



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-02613  
PHONE (615) 401-7841

May 8, 2007

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of McNairy County, we have performed a limited review of the information systems in the Offices of County Mayor, Highway Commissioner, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register as of May 4, 2007. This letter transmits the results of our review.

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

**DIRECTOR OF SCHOOLS**

1. The office did not implement adequate controls to protect its information resources.

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**COUNTY CLERK**

1. The office did not have formal policies and procedures for computer operations.
2. The office had deficiencies in computer system back-up procedures.
3. The office did not review software audit logs.
4. The office did not implement adequate 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 McNairy County, Tennessee.

Sincerely,



Richard V. Norment  
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Harvey Smith, Highway Commissioner  
The Honorable Charlie Miskelly, Director of Schools  
The Honorable Stanley Mitchell, Trustee  
The Honorable Ronnie Price, County Clerk  
The Honorable Ronnie Brooks, Circuit and General Sessions Courts Clerk  
The Honorable Kim Harrison, Clerk and Master  
The Honorable Brian Dickey, Register  
Mr. Norm Norment, West Tennessee Audit Manager

**MCNAIRY COUNTY, TENNESSEE**  
**REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION**  
**SYSTEM OPERATIONS — FINDINGS AND RECOMMENDATIONS**  
**AS OF MAY 4, 2007**

The review of controls over the information systems in the Offices of Director of Schools and County Clerk indicated a need for improvement. It should be noted that this was the first information system review performed in the Office of County Clerk. The following finding 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 the oral responses in this report.

**OFFICE OF DIRECTOR OF SCHOOLS**

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

**1. 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 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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**OFFICE OF COUNTY CLERK**

**RECOMMENDATIONS**

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

Management should prepare a computer policies and procedures manual that defines 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**

Management should improve system back-up procedures. Backups should be performed on external media on a daily basis. Backups should be rotated off site on a weekly basis. Year-end backups should also 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.

3. **MANAGEMENT SHOULD REVIEW SOFTWARE AUDIT LOGS**

The software applications used by the office generate daily logs that display transaction changes made by users. Because these logs provide the only audit trail of these changes, they should be reviewed daily. Without knowledge of system activity, errors and improper changes could occur and go undetected.

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

Management 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 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.

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**PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED**

(Ref: Review of Internal Controls Regarding  
Information System Operations as of December 3, 2004)

**OFFICE OF COUNTY MAYOR**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
1	1	The office had deficiencies in computer system back-up procedures
2	2	The office did not have adequate controls to protect its information resources

**OFFICE OF HIGHWAY COMMISSIONER**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
1	2	System back-up procedures should be improved

**OFFICE OF TRUSTEE**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
1	3	Management should formally document policies and procedures for computer operations