



JIM STRICKLAND  
MAYOR

EXECUTIVE DIVISION

January 9, 2018

Mr. Paul Young, Director  
Division of Housing and Community Development (HCD)  
City of Memphis  
170 N. Main Street, Room 300  
Memphis, TN 38105

Mr. Mike Rodriguez, Chief Information Officer/Director  
Information Services Division (IS)  
City of Memphis  
119 S. Main Street, Suite 200  
Memphis, TN 38103

Gentlemen:

We have completed the City's annual Automated Clearing House (ACH) Data Security Audit. The audit is a requirement in accordance with National Automated Clearing House Association (NACHA) operating guidelines. In addition to NACHA operating guidelines, the contract with First Tennessee Bank requires annual testing of on-line banking, ACH and Wire Transfer plans due to the critical nature of those processes and applications.

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 objective of the audit was to evaluate compliance with NACHA guidelines. The scope of the audit was limited to the on-line 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 while onsite; and 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 reportable audit 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.

This audit was not conducted in compliance with Government Auditing Standards (GAS) and does not constitute an audit under GAS. We appreciate the cooperation and assistance we received from the staff and management of IS and HCD Divisions. If you have any questions concerning the audit, we are available to discuss this report with you upon your request.

Sincerely,



Debbie Banks, CFE, CICA, CMFO  
City Auditor

- c: Jim Strickland, Mayor  
Doug McGowen, Chief Operating Officer  
Shirley Ford, Chief Financial Officer  
Patrice Thomas, Deputy Chief Operating Officer  
Michael Jones, Deputy Director, IS  
Harry Green, Accounting Administrator, HCD  
Patrick Smith, Compliance Reporting Administrator, HCD  
Patricia Lane, Portfolio Manager, HCD  
Latonya Alexander, Accounting Budget Manager, HCD  
Rodney Murray, Principal, Dixon Hughes Goodman, LLP  
Tom Tollerton, Manager IT Advisory Services, Dixon Hughes Goodman, LLP