



A C WHARTON, JR. - Mayor  
JACK SAMMONS - Chief Administrative Officer

EXECUTIVE DIVISION  
Internal Audit Service Center  
DEBBIE BANKS, CFE, CICA, CMFO  
Interim City Auditor

November 2, 2015

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

Debbie Singleton, Interim Director  
City of Memphis  
Division of Housing and Community Development  
701 North Main Street  
Memphis, TN 38107

Directors Nair and Singleton:

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.

Based on the results of the audit issues and recommendations developed with DHG's assistance, no issues were identified that impair the City's ability to meet the requirements of the NACHA Operating Guidelines for securing ACH data. We sent a letter to First Tennessee Bank to confirm completion of the audit.

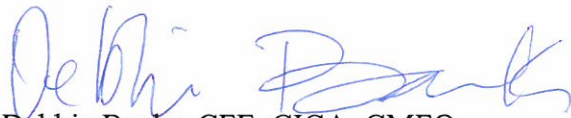
We appreciate the cooperation and assistance we received from the HCD and Information Systems Divisions staff and management during the project. I am available to discuss this report with you upon your request.

Sincerely,

A handwritten signature in blue ink that reads "Brian Ford".

Brian Ford, MBA, CIA, CISA, CRMA, MCSA  
Project Manager

**APPROVED:**

A handwritten signature in blue ink that reads "Debbie Banks".

Debbie Banks, CFE, CICA, CMFO  
Interim City Auditor

c: A C Wharton, Jr., Mayor  
Jack Sammons, Chief Administrative Officer  
Brian Collins, Director, Finance Division