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January 24, 2007

Metropolitan Executive and
Metropolitan Council
Metropolitan Government of Lynchburg, Moore County, Tennessee

To the Metropolitan Executive and Council:

In conjunction with the annual audit of the Metropolitan Government of Lynchburg, Moore County, we have performed a limited review of the information systems in the Offices of Metropolitan Executive; Director of Schools; Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; and Register as of January 5, 2007. This letter transmits the results of our review.

Our audit of the Metropolitan Government of Lynchburg, Moore 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 Metropolitan Executive; Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; and Register 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. These reportable conditions may be included in the annual financial report of the Metropolitan Government of Lynchburg, Moore 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:

DIRECTOR OF SCHOOLS

1. The office had deficiencies in computer system back-up procedures.
2. The office had deficiencies involving its check-signing machine.

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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 the Metropolitan Government of Lynchburg, Moore County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Chad Moorehead, Director of Schools
The Honorable Lynn Harrison, Trustee
The Honorable Trixie Harrison, Circuit, General Sessions, and Juvenile Courts Clerk
The Honorable Barbara Durm, Register
Mr. Jeff Bailey, Middle Tennessee Audit Manager

**METROPOLITAN GOVERNMENT OF LYNCHBURG,
MOORE COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION
SYSTEM OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF JANUARY 5, 2007**

The review of controls over the information system in the Office of Director of Schools indicated a need for improvement. The following findings and 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. We did not include the oral responses in this report.

OFFICE OF DIRECTOR OF SCHOOLS

**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 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 system backups, the cost of recreating data could be substantial.
- B. Weekly backups were not performed. These backups would ensure the restoration of system data if problems occurred.
- C. 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.
- D. 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. A backup labeled for each day of the week should be maintained. Management should store these backups in a secure, fireproof location. In addition to daily system backups, a weekly system backup should be performed, and two copies of this backup should be maintained. These 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 HAD DEFICIENCIES INVOLVING
ITS CHECK-SIGNING MACHINE**

2. 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. The mechanical counter on the machine could be reset; therefore, we could not ensure that the office accounted for all checks.

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.

PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding
Information System Operations as of December 15, 2004)

OFFICE OF METROPOLITAN EXECUTIVE

Finding Number	Page Number	Subject
1	1	The office did not implement adequate controls to protect its information resources

OFFICE OF DIRECTOR OF SCHOOLS

Finding Number	Page Number	Subject
1	2	The office did not implement adequate controls to protect its information resources

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
1	2	System back-up procedures should be improved