



L.L.P.
CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

January 29, 2006

The Honorable County Judge and Commissioners Court
Tarrant County, Texas

In planning and performing our audit of the financial statements of Tarrant County, Texas as of and for the year ended September 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we believe can be improved to increase the operating efficiency of the County. The following matters are presented for your consideration.

Federal Assistance Programs

Observation: We noted during our review of the Supportive Housing Program that the subrecipient monitoring activities for this program were not occurring as frequently as necessary to maintain the oversight desired by program management.

Recommendation: Grant management personnel should devise operating procedures under which enough resources are allocated to ensure that subrecipients are monitored regularly and site visits are made periodically. These activities should include a formal risk assessment process to prioritize its monitoring activities. The risk assessment should address such risk factors as larger grants, new subrecipients and subrecipients with prior monitoring findings and concerns.

Response: Tarrant County has reviewed the auditing procedures, including the Agency Site Visit Monitoring checklist, the Financial Monitoring checklist, and the Client Files Monitoring checklist. The County will continue to develop a formal risk assessment process to prioritize its monitoring.

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IT Operations

Observation: A Formal Business Continuity Plan (BCP) does not exist. While Tarrant County has some 'complimentary documents' for Business Continuity, there is not a formal Business Continuity Plan. A formal BCP document is needed for more assurance that all personnel will know what to do if such emergencies do actually occur.

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Recommendation: The County should create a Business Continuity Plan (BCP). The BCP is the overall strategy to facilitate the continuity of key business processes in the midst of an unplanned interruption event. This plan should cover most or all of an organization's critical business processes and operations. The BCP should be created for the County as a whole and not for individual departments. A steering committee should be created with members from both IT and County office groups. It should be reviewed and tested annually for completeness, timeliness and appropriateness. Example content of a BCP includes, but is not limited to:

- Personnel
- Business Impact
- Technology Needs
- Geographic Diversity
- Communication
- Facilities

Response: Tarrant County is currently developing its BCP. The plan will consist of not only IT business continuity, but also, its physical plant continuity. The County's IT Steering Committee will make recommendations to the Commissioners Court for inclusion in the County's FY 2007 budget.

Observation: A Formal IT Disaster Recovery Plan (DRP) does not exist. While Tarrant County has many 'complimentary documents' for an IT disaster, there is not a formal Disaster Recovery Plan (DRP). The decentralized document only fixes specific issues in case of an emergency. However, a formal DRP document is needed for more assurance that all personnel, hardware, data, and other IT resources will be available if such emergencies do actually occur.

Recommendation: The County should create a Formal Disaster Recovery Plan (DRP). Tarrant County has some of the needed documentation components of the DRP; however, they will need to put it all together in a formal plan that is signed off by the CIO. This plan should be reviewed annually, and periodic testing should occur to ensure the appropriateness of the components of the plan. Often times, a DRP is considered a subset of the BCP. DRPs are more technical plans that are developed for specific groups within an organization to allow them to recover a particular business application. The most well known example of a DRP is the

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Information Technology (IT) DRP. Other traditional areas requiring specific DRPs include call centers, warehouses, distribution centers and any other areas of specialized activities. Examples of an IT DRP would include, but are not limited to:

- Hardware – mainframe, network, servers, end-user
- Software – applications, operating systems, utilities
- Backup Data Files
- Hot/Warm/Cold Sites
- Operations processing equipment

Response: Tarrant County is finalizing its move into the County's Plaza Building. The Plaza Building previously was owned by RadioShack Corporation and served as its corporate technology facility. With this move, the IT department will relocate its computer rooms into a facility that is specifically designed for this type of activity. Adequate CPS and air quality is in place in the new facility to more than meet the needs of Tarrant County's IT Operations. Additionally, Tarrant County is currently discussing with other Texas urban counties the possibility of placing "hot" sites in several locations across the state. These sites, located within individual county's IT facilities, would serve as a disaster recovery site for other counties.

Observation: A Segregation of Duties (SOD) Matrix does not exist. While Tarrant County has a Segregation of Duties for the SAP Application, there is not one for the IT Department. Although this is not a significant risk, it is possible that this risk occurs frequently in a decentralized environment.

Recommendation: The County should create a Segregation of Duties Matrix for the IT Department. Tarrant County should have an SOD that shows roles and responsibilities of IT Resources. This will help ensure the cross functional security controls will not be intentionally or unintentionally compromised. A SOD will allow management of IT resources to better understand personnel roles and functions within a given project. It also gives Project Managers a better outlook of resources for project staffing.

Response: During FY 2007, Tarrant County will develop a segregation of duties matrix for all of its IT operations.

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This report is intended solely for information and use of management.

Thank you for allowing us to serve you this year. We appreciate the cooperation and assistance received during the audit and look forward to serving you in the future. At your request, we are available to assist you in further discussion and implementation of any of the above suggestions.

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