



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
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DIVISION OF COUNTY AUDIT  
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May 4, 2006

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

To the County Mayor and Board of County Commissioners:

In conjunction with the annual audit of Obion County, we have performed a limited review of the information systems in the Offices of County Mayor; Highway Superintendent; Director of Schools; Trustee; County Clerk; and Circuit, General Sessions, and Juvenile Courts Clerk as of March 16, 2006. This letter transmits the results of our review.

Our audit of Obion 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 Highway Superintendent; Director of Schools; and Circuit, General Sessions, and Juvenile Courts Clerk did not reveal any matters that we considered to be a reportable condition. Reportable conditions, however, were identified in the Offices of County Mayor, Trustee, and County Clerk. These reportable conditions may be included in the annual financial report of Obion 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:

**COUNTY MAYOR**

1. The office did not have adequate controls over check-signing procedures.

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**TRUSTEE**

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

**COUNTY CLERK**

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 Obion County, Tennessee.

Sincerely,



Richard V. Norment  
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Gary Lofton, Highway Superintendent  
The Honorable Lonnie Grady, Director of Schools  
The Honorable Lori Seals, Trustee  
The Honorable Vollie Jean Boehms, County Clerk  
The Honorable Harry Johnson, Circuit, General Sessions, and Juvenile Courts Clerk  
Mr. Norm Norment, West Tennessee Audit Manager

**OBION COUNTY, TENNESSEE  
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION  
SYSTEM OPERATIONS – FINDINGS AND RECOMMENDATIONS  
AS OF MARCH 16, 2006**

The review of controls over the information systems in the Offices of County Mayor, Trustee, 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. Management offered oral responses to these items but did not submit written responses. The oral responses have not been included in this report.

**OFFICE OF COUNTY MAYOR**

**THE OFFICE DID NOT HAVE ADEQUATE CONTROLS  
OVER CHECK-SIGNING PROCEDURES**

**1. FINDING**

The following weaknesses regarding check-signing procedures in the office were identified:

- A. The office used a mechanical check-signing machine to affix the official's signature to payroll checks. The mechanical counter on the machine could be reset; therefore, we could not ensure that the office accounted for all checks.
- B. In lieu of prenumbered check stock, the office printed vendor checks on blank check stock. The software used to print checks allowed the user to assign check numbers that did not have to be sequential. Section 5-8-207, Tennessee Code Annotated, provides for all disbursements to be made by prenumbered checks. In lieu of prenumbered checks, computer-generated checks may be printed on blank check stock if proper controls are in place.

**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. Management should contact their software vendor about adding controls to the check-writing software. Sequential numbers should be assigned to checks. Users should not have the capability of manipulating these numbers.

**OFFICE OF TRUSTEE**

**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. 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.

**OFFICE OF COUNTY CLERK**

**THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM  
BACK-UP PROCEDURES**

**1. FINDING**

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.

**RECOMMENDATION**

Weekly backups should be rotated off site on a weekly basis. 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.

**PRIOR AUDIT RECOMMENDATIONS NOT IMPLEMENTED**

(Ref: Review of Internal Controls Regarding  
Information System Operations as of May 6, 2003)

**OFFICE OF TRUSTEE**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
1	1	The office had deficiencies in computer system back-up procedures

**PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED**

(Ref: Review of Internal Controls Regarding  
Information System Operations as of May 6, 2003)

**OFFICE OF TRUSTEE**

<b>Finding Number</b>	<b>Page Number</b>	<b>Subject</b>
2	1	The office did not develop a disaster recovery plan
3	2	The office did not have formal policies and procedures for computer operations