



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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December 11, 2003

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of Fayette County, we have performed a limited review of the information systems in the Offices of County Mayor; Public Works Superintendent; Director of Schools; Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; and Register as of November 25, 2003. This letter transmits the results of our review.

Our audit of Fayette 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; Public Works Superintendent; Trustee; County Clerk; 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. A reportable condition was identified in the Office of Director of Schools. This reportable condition may be included in the comprehensive annual financial report of Fayette County. This matter is also presented in detail in the enclosed Review of Internal Controls Regarding Information System Operations — Findings and Recommendations.

A brief summary of the reportable condition is presented below:

DIRECTOR OF SCHOOLS

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

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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 Fayette County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Jim Smith, Public Works Supervisor
The Honorable Myles Wilson, Director of Schools
The Honorable Barbra Parker, Trustee
The Honorable Dell Graham, County Clerk
The Honorable Jimmie German, Circuit, General Sessions, and Juvenile Courts Clerk
The Honorable Barbara Walls, Clerk and Master
The Honorable Edward Pattat, Register
Mr. Larry Taylor, West Tennessee Audit Manager

FAYETTE COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF NOVEMBER 25, 2003

The review of controls over the information system in the Office of Director of Schools indicated a need for improvement. The following finding and recommendation have been made to aid the office in the implementation of controls to better secure their computer system and the information contained therein. We reviewed this matter with management to provide an opportunity for their response. The written response from the director of schools is paraphrased in this report.

OFFICE OF DIRECTOR OF SCHOOLS

THE OFFICE HAD DEFICIENCIES INVOLVING ITS WARRANT-SIGNING MACHINE

1. FINDING

The Board of Education used a mechanical warrant-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. This approval requires that a school system maintain adequate internal controls over the use of a mechanical signature device.

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

Approval for the use of the warrant-signing machine was requested on December 4, 2003.