



**JIM STRICKLAND
MAYOR**

EXECUTIVE DIVISION

January 9, 2020

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

Ms. Kimberly Bailey, Chief Information Officer/Director
Information Services Division (IS)
City of Memphis
119 S. Main Street, Suite 200
Memphis, TN 38103

Directors:

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 Horizon 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 Horizon 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
Chandell Ryan, Deputy Chief Operating Officer
Mairi Albertson, Deputy Director, HCD
Chris Chrestman, Information Security Team Lead, Information Services Division
Harry Green, Senior Operating Administrator, HCD
Patricia Lane, Portfolio Manager, HCD
Latonya Alexander, Accounting Budget Manager, HCD
Rodney Murray, Managing Principal, IT Advisory Service, Dixon Hughes Goodman, LLP
Tom Tollerton, Managing Director, IT Advisory Services, Dixon Hughes Goodman, LLP