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DIVISION OF COUNTY AUDIT
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October 12, 2005

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of Marshall County, we have performed a limited review of the information systems in the Offices of Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; Director of Accounts and Budgets; and Board of Public Utilities as of September 22, 2005. This letter transmits the results of our review.

Our audit of Marshall 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; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Director of Accounts and Budgets did not reveal any matters that we considered to be a reportable condition. Reportable conditions; however, were identified in the Office of Director of Schools and the Board of Public Utilities. These reportable conditions may be included in the annual financial report of Marshall 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 by office is presented below:

DIRECTOR OF SCHOOLS

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

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BOARD OF PUBLIC UTILITIES

1. The office had not implemented controls to protect its information resources.

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 Marshall County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable John David Pierce, Director of Schools
The Honorable Marilyn Ervin, Trustee
The Honorable Daphne Fagan, County Clerk
The Honorable Elinor Foster, Circuit, General Sessions, and Juvenile Courts Clerk
The Honorable Tommy Higdon, Clerk and Master
The Honorable Dorris Weaver, Register
Ms. Freda Terry, Director of Accounts and Budgets
Mr. Jessie T. Whaley, Jr., Public Utilities Manager
Mr. Jeff Bailey, Middle Tennessee Audit Manager

MARSHALL COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF SEPTEMBER 22, 2005

The review of controls over the information systems in the Office of Director of Schools and the Board of Public Utilities indicated a need for improvement. It should be noted that this was the first information system review performed at the Board of Public Utilities. The following 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 written response of the manager of the Public Utilities Board is paraphrased in this report. The other official offered oral responses we did not include in this report.

OFFICE OF DIRECTOR OF SCHOOLS

THE OFFICE HAD DEFICIENCIES INVOLVING
ITS CHECK-SIGNING MACHINE

1. FINDING

The Board of Education used a mechanical check-signing machine to affix the signature of the director of schools. The mechanical counter on the machine could be reset; therefore, we could not ensure that all warrants were accounted for.

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 checks processed.

BOARD OF PUBLIC UTILITIES

RECOMMENDATION

1. THE OFFICE SHOULD IMPLEMENT ADEQUATE CONTROLS
TO PROTECT ITS INFORMATION RESOURCES

The office should implement adequate controls to protect its information resources. This recommendation 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.

MANAGEMENT'S RESPONSE

We are acquiring new hardware and software. The new vendor has addressed the need for improved and adequate controls over the information system that will safeguard and prevent any security risks.

PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding
Information System Operations as of October 23, 2002)

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

Finding Number	Page Number	Subject
1	1	A disaster recovery plan should be developed
2	1	The office should develop formal policies and procedures for computer operations
3	1	Access to computer resources should be improved
4	2	System back-up procedures should be improved
5	2	Access to negotiable documents should be improved