



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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November 30, 2004

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of Stewart County, we have performed a limited review of the information systems in the Offices of County Mayor; County Engineer; Director of Schools; Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register as of November 3, 2004. This letter transmits the results of our review.

Our audit of Stewart 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 Engineer; Trustee; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register did not reveal any matters that we considered to be a reportable condition. Reportable conditions were identified in the Offices of County Mayor and Director of Schools. These reportable conditions may be included in the annual financial report of Stewart 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 reportable conditions by office is presented below:

COUNTY MAYOR

1. The office did not develop a disaster recovery plan.

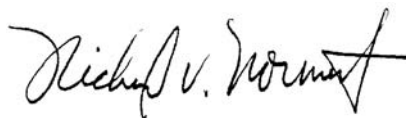
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DIRECTOR OF SCHOOLS

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

Please contact Penny Austin, our Information Systems Audit Manager, or me if you have any questions regarding our review of the information systems in the aforementioned offices of Stewart County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Jerry Cunningham, County Engineer
The Honorable Phillip Wallace, Director of Schools
The Honorable Wilby Williams, Trustee
The Honorable Barbara Wallace, Circuit, General Sessions, and Juvenile Courts Clerk
The Honorable Jane C. Link, Clerk and Master
The Honorable Ruth Mathis, Register
Mr. Norm Norment, West Tennessee Audit Manager

STEWART COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF NOVEMBER 3, 2004

The review of controls over the information systems in the Offices of County Mayor and Director of Schools indicated a need for improvement. It should be noted that this was the first information system review performed in the Ambulance Service Office, which is under the supervision of the Office of County Mayor. The following recommendations have been made to aid the 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 director of schools' written response is paraphrased in this report. The other official offered oral responses which we did not include in this report.

OFFICE OF COUNTY MAYOR

RECOMMENDATION

1. THE OFFICE SHOULD DEVELOP A DISASTER RECOVERY PLAN

Management of the Ambulance Service 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 DIRECTOR OF SCHOOLS

THE OFFICE HAD DEFICIENCIES INVOLVING ITS WARRANT-SIGNING MACHINE

1. 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. School officials had not obtained the approval of the comptroller of the treasury and the commissioner of education to use a mechanical signature device, as required by Section 49-2-113, Tennessee Code Annotated.

RECOMMENDATION

The school system should obtain the approval of the comptroller of the treasury and the commissioner of education for the use of a mechanical signature device, as required by state statute.

MANAGEMENT'S RESPONSE

The failure to obtain new approval was an oversight in procedure. Since we have been using a similar mechanical signature device for a number of years, we did not believe it was necessary for additional approval. Stewart County is presently in the process of obtaining approval for the new mechanical signature device.

PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding Information System Operations as of June 13, 2002)

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
1	1	The Office Did Not Have Formal Policies and Procedures for Computer Operations
2	1	The Office Had Deficiencies in Computer Back-up Procedures