



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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May 18, 2006

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

To the County Mayor and Board of County Commissioners:

In conjunction with the annual audit of Perry 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, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register as of April 12, 2006. This letter transmits the results of our review.

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

HIGHWAY SUPERINTENDENT

1. The office did not have formal policies and procedures for computer operations.
2. The office did not develop a disaster recovery plan.

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COUNTY CLERK

1. The office did not develop a disaster recovery plan.
2. The office did not have formal policies and procedures for computer operations.

CIRCUIT AND GENERAL SESSIONS COURTS 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 Perry County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Dan Horner, Highway Superintendent
The Honorable Gil Webb, Director of Schools
The Honorable George Duncan, Trustee
The Honorable Jane Lewis, County Clerk
The Honorable Rosemary Burgess, Interim Circuit and General Sessions Courts Clerk
The Honorable Joyce Marshall, Clerk and Master
The Honorable Patricia Bell, Register
Mr. Jeff Bailey, Middle Tennessee Audit Manager

PERRY COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION
SYSTEM OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF APRIL 12, 2006

The review of controls over the information systems in the Offices of Highway Superintendent, County Clerk, and Circuit and General Sessions Courts 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 HIGHWAY SUPERINTENDENT

THE OFFICE DID NOT HAVE FORMAL POLICIES AND
PROCEDURES FOR COMPUTER OPERATIONS

1. FINDING

The office did not have written policies and procedures for routine computer operations. Routine operations include system startup/shutdown, application access, system access security, system backup and retention schedules, hardware/software maintenance, output distribution, and other general data processing functions. Formal policies and procedures are necessary to ensure adequate management control over computer operations.

RECOMMENDATION

Management should prepare a computer policies and procedures manual that defines policies and procedures for operations such as system backups, security measures, and other general data processing functions. Upon completion, the manual should be distributed to all appropriate personnel.

THE OFFICE DID NOT DEVELOP A DISASTER RECOVERY PLAN

2. FINDING

The office did not develop a disaster recovery plan to assist in re-creating its data processing environment in the event of a disaster. Without a formal, written plan, critical computerized applications could be disrupted indefinitely until the system could be repaired or a back-up facility could be found and made operational.

RECOMMENDATION

Management should develop and regularly update a disaster recovery plan defining procedures for personnel to follow in the event of a major hardware or software failure, or temporary or permanent destruction of facilities. The plan should contain provisions for a contingency operations site as well as the adequate backup of data files, system programs, user documentation, supplies, and computer hardware so that operations could continue as normally as possible. A copy of the plan should be kept in a secure area within the office as well as at a secure, off-site location.

OFFICE OF COUNTY CLERK

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OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

**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.

PRIOR AUDIT RECOMMENDATIONS NOT IMPLEMENTED

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

OFFICE OF HIGHWAY SUPERINTENDENT

Finding Number	Page Number	Subject
2	2	The office did not have formal policies and procedures for computer operations
4	2	The office did not develop a disaster recovery plan

OFFICE OF COUNTY CLERK

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

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
1	4	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 March 15, 2004)

OFFICE OF COUNTY MAYOR

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

OFFICE OF HIGHWAY SUPERINTENDENT

Finding Number	Page Number	Subject
3	2	The office had deficiencies in computer system back-up procedures

OFFICE OF COUNTY CLERK

Finding Number	Page Number	Subject
1	3	The office had deficiencies in computer system back-up procedures
4	3	The office did not implement adequate controls to protect its information resources