



A C WHARTON, JR. - Mayor
GEORGE M. LITTLE - Chief Administrative Officer
EXECUTIVE DIVISION
Internal Audit Service Center
LEON PATTMAN, CIA, CISA, CRMA, CMFO
City Auditor

November 3, 2014

Brent Nair, Director
City of Memphis
Information Systems Division
5125 Elmore, Suite 6
Memphis, TN 38134

Robert Lipscomb, Director
City of Memphis
Division of Housing and Community Development
701 North Main Street
Memphis, TN 38107

Gentlemen:

We have completed our annual Automated Clearing House (ACH) Data Security Audit under the National Automated Clearinghouse Association (NACHA) Operating Guidelines (Subsection 2.5.17.3). The audit is a requirement pursuant to the Housing and Community Development (HCD) Division's contract with First Tennessee Bank which processes online payments for the housing program. We engaged the independent audit firm of Dixon Hughes Goodman, LLP (DHG) to provide the technical expertise to perform specific audit procedures and to review work performed by City internal auditors.

The audit objective was to evaluate compliance with NACHA guidelines. The scope of the audit was limited to the online payment application and the supporting City data network and workstations. The audit procedures included personnel interviews; inspection of policies, procedures, and other related documentation; physical observations; reviews of applicable system configurations; and network vulnerabilities scan. Auditors tested selected controls to evaluate the effectiveness with respect to NACHA guidelines.

The City achieved full compliance with NACHA guidelines this year by correcting all weaknesses identified during last year's audit. During the past year, the City:

- completed the disaster recovery initiative,

- reviewed and/or modified anti-virus and threat protection monitoring process to ensure that all exceptions are identified and corrected in a timely manner, and
- conducted external network penetration testing.

We want to commend you for your work over the past year. Also, we sent a letter to First Tennessee Bank to confirm completion of the audit.

We appreciate the noteworthy cooperation and assistance we received from the HCD and Information Systems Divisions staff and management during the project. I am available to discuss this report with you upon your request.

Sincerely,

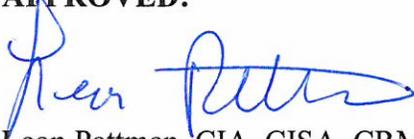


Brian Ford, MBA, CIA, CISA, CRMA, MCSA
Auditor-in-Charge



Debbie Banks, CFE, CICA, CMFO
Project Manager

APPROVED:



Leon Pattman, CIA, CISA, CRMA, CMFO
City Auditor

c: A C Wharton, Jr., Mayor
George M. Little, Chief Administrative Officer
Brian Collins, Director, Finance Division