offices of County Mayor, Road Supervisor, Director of Schools, and County 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. The director of schools' written response is paraphrased in this report. The other officials offered oral responses we did not include in this report.

OFFICE OF COUNTY MAYOR

THE OFFICE HAD DEFICIENCIES INVOLVING ITS WARRANT-SIGNING MACHINE

1. FINDING

The office used a mechanical check-signing machine to affix the signature of the county mayor. The mechanical counter on the machine could be reset and did not have a counter to indicate the total number of warrants processed.

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 warrants processed.

OFFICE OF ROAD SUPERVISOR

THE OFFICE HAD DEFICIENCIES INVOLVING ITS WARRANT-SIGNING MACHINE

1. FINDING

The office used a mechanical check-signing machine to affix the signature of the road supervisor. Various department employees were allowed to use the machine, but the office did not maintain a log to document the checks issued, the check numbers processed, and the employee operating the machine. Also, the mechanical counter on the machine could be reset and did not have a counter to indicate the total number of checks processed.

RECOMMENDATION

Adequate internal controls should be maintained over the use of the mechanical signature device, such as maintaining a manual log that indicates the checks issued, the check numbers on the series of checks processed, and the employee operating the machine. In addition, the machine should have a counter that cannot be reset indicating the total number of checks processed.

OFFICE OF DIRECTOR OF SCHOOLS

THE OFFICE HAD DEFICIENCIES INVOLVING ITS WARRANT-SIGNING MACHINE

1. FINDING

The Board of Education used a mechanical check-signing machine to affix the signature of the director of schools and chairman of the Board of Education. School officials had not obtained the approval of the comptroller of the treasury and the commissioner of education to use a mechanical signature device, as required by Section 49-2-113, Tennessee Code Annotated.

RECOMMENDATION

The school system should obtain the approval of the comptroller of the treasury and the commissioner of education for the use of a mechanical signature device, as required by state statute.

MANAGEMENT'S RESPONSE

A request for approval for use of the signature machine has been sent.

OFFICE OF COUNTY CLERK

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

THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES AGAINST UNAUTHORIZED ACCESS, MODIFICATION, DESTRUCTION, OR DISCLOSURE

2. FINDING

The office did not implement adequate controls to protect its information resources against unauthorized access, modification, destruction, or disclosure. The failure to provide such controls increases the risk that individuals could inappropriately access and manipulate the county's computer system, software applications, and sensitive information.

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. Also, the office should take steps to establish or improve any compensating controls until these conditions are remedied.

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HUMPHREYS COUNTY, TENNESSEE
AS OF JULY 27, 2004**

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