



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

April 2, 2004

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

To the County Mayor and County Commissioners:

In conjunction with the annual audit of Grainger County, we have performed a limited review of the information systems in the Offices of County Mayor, Road Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, and Register as of March 30, 2004. This letter transmits the results of our review.

Our audit of Grainger 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, Road Superintendent, Director of Schools, Trustee, Circuit and General Sessions Courts Clerk, and Register did not reveal any matters that we considered to be a reportable condition. A reportable condition was identified in the Office of County Clerk. This reportable condition may be included in the annual financial report of Grainger 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:

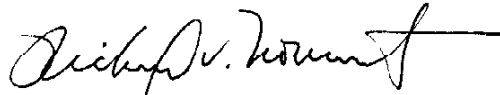
COUNTY CLERK

1. The business tax software did not have adequate application controls.

Grainger County Mayor and
Board of County Commissioners
April 2, 2004
Page 2

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 Grainger County, Tennessee.

Sincerely,



Richard W. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable David Bean, Road Superintendent
The Honorable E. Vernon Coffey, Director of Schools
The Honorable Donald Nance, Trustee
The Honorable Barbara Jackson, County Clerk
The Honorable Rhonda Reagan, Circuit and General Sessions Courts Clerk
The Honorable Dorothy Reagan, Register
Mr. Clifford Tucker, East Tennessee Audit Manager

**GRAINGER COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS — FINDINGS AND RECOMMENDATIONS
AS OF MARCH 30, 2004**

The review of controls over the information system in the Office of County Clerk indicated a need for improvement. It should be noted that this is the first information system review to be performed in this office. The following recommendation has been made to aid the office in the implementation of controls to better secure its computer system and the information contained therein. We reviewed this matter with management to provide an opportunity for their response. Management offered an oral response to this item but did not submit a written response. We did not include the oral response in this report.

OFFICE OF COUNTY CLERK

RECOMMENDATION

1. **ADEQUATE APPLICATION CONTROLS OVER THE BUSINESS TAX SOFTWARE SHOULD BE IMPLEMENTED**

Management should contact the software vendor concerning the addition of controls to the business tax software application that would provide an audit trail for any changes or deletions to business tax receipt information. The capability of removing business receipt history information should also be removed. These controls would help to ensure the reliability and integrity of the information maintained by the system.

PRIOR AUDIT RECOMMENDATIONS IMPLEMENTED

(Ref: Review of Internal Controls Regarding Information System Operations as of
September 24, 2001)

OFFICE OF COUNTY EXECUTIVE

Finding Number	Page Number	Subject
1	1	The Office Did Not Use Purchasing Software to Generate Vendor Disbursement Warrants