



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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July 10, 2007

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of Marion County, we have performed a limited review of the information systems in the Offices of County Mayor, Highway Supervisor, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff as of July 6, 2007. This letter transmits the results of our review.

Our audit of Marion 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, Highway Supervisor, Director of Schools, Trustee, and County Clerk did not reveal any matters that we considered to be a significant deficiency. Significant deficiencies, however, were identified in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff and may be included in the annual financial report of Marion 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 significant deficiencies by office is presented below:

CIRCUIT AND GENERAL SESSIONS COURTS CLERK

1. The office had not entered into a formal hardware and software maintenance contract.
2. The office did not implement adequate controls to protect its information resources.

To the County Mayor and
Board of County Commissioners
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CLERK AND MASTER

1. The office did not review software audit logs.

REGISTER

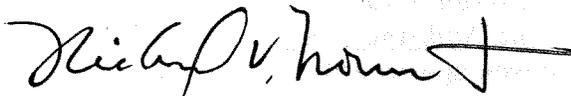
1. The office did not review software audit logs.

SHERIFF

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

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 Marion County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable John Graham, Highway Supervisor
The Honorable Fred Taylor, Director of Schools
The Honorable David Kirk, Trustee
The Honorable Dwight Minter, County Clerk
The Honorable Evelyn Griffith, Circuit and General Sessions Courts Clerk
The Honorable Levoy Gudger, Clerk and Master
The Honorable Winfred Haggard, Register
The Honorable Ronnie Burnett, Sheriff
Mr. Carl Lowe, Mid-East Tennessee Audit Manager

MARION COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF JULY 6, 2007

The review of controls over information systems in the office of Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff indicated a need for improvement. The following findings and recommendations have been made in order to aid these offices in the implementation of controls to better secure their computer systems and the information contained therein. These matters were reviewed 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 CIRCUIT AND GENERAL SESSIONS COURTS CLERK

THE OFFICE HAD NOT ENTERED INTO A FORMAL HARDWARE
AND SOFTWARE MAINTENANCE CONTRACT

1. FINDING

The office made payments to a vendor for hardware and software maintenance on the computer system located in the office. However, a formal written contract between Marion County and the vendor did not exist.

RECOMMENDATION

The office should enter into a formal written agreement with the vendor for hardware and software maintenance services to be provided by that vendor on the computer system located in the office. In addition, the contract should outline customer payment schedules. All service contracts of this nature should be filed and recorded centrally so that they are available for reference. Contracts should be reviewed periodically to ensure they continue to provide required services.

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

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

OFFICE OF CLERK AND MASTER

THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS

1. **FINDING**

The software application used by the office generates a daily log that displays transaction changes made by users. Because this log provides the only audit trail of these changes, it should be reviewed daily. The office did not review this log. Without knowledge of system activity, errors and improper changes could occur and go undetected.

RECOMMENDATION

Management should review this log on a daily basis. Any unusual transactions should be investigated.

OFFICE OF REGISTER

THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS

1. **FINDING**

The software application used by the office generates a daily log that displays transaction changes made by users. Because this log provides the only audit trail of these changes, it should be reviewed daily. The office did not review this log. Without knowledge of system activity, errors and improper changes could occur and go undetected.

RECOMMENDATION

Management should review this log on a daily basis. Any unusual transactions should be investigated.

OFFICE OF SHERIFF

**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. Daily 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 backups, the cost of re-creating data could be substantial.
- 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

Management should implement daily system back-up procedures. Furthermore, a current log of all backups that includes label descriptions, date of creation, contents, and storage location should be maintained.

PRIOR AUDIT RECOMMENDATIONS NOT IMPLEMENTED

(Ref: Review of Internal Controls Regarding Information
System Operations as of March 17, 2005)

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
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1	1	The office had not entered into a formal hardware and software maintenance contract
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OFFICE OF SHERIFF

Finding Number	Page Number	Subject
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1	2	System back-up procedures should be improved
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PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding Information
System Operations as of March 17, 2005)

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
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1	1	The office did not develop a disaster recovery plan
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OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
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2	2	The office did not develop a disaster recovery plan
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OFFICE OF SHERIFF

Finding Number	Page Number	Subject
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2	3	The office should implement adequate controls to protect its information system resources
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