



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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March 20, 2003

Henry County Executive and
Board of County Commissioners
Henry County, Tennessee

To the County Executive and County Commissioners:

In conjunction with the annual audit of Henry County, we have performed a limited review of the information systems in the Offices of County Executive, County Road Supervisor, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register as of March 5, 2003. This letter transmits the results of our review.

Our audit of Henry 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 Executive, Director of Schools, Trustee, County Clerk, Circuit and General Sessions 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 County Road Supervisor. This reportable condition may be included in the comprehensive annual financial report of Henry 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 ROAD SUPERVISOR

1. The general ledger software did not have adequate application controls.

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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 Henry County, Tennessee.

Sincerely,



Richard V. Norment
Assistant to the Comptroller

RVN: pa

Attachment

cc: The Honorable Ray Norwood, County Road Supervisor
The Honorable Rick Kriesky, Director of Schools
The Honorable Judy McClanahan, Trustee
The Honorable Jerry Bomar, County Clerk
The Honorable Thomas Myers, Circuit and General Sessions Courts Clerk
The Honorable Mary Burns, Clerk and Master
The Honorable Alice D. Webb, Register
Mr. Larry Taylor, West Tennessee Audit Manager

HENRY COUNTY, TENNESSEE
REVIEW OF INTERNAL CONTROLS REGARDING INFORMATION SYSTEM
OPERATIONS - FINDINGS AND RECOMMENDATIONS
AS OF MARCH 5, 2003

The review of controls over the information system in the Office of County Road Supervisor indicated a need for improvement. The following finding and recommendation have been made to aid this 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 ROAD SUPERVISOR

THE GENERAL LEDGER SOFTWARE DID NOT HAVE ADEQUATE
APPLICATION CONTROLS

1. FINDING

Prior to their posting in the general ledger, automated financial transactions could be changed, and an audit trail of these changes would not be maintained. Without an audit trail of system activity, errors and improper changes could occur and go undetected.

RECOMMENDATION

Management should contact their software vendor about adding controls to the accounting software that would provide an audit trail for any transaction modifications. System users should not have the capability to make changes directly to computer-generated accounting entries, and all changes to the general ledger should be made with journal entries.