

System and Organization Controls Report SOC 1[®] Type 2

Report on the Description of a Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls

Related to Benefit Plan Administrative Services Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service

Under the AICPA, Statement on Standards for Attestation Engagements No. 18 (SSAE No. 18) Related to Subject Matter AT-C 320 – Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting

For the Period November 1, 2018 to October 31, 2019



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SECTION I: Independent Service Auditor's Report

INDEPENDENT SERVICE AUDITOR'S REPORT

To Benefit Plan Administrative Services, Inc., a wholly owned subsidiary of Community Bank System, Inc.

Scope

We have examined Benefit Plan Administrative Services, Inc.'s (BPAS or service organization), a wholly owned subsidiary of Community Bank System, Inc., description of its Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service entitled "Description of Systems Provided by Benefit Plan Administrative Services, Inc." for processing user entities' transactions throughout the period November 1, 2018 to October 31, 2019, (description) and the suitability of the design and operating effectiveness of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "Assertion of Benefit Plan Administrative Services, Inc. Management" (assertion). The controls and control objectives included in the description are those that management of BPAS believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service that are not likely to be relevant to user entities' internal control over financial reporting.

BPAS uses various subservice organizations to provide the following services: for obtaining information on pricing and dividend data for investments NSCC (National Security Clearing Corporation), application development and programming services (The PCA Group, Inc.), and hosting and development of the Wex Health Cloud healthcare accounts administration platform (Wex Health). The description includes only the control objectives and related controls of BPAS and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified by BPAS can be achieved only if complementary subservice organization controls assumed in the design of BPAS's controls are suitably designed and operating effectively, along with the related controls at BPAS. Our examination did not extend to controls of the subservice organizations, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of BPAS's controls are suitably designed and operating effectively, along with related controls at BPAS. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

The information included in Section V, "Other Information Provided by Benefit Plan Administrative Services, Inc. (Unaudited)" is presented by management of BPAS to provide additional information and is not a part of BPAS's description of its Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service made available to user entities during the period November 1, 2018 to October 31, 2019. Information about BPAS's Business Continuity Planning, Privacy Policies, and Regulations and Compliance has not been subjected to the procedures applied in the examination of the description of the Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description of the Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service, accordingly, we express no opinion on it.

Service Organization's Responsibilities

In Section II, BPAS has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. BPAS is responsible for preparing the description and assertion, including the completeness, accuracy, and method of presentation of the description and assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period November 1, 2018 to October 31, 2019. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves:

- Performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion.
- Assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.
- Testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- Evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

Inherent Limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization may become ineffective.

Description of Tests of Controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV.

Opinion

In our opinion, in all material respects, based on the criteria described in BPAS's assertion:

- a. the description fairly presents the Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service that was designed and implemented throughout the period November 1, 2018 to October 31, 2019.
- b. the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period November 1, 2018 to October 31, 2019, and the subservice organizations and user entities applied the complementary controls assumed in the design of BPAS's controls throughout the November 1, 2018 to October 31, 2019.
- c. the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period November 1, 2018 to October 31, 2019, if complementary subservice organization and user entity controls assumed in the design of BPAS's controls operated effectively throughout the period November 1, 2018 to October 31, 2019.

Restricted Use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of BPAS, user entities of BPAS's Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service during some or all of the period November 1, 2018 to October 31, 2019, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatement of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than the specified parties.


Crowe LLP

South Bend, Indiana
January 31, 2020

SECTION II: Assertion of Benefit Plan Administrative Services, Inc. Management



6 Rhoads Drive, #7 | Utica, NY 13502

P 866.401.5272 | 315.292.6900 W bpas.com

January 31, 2020

Assertion of Benefit Plan Administrative Services, Inc. Management

To the users of Benefit Plan Administrative Services, Inc.'s, a wholly owned subsidiary of Community Bank System, Inc., Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service:

We have prepared the description of Benefit Plan Administrative Services, Inc.'s (BPAS or service organization), a wholly owned subsidiary of Community Bank System, Inc., Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service entitled, "Description of Systems Provided by Benefit Plan Administrative Services, Inc." for processing user entities' transactions throughout the period November 1, 2018 to October 31, 2019 (description), for user entities of the system during some or all of the period November 1, 2018 to [October 31, 2019, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by the subservice organizations and user entities of the system themselves, when assessing the risks of material misstatement of user entities' financial statements.

BPAS uses various subservice organizations to provide the following services: for obtaining information on pricing and dividend data for investments NSCC (National Security Clearing Corporation), application development and programming services (The PCA Group, Inc.), and hosting and development of the Wex Health Cloud healthcare accounts administration platform (Wex Health). The description includes only the control objectives and related controls of BPAS and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified by BPAS can be achieved only if complementary subservice organization controls assumed in the design of BPAS's controls are suitably designed and operating effectively, along with the related controls at BPAS. The description does not extend to controls of the subservice organizations.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of BPAS's controls are suitably designed and operating effectively, along with related controls at the service organization. The description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that

- a. the description fairly presents the Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service made available to user entities of the system during some or all of the period November 1, 2018 to October 31, 2019 for processing user entities' transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description
- i. presents how the system made available to user entities of the system was designed and implemented to process relevant user entity transactions, including, if applicable,
 - (1) the types of services provided, including, as appropriate, the classes of transactions processed.
 - (2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.

Solving Tomorrow's Benefit Challenges Today

BPAS Services: Plan Administration & Recordkeeping | TPA | Actuarial & Pension | VEBA & HRA/HSA | Fiduciary | AutoRollovers & MyPlanLoa
Healthcare Consulting | Transfer Agency | Fund Administration | Custody | Collective Investment Trusts

BPAS Subsidiaries: Hand Benefits & Trust | BPAS Trust Company of Puerto Rico | NRS Trust Product Administration | Global Trust Company



January 31, 2020

- (3) the information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
 - (4) how the system captures and addresses significant events and conditions other than transactions.
 - (5) the process used to prepare reports and other information for user entities.
 - (6) services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.
 - (7) the specified control objectives and controls designed to achieve those objectives, including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls.
 - (8) other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
- ii. includes relevant details of changes to the service organization's system during the period covered by the description.
 - iii. does not omit or distort information relevant to the service organization's system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors, and may not, therefore, include every aspect of the Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Service that each individual user entity of the system and its auditor may consider important in its own particular environment.
- b. the controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period November 1, 2018 to October 31, 2019 to achieve those control objectives if the subservice organizations and user entities applied the complementary controls assumed in the design of BPAS's controls throughout the period November 1, 2018 to October 31, 2019. The criteria we used in making this assertion were that:
- i. the risks that threaten the achievement of the control objectives stated in the description have been identified by management of the service organization.
 - ii. the controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.
 - iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Sincerely,



Paul Neveu, CEBS
Benefit Plan Administrative Services, Inc.
President

SECTION III: Description of Systems Provided by Benefit Plan Administrative Services, Inc.

Company Overview

Benefit Plans Administrators was established in 1973 as an independent third-party administrator of qualified pension and profit-sharing plans. In 1996, the Company was acquired by Community Bank System, Inc. (CBSI) and was rebranded as Benefit Plans Administrative Services, Inc. (BPAS). BPAS and Community Bank, NA are the two primary operating subsidiaries of CBSI. BPAS includes several legal entities: BPAS, LLC; BPAS Actuarial & Pension Services, LLC (formerly Harbridge Consulting Group); Hand Benefits and Trust (HB&T); Hand Securities, Inc. (HSI) and BPAS Trust Company of Puerto Rico. BPAS provides a range of services to meet the needs of plan sponsors and financial intermediary partners, across 11 lines of business. This includes Plan Administration & Recordkeeping Services; TPA Services; Actuarial and Pension Services; AutoRollover and MyPlanLoan Services; BPAS Trust Company of Puerto Rico; Hand Benefits & Trust; Healthcare Consulting Services; VEBA/HRA and HSA Services; and Fiduciary Services.

BPAS maintains offices in Utica, Syracuse, Rochester, and New York City (New York); East Hanover (New Jersey); Pittsburgh and Philadelphia (Pennsylvania); Houston (Texas); Woburn (Massachusetts); and San Juan, Puerto Rico. The Organization provides administration services to approximately 3,800 plans throughout the U.S. and Puerto Rico. BPAS Plan and Recordkeeping Services provides design consulting, document preparation, and administrative services to sponsors of defined contribution type plans. BPAS's daily valuation system serves in the dual capacity of a participant record keeping system and a trust accounting system. As such, BPAS's daily valuation system is performing both BPAS Plan Administration and Recordkeeping functions, HB&T custody functions, and BPAS Trust Company of Puerto Rico custody functions through a series of seamless and integrated transactions.

On July 31, 2003, BPAS acquired the assets and business of a Syracuse-based defined benefit and health and welfare practice from Pricewaterhouse Coopers, LLP. Harbridge Consulting Group (now BPAS Actuarial & Pension Services and BPAS Healthcare Consulting Services) provides actuarial and health and welfare consulting services.

On May 18, 2007, BPAS completed its acquisition of Hand Benefits & Trust, Inc. (HB&T), a Houston, Texas-based provider of employee benefit plan administration and trust services. HB&T provides employee benefit trust services for approximately 21.5 billion in assets. BPAS, LLC performs trust operation services pursuant to intercompany agreements for mutual client plans of HB&T or BPAS Trust Company of Puerto Rico. HB&T also administers sub-advised Collective Investment Funds (CIF).

On July 7, 2008, BPAS acquired the assets and business of the Philadelphia office of Alliance Benefit Group (ABG) MidAtlantic from BenefitStreet, Inc. ABG was a provider of defined contribution plan administration services, actuarial services and investment advisory services.

On November 4, 2011, BPAS acquired a license from Access Control Advantage, Inc. to offer "Non-traditional Retirement Loan Product, Service or Process" for employee benefit plan loans. The product was renamed to MyPlanLoan (MPL). MPL focuses on offering loan continuation services to terminated retirement plan participants in an effort to help them avoid having to default on their loans.

On November 30, 2011, BPAS acquired certain assets and liabilities of CAI Benefits Inc., a provider of defined contribution TPA services, actuarial services and healthcare consulting services.

In December 2013, BPAS reached an agreement to acquire from EBS-RMSCO, Inc., a subsidiary of The Lifetime Healthcare Companies, its professional services practice that provides actuarial valuation services to clients who sponsor pension and post-retirement medical and welfare plans.



In June 2015, BPAS acquired the Plan Administration and Recordkeeping practice of Lifetime Benefit Solutions (LBS), a subsidiary of Lifetime HealthCare Company. This conversion included approximately 60 plans serviced in conjunction with 21 financial intermediary partners, many of which were new relationships for BPAS.

On February 3, 2017, Community Bank System, Inc. acquired Northeast Retirement Services, Inc. (NRS) and designated the Company a subsidiary of BPAS. NRS and its subsidiary Global Trust Company are based in Woburn, Massachusetts, and provide fund of fund, custom target date and collective investment trust administration, transfer agency, and retirement plan administration services. As of the date of the transaction, the combined BPAS/NRS entity provides trust services to over \$50 billion in plan assets.

Scope of Report

Benefit Plans Administrative Services, Inc. (BPAS or Company or organization or service organization or organization), a wholly owned subsidiary of Community Bank System, Inc., is comprised of 11 lines of business:

- **BPAS Plan Administration & Recordkeeping Services:** Bundled administration, recordkeeping, and custody for defined contribution-type plans and IRAs.
- **BPAS Actuarial & Pension Services** (formerly Harbridge Consulting Group): Actuarial and consulting services for traditional defined benefit, cash balance, executive supplemental retirement and other post-retirement benefits, including retiree medical.
- **BPAS TPA Services:** Unbundled retirement plan services in support of balance forward and third-party recordkeeping plans.
- **BPAS VEBA & HRA/HSA Services:** Bundled administration for VEBA/HRA plans and FSA, Transit, and HSA services.
- **BPAS Fiduciary Services:** ERISA 3(38) fiduciary services for employee benefit plans.
- **BPAS Healthcare Consulting Services:** Plan design, actuarial consulting, RFP and analysis, and contracting with service providers in select markets.
- **BPAS AutoRollovers and MyPlanLoan:** Service Bureaus supporting EGTRRA IRA services and non-payroll-deduction loan administration.
- **Hand Benefits & Trust, a BPAS Company (HB&T):** Institutional Trust services, including Collective Investment Fund administration and custody for non-Puerto Rico plans administered by BPAS Plan Administration and Recordkeeping Services.
- **BPAS Trust Company of Puerto Rico:** Custody and Directed trustee services for PR 1081 plans administered by BPAS Plan Administration and Recordkeeping Services.
- **NRS Trust Administration:** Institutional transfer agency, target date administration, trust product administration, and recordkeeping services.
- **Global Trust Company:** Directed and discretionary trustee services and expertise for Collective Investment Trusts and Institution trust products.

This report addresses the relevant controls surrounding BPAS Plan Administration & Recordkeeping Services including Custodial Services related thereto, BPAS Actuarial & Pension Services, BPAS VEBA & HRA/HSA Services, BPAS AutoRollovers and MyPlanLoan (Part of Plan Administration and Recordkeeping). Custodial activities provided by Hand Benefits & Trust Company and BPAS Trust Company of Puerto Rico for plans administered by BPAS Plan Administration and Recordkeeping Services are also included within the scope of this audit report. A second SSAE-18 audit is performed for HB&T activities supported by the Advantage Trust System, which primarily pertains to collective investment fund administration, which is not required for individual plan audits.

An entity's internal control structure consists of the policies and procedures established to provide reasonable assurance that specific objectives will be achieved. An understanding of the relevant features of an internal control structure include an understanding of the entity's environment and processing systems as well as a knowledge of the design and operation of the control policies and procedures in place.

BPAS's customers include any organization that has contracted with BPAS to provide Defined Contribution, Defined Benefit, Individual Retirement Account (IRA), Voluntary Employees Beneficiary Association (VEBA), Health Reimbursement Arrangement (HRA), Health Savings Account (HSA), Flexible Spending Account (FSA), and nonqualified deferred compensation retirement products and services. The activities of Community Bank N.A. (CBNA), Hand Securities Inc. (HSI), and Community Bank System, Inc. (CBSI) are beyond the scope of this report. This report does not include the controls or control objectives of the sub-service organizations utilized by BPAS, as further described in Section III. Control Objectives and Related Controls.

The control objectives specified by BPAS and the controls that achieve those control objectives are listed in Section IV: Independent Service Auditor's Description of Tests of Controls and Results.

Overview of Operations

Relevant Aspects of the Control Environment, Risk Assessment and Monitoring

CONTROL OBJECTIVE 1: Controls provide reasonable assurance that appropriate policies and procedures are in place to maintain adequate levels of management oversight, including risk assessment and monitoring.

CONTROL OBJECTIVE 2: Controls provide reasonable assurance that the Organizational structure facilitates segregation of duties.

CONTROL OBJECTIVE 3: Controls provide reasonable assurance that personnel policies and practices control the hiring, training and termination of personnel.

An organization's control environment reflects the position, attitude and awareness of its directors, management and employees concerning the importance of internal controls and the emphasis given to adherence to the Company's policies, procedures, methods and organizational structure. The following is a description of the key elements of the control environment as it pertains to BPAS.

The elements of the control environment include:

1. Integrity and Ethical Values
2. Assignment of Authority and Responsibility
3. BPAS's Organizational Structure
4. Human Resources Policies and Practices
5. Risk Assessment
6. Information and Communication
7. Monitoring
 - a. Segregation of Duties
 - b. Internal Audit
 - c. Regulatory Oversight

1. Integrity and Ethical Values

Maintaining a culture that demands integrity and ethical values is critical to the establishment and maintenance of an effectively controlled organization. BPAS has programs and policies designed to promote integrity and ethical values within the Organization. The foundation of BPAS's control environment is driven by the Organization's core values, which include, but are not limited to, the highest levels of integrity and respect for all individuals, as well as continuous quality and exceptional customer service. These core values are complimented by the Company's customer-driven philosophy.

2. Assignment of Authority and Responsibility

The control environment is greatly influenced by the extent to which individuals recognize that they will be held accountable. This holds true throughout the Company, from staff personnel up to Executive Management, who have ultimate responsibility for all activities within the entity, including internal control. The extent of accountability includes assignment of authority and responsibility for operating activities and the establishment of reporting relationships and authorization protocols. BPAS encourages individuals and teams to take the initiative in addressing issues and resolving discrepancies. Policies describing appropriate business practices and the knowledge and experience of key personnel and resources are communicated throughout the Company. These policies provide the framework for employees to carry out their responsibilities and duties.

3. BPAS's Organizational Structure

The Company's organizational structure provides an overall framework for strategically planning, directing, and controlling operations. The operating structure directly relates to controls over the daily execution of transactions, services, and operations. The organizational structure assigns authority and responsibility within the Company to provide for adequate staffing, segregation of duties, efficiency of operations, and adequate concentration of knowledge and skills. The structure also facilitates oversight of operating activities. BPAS activities are overseen by the Board of Directors of BPAS and CBSI. BPAS's organization chart is summarized below:

BPAS is organized into six primary departments, each with a Unit Manager and Senior Staff Member to oversee underlying department subgroups. These departments include:

1. Finance
 - a. Accounting
 - b. Office Management
2. Defined Contribution Plan Administration and Recordkeeping
 - a. Document Services
 - b. Consulting /Defined Contribution Administration
 - c. Plan Compliance
 - d. Conversion Unit
 - e. Daily Valuation Operations
 - f. Applications Programming
 - g. Mutual Fund Services
 - h. Defined Contribution Plan Recordkeeping
 - i. Participant Services
 - j. MyPlanLoan
 - k. Auto Rollovers
3. Actuarial and Pension Services/Healthcare Consulting
 - a. Large Plan Services
 - b. Small Plan Services
 - c. Healthcare Consulting
4. VEBA/Flex/HSA/HRA
5. Systems I Business Analyst
 - a. LAN Management
 - b. Systems Analysis I Development
 - c. Telecommunications
 - d. IT Security
6. Sales and Relationship Management

Responsibilities are allocated among departments and personnel so as to segregate the input, processing, disbursement, and monitoring functions (Reference the Segregation of Duties subsection below).

4. Human Resources Policies and Practices

The Organization has policies and procedures for controlling the hiring and termination of employment. Checklists are completed by the Human Resources department when new employees are hired. When employees leave the Organization, a change form is completed. All prospective employees are interviewed by Management. Hiring policies also include requiring the candidate to have obtained a minimum level of education and experience for the position, pre-employment tests, and management's completion of reference and background checks.

Training of personnel is accomplished through supervised on-the-job-training, seminars, and regular in-house educational courses. All employees are required to complete an examination in basic retirement plan administration within the first year of employment. In addition, Plan Consultants are required to complete a certification program sponsored by a professional association, including the American Society of Pension Professionals & Actuaries (ASPPA). Managers are also required to conduct regular in-house training sessions so that all personnel are informed about changes in systems and tax regulations.

Employees who are hired under the Actuarial Student Program are expected to make steady progress toward the completion of designations under the Society of Actuaries and/or the Joint Board for enrollment of actuaries.

Employees are required to acknowledge their agreement to the Company Code of Conduct and to the policies defined within the Employee Handbook upon hire.

The Human Resources department issues job descriptions to all new hires in conjunction with the hiring process. Job descriptions include a description of the position's roles and responsibilities.

Formal performance reviews are conducted as needed after 30, 90, and 180 days for new employees, and on an annual basis after one year of service. Employees are evaluated on objective criteria based on performance, and an overall rating is assigned. The evaluation of those employees rated less than satisfactory are reviewed to determine appropriate actions to improve performance.

The Organization has a formal code of conduct, which, among other things, establishes rules of conduct for all employees. Specifically, employees are prohibited from divulging confidential information regarding customer affairs.

5. Risk Management

BPAS recognizes that risk management is a critical component of its control environment and operations. The Company's ability to properly identify, measure, monitor, and report risk is critical to its soundness and profitability. To properly manage corporate assets and to serve customers as expected, CBSI's Internal Audit department conducts a formal risk assessment on an annual basis.

The Organization maintains insurance coverage against major risks. Coverage includes professional services, trust services, as well as other business liabilities. Coverage is provided by 10 insurance companies, which are considered by senior management of CBSI to be financially sound. Amounts of coverage are carried at levels that senior management and the Board of Directors of CBSI believe is reasonable given the size and scope of BPAS's operations.

6. Information and Communication

BPAS has implemented various operational procedures to facilitate communication and ensure all employees understand their individual roles and responsibilities over transaction processing and controls, and to ensure that significant events are communicated in a timely manner. These methods include orientation and training programs for newly hired employees, quarterly firm-wide communications that summarizes significant events and changes occurring during the quarter, and the use of electronic mail messages to communicate time-sensitive messages and information.

Executive management and corporate leadership hold periodic meetings to provide insight into strategic direction, key decisions, and earnings results. Managers also hold periodic staff meetings as appropriate. Every employee has a written position description, and the BPAS Employee Handbook includes the responsibility to communicate significant issues and exceptions to an appropriate higher level of authority within the Organization in a timely manner.

7. Monitoring

CBSI maintains an Audit Committee that provides oversight and is responsible for the development of the Organization's risk management and security programs, the Internal Audit Department, the relationship with the external auditor, and the review and approval of risk management related policies and procedures.

Management and supervisory personnel monitor performance, quality and the operation of controls as a normal part of their activities. A formal management information and reporting system exists which permits monitoring by management of key control and performance measurements. All required functions for plan administration and recordkeeping are entered into a computerized tracking system, which lists tasks, unit responsibilities and priority status.

BPAS Management meets and discusses the Organization's operations, including risks facing the Organization and its information systems on a periodic basis.

a. Segregation of Duties

Activities are conducted in accordance with written policies and procedures to facilitate monitoring throughout the Organization operations and transaction processing. Policies and procedures are periodically reviewed and updated for ongoing applicability. In addition, procedure responsibilities are allocated among personnel so as to segregate the following functions within the transaction processing cycles:

- Plan documents and implementation;
- Input of contribution transactions and trading;
- Distribution and/or loan processing;
- Reconciliation activities;
- Plan administration, consulting, and compliance monitoring; and
- Management Control.

b. Internal Audit

The Company's Internal Audit function provides the Audit Committee, executive and senior business management and regulators with an independent assessment of the Company's ability to manage and control its risks. BPAS's activities are subjected to a continual internal audit program. Audits are conducted by CBSI's Audit Department and are scheduled based on formal risk ratings. The Internal Audit Department is under the general supervision of the Audit Committee of CBSI's Board of Directors and has unrestricted access to all functional areas within BPAS.

The activities of the Internal Audit Department are conducted in accordance with an audit plan, which is approved by the Audit Committee. The audit plan is developed with appropriate consideration given to regulatory factors, prior audit results, external audit findings, risk exposure and input from relevant members of management. The audit program is designed to evaluate compliance with policies, procedures, applicable laws and regulations to which BPAS and its customers are subject.

The Audit Committee meets periodically to monitor progress compared to the audit plan. Upon the completion of an audit, an internal control rating is assigned based on qualitative measures of internal controls and the effectiveness of the Organization's operations. Audit findings are documented in formal written reports that are submitted to members of management and the Audit Committee. Management is then required to submit, within a specified period of time, a written response that discusses the intended resolution of reported items.

The Internal Audit Department within CBSI also assists in the development and implementation of policies and procedures. Upon the implementation of new policies and procedures or changes to existing policies and procedures, the Internal Audit Department performs certification procedures to ensure that the policies and procedures have been properly implemented. See Section V: Other Information Provided by Benefit Plan Administrative Services, Inc. for a list of audits and reviews that are performed over BPAS entities and operations.

c. Regulatory Oversight

BPAS, as a subsidiary of CBSI, is subject to regulation by the Federal Reserve, Texas Department of Banking, PR Commissioner of Financial Institutions, FINRA, Department of Labor and SEC. As such, BPAS and its subsidiaries are required to file periodic reports and are subject to periodic examinations.

Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Services

Controls surrounding the Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Services pertain to the Organization's ability to safeguard and manage the assets of individuals and user entities in an organized, authorized, and controlled manner, to prevent the loss of assets and information held in trust, and to prevent unauthorized access to sensitive information. These controls operate over the receipt, management, and distribution of the assets. If suitably designed and operating effectively, these controls will limit the opportunities for fraud and incorrect processing, reducing the risk exposure of the Company and its clients.

The following describes the processes, procedures and controls surrounding BPAS's Plan Administration and Recordkeeping, Transaction Processing, VEBA & HRA/HSA/FSA Services, Actuarial Services, and Related Custodial Services:

1. Defined Contribution Benefit Plan Administration, VEBA/HRA/HSA, and Transaction Processing Systems
 - a. OmniDC
 - b. 1099 Express
 - c. ASC
 - d. CensusPro
 - e. CensusPro2
 - f. Plan and Task Manager (PTM)
 - g. Funds Available
 - h. Visual AccountMate
 - i. Delta Data
 - j. ftwilliam.com 5500 Forms
 - k. Wex Health
 - l. PayPilot
 - m. PRSoft
2. Defined Contribution Benefit Plan Administration and Reporting
 - a. New Plan Account Administration
 - b. Plan Changes and Terminations
 - c. Participant Administration
 - d. Census Reporting
 - e. Recordkeeping Transaction Processing
 - f. Voice Response Unit (VRU) and BPAS Online Transactions
 - g. Distribution Processing
 - h. Valuation Reports and Trust Accounting
 - i. Collection of Income and Fee Assessment
 - j. Claims Payment
 - k. IRS, PR Hacienda and ERISA Compliance
3. Actuarial Valuation and Defined Benefit Administration Systems
 - a. DB Precision
 - b. ftwilliam.com 5500 Forms
 - c. DBVAL
 - d. OPEVs
 - e. Proval

4. Actuarial Valuation and Defined Benefit Administration
 - a. Benefit Administration
 - b. Census and Financial Information Collection
 - c. Valuation Reports
 - d. Government Reporting

BPAS System Application

BPAS utilizes various systems throughout its operations to perform all administration, valuation and transaction processing functions. The following is an overview of the application systems used to achieve the Organization's business objectives:

OmniDC

The OmniDC application is the primary recordkeeping system used to administer certain types of defined contribution, health and welfare plans, and all daily valuation plans at BPAS. The system manages all plan sponsor and participant transactions, providing a high level of automation in managing contribution and trading transactions, benefit disbursements, and compliance with the Internal Revenue Code (IRC). OmniDC was purchased from SunGard Corporation.

1099 Express

1099 Express was purchased during 2010 and is used to generate 1099Rs, 1099 Misc, W2s, and 5498s. The 1099 Express system was not included within the scope of this report.

ASC

ASC is an application used to allocate employer year-end contributions and forfeitures and perform non-discrimination tests under IRC Sections 401(a)(4), 401(k), 401(m), 410(b), 414(s), and 1081.01(d) under the Internal Revenue Code of Puerto Rico. The ASC system was not included within the scope of this report.

CensusPro (CensusPRO™)

CensusPro is a web-based application system used by plan sponsors to communicate periodic participant census data. CensusPro is a proprietary system, designed internally and developed utilizing the software engineering expertise of The PCA Group, Inc. (PCA) based in Buffalo, New York, for system development and maintenance. CensusPro directly interfaces with the OmniDC and Task Manager applications for administering contribution transactions.

CensusPro2 (FIS DVW)

CensusPro2 is a web-based application system used by plan sponsors to communicate periodic participant census data. CensusPro2 is the Data Validation Web (DVW) application which was purchased from FIS. BPAS is in the process of migrating plans off of CensusPro and onto CensusPro2.

Plan and Task Manager

Plan and Task Manager (PTM) is a proprietary workflow and contact management system that tracks completion dates for all tasks performed by BPAS employees, as well as a sophisticated client contact and plan management tool. PTM interfaces with the OmniDC and CensusPro applications to manage benefit transaction processing. BPAS, Inc. utilizes The PCA Group to assist with the development and maintenance of the PTM application.

Funds Available

Funds available tracks contribution, loan, and participant rollover money received at a plan level, as well as the date the dollars are traded. The resulting balance of any money received less money traded is the "Funds available" to trade balance for each plan.

Visual AccountMate

Visual AccountMate (VAM) is an accounting system used primarily for billing and accounts receivable administration, and as a "shadow booking" system of the parent company's accounting system. The application was purchased from Accountmate Software Corporation. The VAM system was not included within the scope of this report.

Delta Data

Delta Data includes four applications, Fundlinx, Trade Manager, Position Manager, and Revenue Manager. The Trade Management system pushes, and tracks trades processed from the OmniDC recordkeeping system to the National Security Clearing Corporation ("NSCC"), including confirmation and settlement of the trades at each underlying fund family. The Position and Revenue Manager modules perform fund position reconciliation and fund revenue tracking. Fundlinx is utilized for fund research and information. The system also aggregates all individual mutual fund and company stock transactions for daily valuation plans into net trading positions.

ftwilliam.com 5500 Forms, Plan Documents

BPAS Plan Administration and Recordkeeping Services, BPAS TPA Services, and BPAS Actuarial and Pension Services use the ftwilliam.com 5500 Forms application for web-based e-filing services and plan documents. This application was not included within the scope of this report.

Wex Health

The Wex Health system receives balance information from Omni on a nightly basis. These balances are used to populate participant accounts and debit cards used for health claims. This application was not included within the scope of this report.

PayPilot

PayPilot is an application that is used to generate and track distribution and loan checks. The PayPilot application was not included within the scope of this report.

DB Precision

BPAS Actuarial and Pension Services uses DB Precision as a data warehousing system, which tracks participant information and changes for defined benefit administration and pension plan valuation services.

DBVAL

BPAS Actuarial and Pension Services uses DBVAL as a valuation system, which determines pension plan liabilities for government reporting and plan sponsor accounting purposes.

OPEVs

BPAS Actuarial and Pension Services uses OPEVs as a valuation system, which determines other post-employment benefit plan liabilities for plan sponsor accounting purposes.

Proval

BPAS Actuarial and Pension Services uses Proval as a valuation system, which determines pension plan liabilities for government reporting and plan sponsor accounting purposes.

PRSoft

PRSoft's PRPay module is utilized to generate Puerto Rican 480.7C forms. PRPay was not included within the scope of this report.

BPAS Plan Administration and Recordkeeping

CONTROL OBJECTIVE 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.

CONTROL OBJECTIVE 5: Controls provide reasonable assurance that changes to existing plans and participant records are performed completely and accurately in accordance with plan service agreements and operational procedures.

CONTROL OBJECTIVE 6: Controls provide reasonable assurance that administrative expenses are calculated and processed completely and accurately.

CONTROL OBJECTIVE 7: Controls provide reasonable assurance that participant deferrals are accounted for and contributions to employee benefit plans are processed completely and accurately.

CONTROL OBJECTIVE 8: Controls provide reasonable assurance that trades and corporate actions are executed, and plan assets are properly valued and recorded completely and accurately.

CONTROL OBJECTIVE 9: Controls provide reasonable assurance that disbursements and payments to participants are properly authorized and are remitted completely and accurately.

CONTROL OBJECTIVE 10: Controls provide reasonable assurance that statements provided to participants and plan administrators are complete and accurate.

Benefit administration services includes the plan sponsor and participant administration, change management, census communications, and trading transaction processes for defined contribution and daily valuation benefit plans.

New Plan Account Administration

BPAS establishes all new plans following formal processes and procedures. All prospective plans are reviewed by the New Account Review Committee prior to being accepted by BPAS and initiation of the implementation process. Accounts are initiated when a plan sponsor requests service and executes the proper agreements to retain BPAS to provide such services. If a plan sponsor has a direct contractual relationship with BPAS, an OFAC (Office of Foreign Assets Control) scan is performed to verify that the company is not on any of the government watch lists.

BPAS requires the completion of a Service Agreement that outlines the services and responsibilities of each party prior to BPAS performing services for the plan. Due to the time frame for plan conversion, there are certain services that may be initiated prior to the execution of the service agreement such as plan document services and some services to establish the plan and participant accounts on the BPAS platform. The Administrative Service Agreement is required for all recordkeeping and Custodial Services. Daily valuation clients that engage HB&T or BPAS Trust Company of PR to serve as Directed Trustee or Custodian also execute a Directed Trustee or Custodian Agreement. New plans are also required to complete a BPAS Plan Profile Form and required attachments to capture all necessary information to establish the new plan at BPAS. A New Account Checklist is completed by BPAS to document the implementation process.

New plans are established in the PTM application, and a Consultant is assigned to administer the Plan once all plan information has been obtained and the New Account Checklist is completed. A "Pre-Hand-off Meeting" is held with each department within BPAS that will be involved with establishing and servicing the new plan.

An Implementation Specialist is assigned to manage the conversion process. BPAS provides plan sponsors with various tools for the conversion process such as authorizations for fund transfer and census file specifications to permit accurate contribution processing.

After the pre-hand-off meeting, the Conversion Specialist assigned to the conversion begins working with the plan sponsor, prior administrator, and party that holds assets to determine the timeframe for the conversion. Once this timeframe is established, the timeframe is communicated to the plan sponsor and financial intermediary. The Specialists then completes various Conversion Checklists to confirm accuracy of the setup process. The Plan Consultant reviews plan documents and ensures the plan is properly coded into the system. Coding involves parameters for vesting, eligibility, allocation methods, etc.

BPAS does not accept funds from prior benefit administration and processing service providers until receipt of all conversion documentation. A Plan Consultant reviews the information provided by the plan sponsor and reviews a "scrubber" to ensure that participant information items such as eligibility, vesting, methods of allocation, and other pertinent provisions are properly entered into the system. To ensure plan assets are recorded properly, the BPAS Conversion Team reconciles the plan assets and enters the information into the OmniDC accounting system. A Conversion Specialist, working in conjunction with the Plan Consultant, reviews all plan documents and ensures that the plan is properly coded into the system by reviewing the "DECON PACK," which compares the new data coded into the system with the data provided by the plan sponsor.

Plan Changes and Terminations

BPAS requires written authorization from plan sponsors for any material changes in plan design. Plan Consultants review the terms of applicable documents of client accounts when legal changes and/or plan amendments occur. All plan amendments are signed by the client and maintained for confirmation. Plan documents and amendments are prepared by the Document Services Team.

A Fund Change Form and other appropriate documentation for the change are provided to the Sales Relationship Manager for review and are used to update BPAS's recordkeeping systems.

BPAS requires written authorization from the plan sponsor to terminate or close an account. Authorization is maintained in the account file and is reported to Senior Management on a monthly basis.

Participant Administration

New employees are communicated by the plan sponsor through census data. Once eligible, new employees are required to communicate their investment elections via one of three methods: a standard hardcopy Investment Election Form, the BPAS web portal system, or through its Voice Response Unit (VRU). Contributions provided for participants who have not specified their investment elections are automatically invested in the plan's default investment fund. Manual elections are entered by a processor and independently reviewed by another processor.

A Plan Administration Checklist is completed by the Plan Consultant to document the year-end employer allocations and required discrimination testing performed by BPAS in accordance with plan terms.

Changes to plan participant master data are also communicated through plan census data. The census information updates the OmniDC system for salaries, hours worked, participant address, and name changes. Salary and hours worked changes are recorded in the OmniDC application history. Changes to participant investment allocations are completed through the BPAS website or through the BPAS voice response unit and are automatically updated in the OmniDC system.

Participant terminations are communicated when census data is received from plan sponsors. The submitted participant termination date is recorded in the OmniDC system during the contribution processing cycle.

The OmniDC application prevents contributing participant deferrals and/or employer contributions to funds not authorized for investment by plan sponsors.

Traditional participant loans are requested through the completion of a standard Loan Request Form. All requests are reviewed by a Plan Consultant or a Distribution Specialist for proper completion. Participant loans through the MyPlanLoan (MPL) Program are requested and automatically permitted based on plan terms through the BPAS and MPL website. Plan records and original participant loan documents are scanned and stored electronically to confirm they are properly safeguarded.

Census Reporting

All census gathering activities are coordinated by the census unit. BPAS primarily accepts census information using two methods:

1. Where clients use a payroll service bureau, BPAS arranges to have relevant data transmitted directly from those service bureaus to BPAS in a standard format. The information is uploaded directly into CensusPro or CensusPro2 and then BPAS plan administration system.
2. The census data may be manually entered or uploaded and transmitted through BPAS's web-based reporting systems, CensusPro or CensusPro2.

For daily valuation plans, contribution data reported to BPAS is processed in "edit" mode within the OmniDC system to verify that contributions are being reported for eligible plan participants. Processing performs a number of checks and validations, including, but not limited to, required age and service requirements and loan payments. Contributions or participants who have not met the required age and service requirements as set forth by the plan and documented in the summary plan description or who have terminated employment with the employer, and loan payments for loans that have already been discharged are rejected. BPAS will resolve any transaction that has been rejected in edit mode before it proceeds with the processing of a contribution file. Contribution information on file without rejected transactions is communicated back to the client electronically in the form of a trade verification. The custodian for all daily valuation plans is HB&T. All sub-custodial services for BPAS's daily valuation plans are performed at BPAS's offices by dual employees (employed by both BPAS and CBNA).

Participant additions, changes, and terminations are communicated through census data. CensusPro/CensusPro2 processes these changes and communicates them to the OmniDC application, which is updated automatically – see Participant Administration.

BPAS Census Processors monitor CPRO reports to confirm the census data files uploaded to the BPAS web servers by Plan Sponsors via CensusPro for processing.

Recordkeeping Transaction Processing

BPAS utilizes a comprehensive tasking approach to retirement plan administration. BPAS maintains several departments wherein tasks to service a plan are performed by a number of employees at different stations and levels. All transactions for daily valuation plans are processed within the OmniDC application. OmniDC processes participant contributions according to participants' defined allocations to the funds specified by the plan. The system processes the contributions considering applicable IRC requirements, including participants' maximum allowable contributions, withholding taxes for disbursements, as well as other restrictions. OmniDC also processes transactions following defined plan specifications, such as age and employment history requirements, and plan eligibility by contribution source, which prevents non-qualified employees from contributing until all requirements have been achieved to become a valid participant.

Contribution and distribution transactions to be traded are flagged with a system status of "PROCESSED" in the Plan and Task Manager (PTM) application. A batch process is executed at the end of each day to identify these transactions in the OMNIDC application and updates their system status from "EDIT" to "PROD". The Distribution and Contribution Team verifies that all reported "Successful".

All transactions must be successful prior to trading in order to be included in the nightly trade job. If an "Unsuccessful" response is received, processors will review the detail in the OmniDC application as well as the related detail in the PTM application to determine why that transaction resulted in an error. Any differences are corrected, and the comparison is run again. Processors perform key word searches just before trading to ensure that all transactions are being processed appropriately.

Prices for mutual funds and securities to be traded are obtained from authorized sources, including the National Securities Clearing Corporation (NSCC). Pricing files are continuously loaded into OmniDC as received. Automated processes determine the point at which all prices required for nightly trading have been obtained. If there are prices that are not available on a particular night, the trader has the ability to start the trade process. Transactions that require prices that are not available are placed in a system status of "HOLD" and will not be processed that evening. An OMNI Programmer is available for system support during the nightly trade process. Securities/Mutual Funds where pricing cannot be obtained remain on HOLD status in OmniDC and are monitored to be processed once obtained, typically the next business day.

Throughout transaction trade processing, OmniDC Unit Processors must sign-off on the "Trading Checklist," confirming each step completed. The Trading Checklist is completed daily during the preparation of the trade Order files. The checklist includes a requirement for reviewing and reconciling the total trades and dollar totals from the Order file, which is created from a specifically formatted OmniDC output file, prior to trade execution, and confirmation of trade completion.

The OmniDC Unit also generates participant and plan level reports, allocates dividends, and processes fees payable from plan assets.

BPAS uses Delta Data Position Manager to monitor the investment positions maintained in the OmniDC system with the fund positions from NSCC and the application's history of trading transactions that have been executed to verify asset values and the completeness and accuracy of initiated trades. Positions that are not in agreement are investigated and corrected on a daily basis.

Mutual Fund Dividend information is received electronically from the NSCC. Trial dividend posting in OmniDC are performed by members of the Daily Processing Unit to confirm that the shares that will be posted to OmniDC match what actually posted at the fund. If the shares match, the dividend is processed. If the trial post results in an inaccurate number of dividend shares posted, reconciliation is performed to determine if adjusting transactions are required.

OmniDC processes employee hardship withdrawals and administers contributions accordingly. OmniDC restricts participant contributions within six months (or 12 months for Puerto Rico) from the date a hardship distribution is executed.

BPAS maintains all daily valuation assets in super-omnibus or plan level omnibus accounts within mutual funds. Fund transactions are accumulated from participant and plan sponsor instructions, and then traded on a net basis. All fund transactions are reconciled to plans on a daily basis. Transaction entries in the OmniDC system are compared to the Net Trade Recap Report on a daily basis to confirm the accuracy of the contribution information that was entered and processed.

BPAS receives funds to cover contributions, loan payments, and rollovers. After Wire Authorization Forms are prepared, a BPAS Trust Operations Employee processes the Summary Trade Order Sheet, which is reviewed by another Trust Operations employee prior to communicating the request to the Wire Room. Notifications from the Wire Room indicate when funds have been received and/or transferred. The wire transfers are confirmed with BPAS, and a BPAS Trust Employee confirms that all wire requests have been properly executed. BPAS authorizes all outgoing wire transfers of funds by notifying the Wire Room. The Wire Room subsequently confirms that the funds have moved according to BPAS's authorization. Confirmations from the Wire Room are then verified for accuracy by the Trust Unit.

BPAS completes a Wire Procedure Checklist each day to verify the daily trading activity and authorization of wire transfers of funds. The Wire Procedure Checklist is independently reviewed for confirmation.

Claims cannot be processed until the status of the claim is changed to indicate that proper documentation was attached for the claim.

For Balance Forward Plans, BPAS relies on third-party information for the valuation of assets. Plan Consultants reconcile information received. The reconciliation is reviewed by a senior staff member. If the information is questionable, the client is contacted for additional information or clarification.

Plans with more than 100 participants must provide an Independent Auditors' Report regarding the plan assets.

Voice Response Unit and BPAS Online Transactions

Participants with plans using OmniDC can execute transfers between funds within the plan by accessing the BPAS voice response unit (VRU) or over the Internet. The VRU and web portal provide additional means for participants and plan sponsors to communicate transactions for daily valuation plans. The VRU system uses Personal Identification Numbers (PIN) to control access to the system. VRU PINs are issued by the OmniDC Unit, and letters of confirmation are sent to plan participants the first business day following any transactions executed through the system. The system forces participants to change their PINs upon initial login.

Participants use a user name and password to access the web portal. Registration to access the web portal is performed online through the BPAS website. Participants are required to create an alternate user account and change their passwords upon initial login. Instructions on the allocation of participant's accounts are captured through the VRU and the web portal and are then processed in the OmniDC application. Batch jobs run daily to transfer participant records and transaction information to the OmniDC system for processing.

Disbursement Processing

Disbursement requests are received from plan participants or sponsors. All disbursement requests are checked for proper completion by the Plan Consultant or a Distribution Specialist. Disbursement transactions are then entered into the OmniDC system for processing. Disbursements are allocated in the OmniDC application in accordance with plan parameters to ensure that distributions are accurately charged to the appropriate participant in the plan and against the assets held by the plan for the participant.

Segregation of duties exists between the authorization, distribution, and recording of disbursements. A Plan Consultant or a Distributions Specialist approves disbursement requests, and a task is created for the Distribution Unit. Disbursement checks are independently processed in the Trust Operations Department. All disbursement requests are reconciled on a disbursement worksheet and on the Summary Trade Order report.

Check stock is maintained in a locked safe that can only be accessed by authorized individuals. The safe combination is split between two individuals, requiring each person to enter a portion of the code to gain access to the check stock.

A check log is maintained to record the first and last check numbers processed for distribution. Check processing is performed by the Trust Department, who are independent from the benefit administration and contribution processing functions.

Requests for disbursement paperwork from terminated participants are processed through the VRU and BPAS web portal. Electronic requests create print jobs with forms specific to each plan, which are required before processing. The forms may either be printed by the participant or mailed to participants' home addresses with instructions to complete and return them to BPAS. Returned forms are reviewed by the Plan Consultant or a Customer Service Representative; if a transaction is approved, a task is posted in PTM. Once the required forms are received, distributions are processed from the OmniDC system. A distribution log is sent to the Trust Operations unit at BPAS, which processes all checks. For non-daily valuation plans, a transmittal letter is sent to the trustees or broker with instructions on each distribution.

Hardship withdrawals and traditional loans are processed in the same manner as distributions for participants. The application request is initiated by the participant through the VRU or BPAS web portal. A forms package is printed by the participant or sent to their home address, and returned completed forms are reviewed by the plan consultant or Customer Service Representative. Tasks are entered in PTM to process the loans. For traditional loans, an amortization schedule is sent to the plan sponsor with instructions to commence payroll deductions for the loan repayments. For hardship withdrawals, notice is sent to the employer with instructions to suspend 401(k) contribution if applicable.

During 2005, BPAS began offering the ReservePlus Loan program, which is now known as MyPlanLoan (MPL), to its clients. Participants within plans that have adopted the program may apply for a loan via BPAS's web portal. The participant receives a monthly statement reporting the loan balance, minimum payment due and a summary of the previous month's transactions. Loan payments are submitted to MPL and forwarded to the plan custodian. MPL also transmits information to the recordkeeper regarding loans to be defaulted due to insufficient or untimely payments.

Valuation Reports and Trust Accounting

For defined contribution plans, the annual reports are posted on BPAS's Sponsor Website. Reports include an annual summary of participant statements, a trust asset report, detail of participant balances, loan and distribution reports, applicable discrimination reports and a copy of IRS Form 5500 information returns. The Plan Consultant reviews the reports.

BPAS performs trust accounting services for some balance forward plans and certain daily valuation plans. Trust accounting involves the preparation of income statements, balance sheets, IRS Form 5500 information returns, and other reconciliation functions.

BPAS processes trust asset report statements quarterly and annually, based on plan year. Statements for Trust accounts are electronically generated after initiating a processing job from the PTM application that pulls historical transaction data from OmniDC for reporting. A member of the Trust Unit selects a random sample of statements following each production run and confirms the accuracy of each statement by reconciling the balances from the plan summary page back to the OmniDC system.

Statement files are reviewed for accuracy and reasonableness and approved for processing by Consulting Team during processing.

Statement files are processed in batches by Plan and monitored by Mailing Services personnel, who maintain printing and mailing logs to assure complete and accurate statement processing.

Collection of Income and Fee Assessment

Plans are charged applicable fees in accordance with the Services Agreement established during plan implementation. BPAS processes fee transactions in OmniDC based on the fee arrangements. The OmniDC Recordkeeping system is coded with the fee parameters and programs to collect the fees are run during monthly processing. Fee validations are performed by the Finance Department.

VEBA, HRA & FSA Processing of Claims for Reimbursement

CONTROL OBJECTIVE 11: Controls provide reasonable assurance that VEBA/HRA/FSA claims are reviewed for eligibility and proper documentation.

Analysts search all web claims that have been uploaded into the Wex Health system. The analyst reviews each submitted attachment by date received to ensure proper itemized data has been submitted and the transaction has settled in participant account. If further information is required, a letter is sent via email to the participant, requesting further substantiation. Analysts are able to access the web portal and view all uploaded claims, including those that require further substantiation and those that have received additional information from any inquiry.

Each receipt is keyed into participant accounts based on information provided on documentation submitted. All information undergoes a second review as the information is entered into the Wex Health system. The Approval or Denial process is determined at this stage. Once all information is entered, the system will automatically check for duplications, if any exist. If duplications are found, a secondary review is required. Receipt will be released for payment if no duplication errors occur.

In the event a claim duplication is detected, the system places the receipt on hold and no payment is authorized. Analyst must then review for possible duplication. If no duplication exists, the claim is manually released for payment (this becomes a manual claim and the transaction is then approved). If the duplication exists, the claim is denied, and a letter is generated notifying the participant of the duplication. A denial letter is also sent via email to the participant, requesting repayment of a denied expense for debit card transactions. Ultimately, the claim is either processed or cleared and the transaction is validated, causing the suspension to be waived in the debit card purse.

Additionally, paper claims must be keyed into the application. The system has built-in edit checks to ensure that the information keyed in is complete and accurate.

BPAS Actuarial & Pension Services – Defined Benefit (DB) and Other Postemployment Benefits (OPEB) Valuation

CONTROL OBJECTIVE 12: Controls provide reasonable assurance that Defined Benefit (DB) and Other Postemployment Benefit (OPEB) information is received and input accurately and controls exist to validate the completeness and accuracy of the Defined Benefit and Other postemployment benefit valuations.

Actuarial valuation services controls include agreement on scope of service to be provided, collection of data to be relied on, guidelines on doer/checker process, workpapers and computer systems utilized, and signature authority for issuing statement of actuarial opinion (SAO).

BPAS Actuarial & Pension Services requires the completion of a Service Agreement, which outlines the services and responsibilities of each party prior to BPAS Actuarial & Pension Services performing services for the plan sponsor. The Service Agreement includes standard Terms of Engagement along with a Fee Schedule Appendix. The Service Agreement, along with the standard terms of engagement, is considered "evergreen". Absent any changes to the terms of engagement or scope of services, only updates to the Fee Schedule will be issued as they occur.

All collection of data activities is coordinated by the members of the engagement team. Protected information is provided through a Secure File Transfer protocol (BPAS Actuarial & Pension Services or plan sponsor system). Non-protected information is provided via email or regular mail. Some information is provided routinely throughout the year (such as payroll feeds or monthly asset statements). Other information is provided through a formal data request as needed.

Information that is received is reconciled with existing database and prior year information by the engagement team member designated as the “doer”. The reconciliation to prior year information and updated database is reviewed by the engagement team member designated as the “checker”. Any discrepancies are resolved.

The finalized database is utilized by the valuation systems – Proval and Wystar (OPEVs and DBVAL). These systems are designed to value DB and OPEB plans, and parameters are defined by the end user. The doer generates test cases for individual review by the doer and checker. Any discrepancies between test case actual and expected results are resolved. Results for the total plan are generated and reviewed by the checker.

The results are imported by the doer into the workpaper template that generates a report. The workpapers and generated report are reviewed by the checker.

Work programs have been developed and are completed by an associate to ensure that each required step is performed.

If the checker has signature authority pursuant to the BPAS Actuarial & Pension Services’ signature authority schedule, the report will be final reviewed by a second actuary who cosigns with the checker. All authorized signors must be approved by the BPAS Actuarial & Pension Services Actuarial Practice Committee. If the checker does not have signature authority, the report will be reviewed by a signing actuary assigned to the engagement and peer reviewed by the second signing actuary.

BPAS Actuarial & Pension Services Actuarial Services – Defined Benefit Administration

CONTROL OBJECTIVE 13: Controls provide reasonable assurance that defined benefit administration is complete and accurate.

Defined benefit administration services controls include agreement on scope of service to be provided, collection of data to be relied on, and review of data.

BPAS Actuarial & Pension Services requires the completion of a Service Agreement that outlines the services and responsibilities of each party prior to BPAS Actuarial & Pension Services performing services for the plan sponsor. The Service Agreement includes standard Terms of Engagement along with a Fee Schedule Appendix. The Service Agreement along with the standard terms of engagement is considered “evergreen”. Absent any changes to the terms of engagement or scope of services, only updates to the Fee Schedule will be issued as they occur.

All collection of data activities is coordinated by the members of the engagement team. Protected information is provided through a Secure File Transfer protocol (BPAS Actuarial & Pension Services or plan sponsor system). Non-protected information is provided via email or regular mail. The data provided on an annual basis is systemically reviewed to ensure all fields are complete, and manual calculations are performed to valid the conversion results. Ad hoc changes to participant data must be authorized, documented and reviewed.

Some information is provided routinely throughout the year (such as payroll feeds or monthly retiree benefit payment registers). The data is reviewed on a monthly basis to verify that all changes have a change request associated with them and ensure that the payroll register matches the payments stored in DB Precision’s database.

General Computer Controls

CONTROL OBJECTIVE 14: Controls provide reasonable assurance that new application systems and changes to existing application and supporting systems are authorized, tested, properly implemented and documented.

CONTROL OBJECTIVE 15: Controls provide reasonable assurance that logical access to applications, data and supporting systems is limited to authorized individuals.

CONTROL OBJECTIVE 16: Controls provide reasonable assurance that critical applications and data are backed up and are securely stored at an off-site location.

CONTROL OBJECTIVE 17: Controls provide reasonable assurance that system capacity and performance are monitored, and that deviations are identified and resolved in a timely manner.

CONTROL OBJECTIVE 18: Controls provide reasonable assurance that the network is properly designed and configured to prevent and detect access unless specifically allowed.

CONTROL OBJECTIVE 19: Controls provide reasonable assurance that environmental and physical safeguards restrict unauthorized access to the data center and protect against the destruction of computer hardware.

General computer controls include controls over computer operations, access, and systems development and maintenance. General computer controls, if suitably designed and operating effectively, provide an environment for the development and processing of applications to achieve specific application control objectives.

The following describes the general controls related to BPAS:

1. Information Technology Environment
 - a. Information Security Policy
 - b. Information Technology Roles and Responsibilities
2. Computer Operations and Data Retention
 - a. Network Architecture, Performance and Availability
 - b. Backup and Recovery of Production Data
 - c. Physical Security and Environmental Controls
3. Information Security
 - a. Security Policies and Procedures
 - b. Logical Access Administration
 - c. Password Controls
 - d. Virus Protection
 - e. Firewalls
 - f. Security Monitoring
 - g. Security Breaches
4. System Development and Maintenance
 - a. Systems Development
 - b. Application System Changes
 - c. Operating System Changes

Information Technology Environment

Information Security Policy

BPAS realizes that the rapidly changing nature of technology and the critical nature of strategic core processing systems are vital to the success of the Organization. To ensure that systems continue to operate effectively BPAS has implemented a comprehensive Information Systems Security Policy to address all areas of information systems and technology, including computer system and application security, physical security, operational security, network security, and procedural security.

The Organization has a separate policy that addresses information sensitivity and confidentiality so that appropriate security measures are in place to safeguard customer and Company information. The Organization's security program is also designed to consider the protection of customer information against any anticipated threats or hazards to the security or integrity of such information, manage the accountability of users with access to sensitive information confirm the availability of information, and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.

Information Technology Roles and Responsibilities

The Information Technology (IT) Department has the primary responsibility for day-to-day oversight of information systems. Information systems oversight duties of the IT Department include:

- Monitoring operations of all computers and software.
- Troubleshooting systems problems.
- Maintaining current inventories of the software and hardware components.
- Capacity monitoring and planning for all systems.
- Acquiring and deploying systems.
- Disaster recovery.
- Installing new software and upgrading existing software.
- Managing outsourced vendor relationships.
- Cooperating fully with regulatory and auditing agencies.

IT Management oversees all security-related policy matters and functions within the Organization. These roles and responsibilities include, but are not limited to, the following functions:

- Assists the Organization in the formulation of security policies and procedures.
- Implement approved security policies and procedures.
- Administers security on critical information processing systems.
- Implements network software tools that monitor user and file access.
- Monitors daily security reports for unauthorized access to networks and application systems.
- Keeps abreast of current technology, security software updates, and security methods through attending seminars and reading periodicals.
- Maintains an awareness of ever-changing security considerations and precautions by monitoring key industry security web sites.

Computer Operations and Data Retention

Network Architecture, Performance and Availability

Ethernet is the primary topology used at BPAS for the operations processing environment. All cabling is at least Category 5e. Wireless technology is not utilized on the private networks. A majority of the core systems supporting BPAS's operations are located within the BPAS data center in Utica, New York. The Utica data center also hosts the primary LAN equipment for the Organization's benefit administration operations. Remote offices and other facilities connect to the systems in the Utica data center using secure dedicated connections (MPLS IPVPN). Routers are installed at each office to facilitate the WAN between operations centers.

The IT Department monitors the information systems environment on a daily basis. An IT Operations Checklist is maintained to document monitoring results and record any corrective action taken to address system and network operating errors.

Backup and Recovery of Production Data

BPAS has developed and maintains a formally defined Backup and Retention policy. All database files for the OmniDC and CensusPro applications are backed up daily using a tape backup system. Other production data including transaction logs, support files, and secondary SQL databases are also backed up daily. Current backup tapes and archived tapes are rotated off-site in accordance with the policy. These tapes are maintained in a secure off-site storage facility located in New Hartford and Oneida, New York. A backup log is used to document the success or failure of backup jobs, any necessary corrective action, and the volume of data on the backup tape.

In addition to tape backups, BPAS uses two auxiliary backup methodologies to confirm data integrity and availability. OmniDC, as well as other core applications, are replicated in real-time to the BPAS Disaster Recovery site. Validation tests are performed periodically to ensure that the databases are in sync. In addition, the OmniDC application and its database files are backed up daily to an independent backup server also located in the BPAS Data Center. This production-ready system is maintained to allow for immediate recovery in the event of a catastrophic hardware or software failure.

Physical Security and Environmental Controls

Access Control Systems

Facility doors are secured with electronic key fob readers and remain locked at all times. The exterior main entrance door is open to visitors between 9 am and 4 pm. The internal door remains locked at all times, and all visitors at this entrance must be allowed in by the receptionist, and subsequently sign a visitor's log before entering the facility. The physical access systems are maintained by a third-party organization.

Physical access to the BPAS Data Center is restricted by an electronic key fob system. Only authorized personnel have physical access to the data center in accordance with the Organization's physical access policy. Management authorization is required to obtain Data Center key fobs.

Fire Detection and Suppression Equipment

BPAS has a single, building-wide smoke detection system that features hard-wired alarms and strobe lights throughout the building. This detection system is tied into the facility alarm system and will alert appropriate emergency response personnel in the event of a fire. Fire suppression is provided by an FM-200 chemical suppression system. In addition, two chemical fire extinguishers (Type ABC) are located in the Data Center.

Emergency Power Equipment

BPAS utilizes a battery and generator uninterruptable power supply (UPS) system to protect computer equipment from variations in electrical current and complete power outages. The system is comprised of two 30KVa Liebert battery units and a diesel generator. The batteries can provide 60 minutes of backup at normal active load, allowing time for the generator to engage. On average, it takes the generator less than a minute for startup and failover.

Information Security

Security Policies and Procedures

Security policies and procedures have been documented and communicated to all BPAS employees. These policies and procedures include requirements related to physical security, network security, the protection of plan and Company information, incident reporting, logical security, as well as other requirements. Policies are communicated each year as part of the Organization's information security training program.

Logical Access Administration

Access to administer servers and databases is limited to operations staff based on their job responsibilities. For any user granted access to systems and applications, Management's authorization is required. Access for new hires is initially determined by the new hire's department manager. Appropriate roles and responsibilities are documented on a Resource Authorization form. The form is sent to the IT staff for access provisioning. Network and application access profiles are created by a Network Administrator and initial logon credentials are provided to the new hire. A review of persons and their entitlements with access to BPAS's production systems is performed by Management periodically. As part of the termination checklist procedures, IT operations personnel receive notification from Human Resources (HR) that details employee and contractor terminations to have their server and network access disabled.

Password Controls

Each strategic system may vary as to the level of password construction supported, as well as the ability to automatically enforce adherence to a standard. When possible within a strategic system, the following minimum password criteria will be used and automatically enforced:

- All passwords must be at least eight characters in length unless the particular system accepts fewer characters.
- Passwords must be changed every 45 days. An employee may elect to change their password at any time, but if a password is not changed within 45 days, the system will force a password change.
- All passwords are suppressed from all output.
- Passwords must be "complex" and contain both alpha and numeric characters, at least three alpha numeric mixed with numeric.
- There are no restrictions on repeating characters; however, the password must contain some change.
- A password history of 10 passwords will be maintained.

The above standards are also followed for those systems that can support them but are not capable of automated enforcement. On other systems, the Organization will require users to use a mixture of letters and numbers in the password up to the length of password supported by that particular system.

Virus Protection

The Management of BPAS recognizes the threat computer viruses present to its computer systems and networks. Anti-virus software is located on all servers and workstations. The Organization uses a Client-Server Security Agent for server and workstation anti-virus protection. The status of all servers and workstations is scanned from a control station daily. Alerts are displayed at workstations and at the control station if virus definition files are out of date. The software is configured to monitor activities and protect against threats in real time.

The anti-virus software vendor continuously releases new virus signatures for its products as often as hourly. If definition updates are available, the anti-virus distribution server automatically receives updates from the vendor with no operator intervention. Each domain server and workstation continuously checks the distribution server for updates; if available, the workstation virus signatures are also automatically updated. If the management server is unavailable or non-responsive, the client's systems will automatically download available updates from the vendor's update server.

Firewalls

Firewalls combine hardware and software to block unwanted communications into and out of the BPAS network, while allowing acceptable communications to pass. BPAS employs firewalls to control access in and out of the BPAS network. The firewall software is configured to only allow access to information to certain servers only through designated ports. This provides protection of the Company's internal network and protects all connection points between the internal network and external networks, such as the Internet. All modifications to the firewall configuration are reviewed by the IT Manager before implementation.

Security Monitoring

The anti-virus security agent is configured to monitor security activities and protect against threats in real time. The status of all servers and workstations is scanned from a control station daily. Alerts are displayed at workstations and at the control station if virus definition files are out of date. System monitoring software is also configured to send email alerts to operations staff to notify them of problems with key services and server resources.

In addition, the Organization has developed and implemented a daily IT Operations Checklist to review and verify security monitoring procedures and infrastructure health on a daily basis. IT personnel review the following monitoring logs:

- OpManager Technology Infrastructure Logs
- SolarWinds
- Open IT Help Desk Ticket Logs
- Backup Logs
- Firewall / Router Traffic Logs
- SQL Server Logs
- Data Center Environmental Controls Operating Effectiveness

Security Breaches

Recognizing that even the most carefully designed and implemented information security program may sometimes fail in its purpose of preventing unauthorized access to customer and bank information, BPAS has established and implemented procedures for addressing security incidents to the Organization and/or its affiliates. If a security incident is detected, a ticket is submitted to the IT HelpLine. While working with local Management, the IT Department will determine if a security incident occurred, considering whether or not private or confidential data is involved in the incident, and the level of the incident. If a security incident is verified, the IT Department will work to contain, eradicate, and restore the system(s) and perform follow-up as outlined in the Organization procedures:

- Assessing the nature and scope of an incident, and identifying what customer information systems and types of customer information have been accessed or misused;
- Contacting Legal and the CBSI Security Officer to determine if incident reporting is required. If required, notification to the affiliate's primary Federal regulator will be performed as soon as possible when the affiliate is made aware of an incident involving unauthorized access to or use of sensitive customer information, as defined below;

- Notifying the New York State Department of Financial Services Portfolio Manager assigned to the affiliate of the incident;
- Notifying the Federal Bureau of Investigation, Secret Service, and State local police agencies;
- Taking appropriate steps to contain and control the incident to prevent further unauthorized access to or use of customer information, for example, by monitoring, freezing, or closing affected accounts, while preserving records and other evidence; and
- Notifying customers when warranted.

Where an incident of unauthorized access to customer information involves customer information systems maintained by the affiliate's service providers, the affiliate shall notify its customers and its regulators. However, the affiliate may authorize or contract with the service provider to notify its customers or regulators on its behalf.

When the affiliate becomes aware of an incident of unauthorized access to sensitive customer information, the affiliate will conduct a reasonable investigation to promptly determine the likelihood that the information has been or will be misused. If the affiliate determines that misuse of its information about a customer has occurred or is reasonably possible, it will notify the affected customer as soon as possible. Customer notice may be delayed if an appropriate law enforcement agency determines that notification will interfere with a criminal investigation and provides the affiliate with a written request for the delay. However, the affiliate should notify its customers as soon as notification will no longer interfere with the investigation.

Systems Development and Maintenance

Systems Development

The IT Department is responsible for the overall patch management implementation, operations, and procedures. While safeguarding the network is every user's job, IT ensures all known and reasonable defenses, patches, hot fixes, service packs, software versions, and firmware versions are in place to reduce network vulnerabilities while keeping the network operating. The Windows patch management system is used for accessing, notification, and scheduling the majority of the networks' patching needs. Additional vendor notifications and web sites are monitored for patch notices.

It is the policy of BPAS that all major core processing software applications are acquired from outside vendors/suppliers. Major software applications will not be developed in-house. Software may be developed to provide things such as application interfaces, ad hoc reporting, and workflow engineering. This development is to be kept to a minimum.

OmniDC Upgrades and Configuration Changes

All software upgrades and configuration changes related to the OmniDC system are coordinated by the Senior Vice President (SVP) of Recordkeeping and Trading Services. Program development functions are also managed and supervised by the SVP of Recordkeeping and Trading Services. These projects are initiated through a Programming Request form submitted by a BPAS employee at the request of an internal party or external vendor/customer.

Major requests are reviewed by the management team and then analyzed and classified according to the following criteria:

- Priority
- Business Purpose
- Description
- Detail

Once the project has been appropriately analyzed and classified, the SVP of Recordkeeping and Trading Services provides a final approval to confirm the project for development. At this point, the project is assigned to a BPAS Analyst or Project Manager, who will then be responsible for logging and tracking the project to completion

Proprietary SQL System Development

All software development for projects related to the Plan and Task Management, CensusPro and other systems are managed by the following change process. Systems development functions are managed and supervised by the Senior Business Analyst. These projects are initiated through periodic meetings between the Senior Business Analyst and various work groups where business needs dictate a modification to the software would bring efficiencies or enhancements to the software for both internal employee and/or external client use.

When a change request is received, a member of the Business Analyst team prepares a detailed requirements document for the modification. The document is then reviewed with the supervisor and team members requesting the modification to ensure all requirements are met. The document is then submitted to the SQL development firm, The PCA Group, for review and discussion. The Senior Business Analyst prioritizes the work with The PCA Group based on the following criteria:

- Potential Financial Risk
- Priority
- Complexity

Once the project has been reviewed and an estimate of hours provided, the work is added to the queue and an appropriate date for completion assigned. The Plan and Task Management system is on a scheduled one-month release, Funds Available on a calendar quarter "as needed" release schedule. The CensusPro system is being sunset and no changes implemented. Typically, upgrade items are scheduled one to two months in advance. The AccountMate system is not pre-scheduled. Modifications are made on an as-needed basis.

Once the scheduled changes are delivered by The PCA Group, with an accompanying Change Log, a member of IT makes the build available to a pre-defined testing group. The testing group performs tests for new functionality, as well as thorough regression testing, to ensure original functionality has not been adversely affected. When testing is completed, the Senior Business Analyst accepts the change and the build is placed into production by the IT team.

Requests for new applications are reviewed and discussed internally by Management and are implemented following formal procedures to verify that systems are functioning as designed.

Application System Changes

Access to the development environment is restricted to authorized personnel. The area is password protected and is only available from workstations of programming staff. Plan Consultants submit requests for changes to the SVP of Recordkeeping and Trading Services. If changes are approved, they are forwarded to the Programmers/Analysts for testing, documentation, and implementation.

Approval of such application updates is handled in a manner similar to the system development procedures. When a significant system change becomes available, a helpdesk ticket is created, and it is added to the list of matters to be handled at the weekly IT meeting. Once the issue has been discussed and a course of action has been agreed upon, the IT Manager signs off on the change, and it is documented in the ticket. The patch or upgrade is applied to the test group where it runs in a production simulated test environment. When performance has been confirmed, the change is applied in the production environment.

Operating System Changes

The IT Department continuously monitors upgrades, releases, and patches that have been made available. This includes network operating systems, individual desktop operating systems and software, electronic mail operating systems, proxy server operating systems, network backup and recovery systems, and the host processing operating system. The changes made within these upgrades are examined in order to determine the urgency of the need to apply the modifications following our Change Management Program. The Organization utilizes the Windows Server Update Services (WSUS) application to automatically check for Operating System updates on a daily basis. A member of the IT staff checks the management console daily to confirm that all systems are up to date. Any critical issues are reported to the IT Manager who investigates and addresses each issue as soon as possible. Once a week, a report is generated, detailing all of the updates.

The WSUS management console allows administrators to group servers according to function and priority. One such group is the test group, which houses the Organization's test and development servers. Updates are installed to the test group prior to being installed to production servers. If the patches do not cause any issues for this test group, the patches are applied to the remaining workstation within the week.

All upgrades, releases, and patches are scheduled for implementation during off-peak hours. All installations are performed under the direct supervision of the IT Department.

In the event that a problem occurs that a patch to be installed outside the regularly scheduled times, the IT Department implements the necessary updates and notifies BPAS management.

Vendor Management Controls

Control Objective 20: Vendor Management

CONTROL OBJECTIVE 20: Controls provide reasonable assurance that critical vendors are appropriately evaluated prior to their selection and are appropriately monitored on a periodic basis

A vendor management program has been established at the corporate level and is adopted throughout the organization. Utilizing regulatory guidance along with industry best practices, the policy and procedures that have been created outline the process to select, assess, and monitor third-party relationships. Starting with the planning/due diligence phase, guidance is provided that assists the business owner to select a competent and qualified vendor, while at the same time including criteria to help determine whether the relationship should be included in the vendor management program. For relationships that meet the criteria, the next phase assesses and rates the risk exposure the third party represents to the organization. Utilizing a risk assessment that focuses on strategic, reputation, operational, transaction, credit, and compliance risks, an inherent risk score is established. In addition, the assessment also focuses on mitigating controls, which in combination with the inherent risk score create an overall residual risk for each relationship. The next phase of the process focuses on contract negotiation, which may run in parallel with the initial risk assessment. The guidance provided can assist both the business owner and the Legal department, when applicable, with contractual provisions that can be considered during the negotiation process. Guidance is also provided that establishes thresholds on when additional review and approval is warranted. Also running in parallel once the risk assessment has been completed, request and review of monitoring documents should take place that is dependent on the level of inherent risk the relationship poses to the organization. The requirements are on a progressive scale, so those identified as a Low risk without the transfer of sensitive data are considerably less than a relationship identified as a High risk. The documentation collected allows the appropriate internal parties to review the controls in place and determine whether additional mitigating controls are warranted.

On an annual basis, similar steps are taken to refresh the risk assessment originally established and to request that similar monitoring documents are collected to ensure the risk level and controls in place still adhere to expectations. The exception to the annual review process due to the size of the vendor management program is that those relationships considered to be a Low risk will only have the monitoring documents collected and reviewed every other year; however, they are still risk assessed on an annual basis. The final phase of the process is when the relationship has terminated due to various reasons and guidance is provided to appropriately transfer any sensitive information that may be contained by the third party per agreement in order to properly bring the relationship to an end.

The vendor management program, including inventory of third parties, is owned and maintained by the CBSI Information Security Department, which works closely with the various business owners of these relationships throughout the organization

Complementary User Entity Controls

This section outlines specific complementary user entity controls, or issues each Benefit Plan Administrative Services, Inc. (BPAS) client should implement in order to achieve certain control objectives identified in this report. These considerations are not necessarily a comprehensive list of all internal accounting controls that should be employed by the customer, nor do they represent procedures that may be necessary in all circumstances.

- **Control Objective 4:** Timely review of reports provided by BPAS of user entity account balances and related activities is performed by the user entity, and written notice of discrepancies is provided to BPAS.
- **Control Objective 4:** Timely written notification of changes in related parties for purposes of identifying party-in-interest transactions is adequately communicated to BPAS.
- **Control Objective 4 & 5:** Authorized Plan Representative should be responsible for monitoring the timeliness of changes to user entity accounts.
- **Control Objective 4 & 5:** Authorized Plan Representatives should ensure that all participant enrollments are properly authorized.
- **Control Objective 5:** Timely written notification of changes to the plan, its objectives, participants, and investment managers is adequately communicated to BPAS.
- **Control Objective 5:** Timely written notification of changes in the designation of individuals authorized to instruct BPAS regarding activities, on behalf of the user entity, is adequately communicated to BPAS.
- **Control Objective 9:** Instructions and information provided to BPAS from user entities are in accordance with the provisions of the plan agreement, trust agreement, or other applicable governing agreements or documents between BPAS and the user entity.
- **Control Objectives 15 & 19:** Physical and logical access to BPAS's systems via terminals at user locations are restricted to authorized individuals.
- **Control Objective 15:** Users of the BPAS Sponsor Web and CensusPro should implement controls surrounding User IDs and passwords established for account use. Passwords should be different from the User ID, contain both letters and numbers, be difficult to guess, and be routinely changed.
- **Control Objectives 4-13:** User entities should ensure that all Internal Revenue Service requirements and filings for the plan have been met.
- **Control Objectives 4-13:** User entities should ensure that the plan continues to meet the requirements of the Employee Retirement Income Security Act (ERISA) and the Department of Labor.

Subservice Organizations

The description of controls in this report includes only the policies, procedures, and controls at Benefit Plan Administrative Services, Inc. (BPAS) and does not include policies, procedures, and controls at the various third-party service providers described below. The examination by the Independent Service Auditors did not extend to policies and procedures at these third-party organizations. The primary, relevant third-party service providers used by BPAS are listed below:

Subservice Organization	Service(s) Provided	Related Control Objectives/Controls	Controls Expected to be Implemented at the Subservice Organization	BPAS Monitoring Controls
National Security Clearing Corporation (“NSCC”)	BPAS utilizes the NSCC for obtaining information on pricing and dividend data for investments.	Control Objective 8	<ul style="list-style-type: none"> • Providing complete and accurate processing of trades • Providing accurate pricing data 	Data received from the subservice organization is subject to reconciliation controls, monitoring of the receipt and successful loading of pricing files, and controls over the settlement of funds.
The PCA Group, Inc. (PCA Group)	BPAS utilizes PCA Group for application development and programming services. Requests for the development and maintenance of applications are communicated by BPAS and all subsequent deliverables are analyzed, reviewed and implemented by BPA.	Control Objective 14	<ul style="list-style-type: none"> • Development of applications 	Subservice organization is subject to annual review through the vendor management program, including a review of the vendors SOC report (or other control attestation report).

Subservice Organization	Service(s) Provided	Related Control Objectives/Controls	Controls Expected to be Implemented at the Subservice Organization	BPAS Monitoring Controls
Wex Health	Hosting and development of the Wex Health Cloud healthcare accounts administration platform.	Control Objective 11 Control Objective 14 Control Objective 15 Control Objective 16 Control Objective 17 Control Objective 18 Control Objective 19	Control Objective 11 <ul style="list-style-type: none"> • Complete and accurate processing of transactions Control Objective 14 & 17 <ul style="list-style-type: none"> • Development and testing of software • Hardware maintenance Control Objective 15 & 18 <ul style="list-style-type: none"> • Logical access to applications and systems • Incident response Control Objective 16 <ul style="list-style-type: none"> • Data backup and restoration Control Objective 19 <ul style="list-style-type: none"> • Physical security of systems and data 	Subservice organization is subject to annual review through the vendor management program.

As these subservice organizations are used, controls related to these activities are not discussed in this description and/or report. Management obtains and reviews SOC reports; if available, from these organizations to validate controls are designed and operating effectively. Further, Benefit Plan Administrative Services, Inc. has a vendor management program that details procedures for evaluating and reviewing subservice providers.

Benefit Plan Administrative Services, Inc. monitors these subservice organizations as needed in alignment with their vendor management policies and procedures. Further, in order to validate controls are in place at the subservice organizations, Benefit Plan Administrative Services, Inc. performs annual vendor due diligence review based on the vendor management procedures.

SECTION IV: Independent Service Auditor's Description of Tests of Controls and Results

Overview of Crowe LLP's Test Procedures

Our examination was restricted to the control activities specified by Benefit Plans Administrative Services, Inc.'s (BPAS or Company or organization or service organization) management in Sections III and IV of this report to address the control objectives that were stated in the description. Our examination did not extend to any other control procedures, including those that may be described in Section III but not listed in Section IV.

The following table clarifies certain terms that may be used within this section to describe the nature of the tests of controls performed:

Type of Testing	Description
Observation	Observed the application, performance or existence of the specified controls as described.
Inspection	Inspected manually or systematically maintained documentation to evidence performance of the specified controls.
Reperformance	Reperformed the specified controls as performed by management to compare our independent results to those of management.

In addition, when using information produced by BPAS, we performed procedures as required by AT-C Section 320 to validate whether the information was sufficiently reliable for our purposes by obtaining evidence about the completeness and accuracy of such information, as well as evaluating whether the information produced was sufficiently precise and detailed for our purposes.

Control Objective 1: Organization and Administration Policies

Control Objective 1: Controls provide reasonable assurance that appropriate policies and procedures are in place to maintain adequate levels of management oversight, including risk assessment and monitoring.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
1.1	Technology and Information Security policies regarding access to and disclosure of Benefit Plans Administrative Services, Inc. ("BPAS" or the "Company or the "Organization") data exists.	Inquired of Management as to the existence of policies and procedures regarding access to and disclosure of data via technology and information security.	No exceptions noted.
		Inspected the Organization's policies and procedures to determine if they included language on Technology and Information Security.	No exceptions noted.
1.2	BPAS employees are required to acknowledge their agreement to the Company Code of Conduct and to the policies defined within the Employee Handbook upon hire.	Inspected the Organization's Code of Conduct to determine if it included policies and procedures for newly hired individuals.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new employees to determine if electronic sign-offs of the Company Code of Conduct and Employee Handbook were obtained.	No exceptions noted.
1.3	BPAS Management meets and discusses the Organization's operations, including risks facing the Organization and its information systems on a periodic basis.	Inquired of Management to determine if risks facing the Organization and its information systems were discussed periodically throughout the year.	No exceptions noted.
		Inspected meeting minutes to determine if BPAS Management met to discuss operations, including risks facing the Organization.	No exceptions noted.

Control Objective 2: Organization and Administration Structure

Control Objective 2: Controls provide reasonable assurance that the Organizational structure facilitates segregation of duties.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
2.1	The Human Resources department issues job descriptions to all new hires in conjunction with the hiring process. Job descriptions include a description of the position's roles and responsibilities.	Inquired of Human Resources Management to determine if the hiring process included a requirement to provide a formal job description to the new employee.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new employees to determine if an adequate description of the positions roles and responsibilities was included.	No exceptions noted.
2.2	BPAS's organizational structure has been designed to facilitate the segregation of duties. BPAS's operations have segregated functions for performing benefits administration, contribution processing services, disbursement transactions, system maintenance, production support, security and client service functions.	Inquired of Operations Management to determine if there was a segregation of operational functions within the Organization.	No exceptions noted.
		Inspected and reviewed a copy of the organizational chart, operational procedures and roles and responsibilities documentation, including job descriptions, to determine if the structure of the processing operations adequately considered the segregation of duties.	No exceptions noted.
		Observed the BPAS's operating processes to determine if these functions were appropriately segregated.	No exceptions noted.

Control Objective 2: Controls provide reasonable assurance that the Organizational structure facilitates segregation of duties.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected the access control listing from the OmniDC, CensusPro, Plan and Task Manager, Funds Available, Wex Health, Delta Data, Opevs, Proval, DBVal and DB Precision applications to determine is access to system levels was appropriately segregated.	No exceptions noted.

Control Objective 3: Organization and Administration

Control Objective 3: Controls provide reasonable assurance that personnel policies and practices control the hiring, training and termination of personnel.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
3.1	The Organization has policies and procedures for controlling the hiring and termination of employment. Checklists are completed by the Human Resources department when new employees are hired. When employees leave the Organization, a change form is completed.	Inquired of Human Resources to determine if there was a process for managing the hiring and termination of employees.	No exceptions noted.
		Inspected the policies and procedures in place for hiring and terminating employees.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new hires to determine if Management approval was obtained and access granted was in line with the access requested.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of terminated employees to determine if a change form was completed and employee access was removed from systems.	No exceptions noted.
3.2	The Organization maintains training documentation and supporting materials to train newly hired employees.	Inquired of Human Resources and Operations Management to determine if there were policies surrounding periodic training for existing employees and the training and orientation process for new employees.	No exceptions noted.
		Inspected supporting documentation to determine if training was performed on newly hired employees.	No exceptions noted.

Control Objective 4: Operations – Benefit Administration and Transaction Processing

Control Objective 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
4.1	All prospective plans are reviewed by the New Account Review Committee prior to being accepted by BPAS and initiation of the implementation process. An OFAC verification is performed to verify that the Company is not on any of the government's watch lists.	Inquired of the New Account Review Committee to determine if there were procedures for prospective plans prior to BPAS client acceptance.	No exceptions noted.
		Inspected a selection of new plans accepted during the period to determine if an Office of Foreign Assets Control (OFAC) check was passed.	No exceptions noted.
		Inspected a selection of new plans accepted during the period to determine if the plans were signed off by the New Account Review Committee.	No exceptions noted.
4.2	BPAS requires the completion of a Services Agreement for daily valuation clients, reflective of the services to be performed and each party's responsibilities, prior to Plan Sponsor and Plan Participant establishment and contribution processing.	Inquired of Plan Consulting personnel to determine if Service Agreements and Custodial/Directed Trustee Agreements were completed for new plans.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if a signed Service Agreement and was on file in the plan's "agreement" folder, and this agreement was signed prior to providing services.	No exceptions noted.

Control Objective 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
4.3	New plan sponsors, financial intermediaries, and BPAS sales associates are required to complete the BPAS Plan Profile Form and all attachments to capture the necessary information required to establish the new plan at BPAS.	Inquired of Plan Consulting personnel to determine if there were plan sponsor requirements for completing a BPAS Plan Profile Form.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if a BPAS Plan Profile Form was completed and retained in the plans' records.	No exceptions noted.
4.4	A New Account Checklist is completed by BPAS to confirm completeness of the implementation process.	Inquired of Plan Consulting personnel to confirm the implementation process and completion of a New Account Checklist.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if the New Account Checklist had been completed and was in the plan's "agreement" folder.	No exceptions noted.
4.5	New plans are established in the PTM application and a Consultant is assigned to administer the Plan Sponsor once all plan information has been obtained and the New Account Checklist is completed.	Inquired of Plan Consulting personnel to determine if the implementation of new plans in the PTM application were assignment to a Plan Consultant and the New Account Checklist was completed.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if there was a plan established in PTM and that a Plan Consultant was assigned.	No exceptions noted.

Control Objective 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
4.6	BPAS provides plan sponsors a conversion guide that illustrates the conversion procedures and requirements, including authorizations for fund transfer, investment mapping guides, and Census file specifications to permit accurate contribution processing. BPAS does not accept funds from prior record benefit administration and processing service providers until receipt of all conversion documentation.	Inquired of Plan Consulting personnel to determine if a standard conversion guide and the receipt of all required administration authorizations is provided before processing.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if all required documentation, including plan sponsor approvals, was obtained prior to processing.	No exceptions noted.
4.7	The Conversion Team reviews the information provided by the plan sponsor and prepares a "scrubber" out of Omni to ensure that participant information items such as eligibility, vesting, methods of allocation and other pertinent provisions, are properly gathered for entry into the system. A Plan Consultant performs a secondary review.	Inquired of Plan Consulting personnel to determine if there were procedures for gathering participant information for entry into the system.	No exceptions noted.

Control Objective 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if a "scrubber" was completed to verify all necessary information had been gathered for entry into the system and that a plan consultant performed a secondary review.	No exceptions noted.
4.8	To ensure plan assets are recorded properly, the BPAS Conversion Unit analyzes plan sponsors' assets and enters the information into the OmniDC accounting system. A Conversion Specialist, working in conjunction with the Plan Consultant, reviews all plan documents and ensures that the plan is properly coded into the system by reviewing the "DECON.PACK," which compares the new data coded into the system with the data provided by the plan sponsor.	Inquired of Plan Consulting personnel to determine if there were procedures used by BPAS to verify plan assets are recorded and coded properly.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if the DECON.PACK was reviewed for each plan by BPAS personnel to verify plan documents and coding in the OmniDC system, as well as determined if planned assets were recorded and coded properly.	No exceptions noted.

Control Objective 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
4.9	A Conversion Checklist is completed by the Conversion Manager to confirm completeness of the conversion process. New plans taken from another plan administration service provider have the checklist completed to confirm all assets are transferred accordingly and the completeness of the takeover process.	Inquired of Plan Consulting personnel to determine if there was a conversion process and completion of a Conversion Checklist.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans accepted during the period to determine if the Conversion Checklist was completed, and for plans taken from another plan administrator, determined that an additional checklist was completed to confirm completeness of the takeover process.	No exceptions noted.
4.10	Qualified employee additions to existing plans are communicated when participant information is received through census data communicated from the plan sponsor. The submitted participant addition is uploaded into OmniDC during the contribution processing cycle.	Inquired of Plan Consulting personnel to determine if there was a process for implementation of new plan participants.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new participants to determine if participant information was communicated through census data provided by plan sponsors and the submitted participant additions were uploaded into OmniDC during the contribution processing cycle.	No exceptions noted.

Control Objective 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
4.11	Plan participants complete a Standard Investment Election Form that is communicated to BPAS for transaction processing. Transactions are entered by a Processor and independently reviewed by another Processor. Plan participants may also submit their Investment Elections via the participant website or voice response unit (VRU).	Inquired of Recordkeeping Services to determine if there was participant communication of investment elections via a Standard Investment Election Form, the BPAS web portal or through the VRU.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plan participants to determine if there was independent review and communication of each participant's investment elections and agreed them to the OmniDC application for correctness.	No exceptions noted.
4.12	Traditional participant loans are requested through the completion of a standard Loan Request Form. All requests are reviewed by a Plan Consultant or a Distribution Specialist for proper completion. Participant loans through MyPlanLoan program are requested and automatically permitted based on plan terms through the BPAS website.	Inquired of the Daily Valuation Manager to determine if there was a process for authorizing loan requests submitted by plan participants.	No exceptions noted.

Control Objective 4: Controls provide reasonable assurance that new plan sponsors, plan participants and participant loans are established following formal procedures to confirm benefit administration and transaction processing is complete and accurate.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected documentation supporting the operation of the control for a sample of traditional loans accepted during the period to determine if the loan application was completed appropriately by the applicant, it was reviewed and approved by BPAS, and the requested loan amount agreed to the balance loaned to the participant.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of MyPlanLoan loans accepted during the period to determine if the participant's plan allowed MyPlanLoan loans and that the requested loan amount agreed to the balance loaned to the participant.	No exceptions noted.
4.13	Plan records and original participant loan documents are scanned and stored electronically and are properly safeguarded.	Inquired of the Daily Valuation Manager to determine if plan records were electronically scanned and properly safeguarded.	No exceptions noted.
		Inspected policies with the Accounting Manager and Recordkeeping to determine if they included language related to document retention.	No exceptions noted.
		Observed the electronic storage locations of BPAS loan files to determine if they were appropriately located.	No exceptions noted.

Control Objective 5: Operations – Participant Plan Changes

Control Objective 5: Controls provide reasonable assurance that changes to existing plans and participant records are performed completely and accurately in accordance with plan service agreements and operational procedures.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
5.1	BPAS receives participant master data changes through plan sponsor communicated census information. A batch job updates the OmniDC system for salaries, hours worked, participant address and name changes.	Inquired of the Daily Valuation Manager to determine if there is communication of participant master data changes.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of participant master data changes to determine if the master data changes that were provided through plan census data agreed to the participant records in the OmniDC application.	No exceptions noted.
5.2	Changes to participant investment allocations are communicated electronically through the BPAS website or through the BPAS VRU and are updated in the OmniDC system.	Inquired of Recordkeeping Services to determine if there was communication of participant investment elections.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of participant investment election changes to determine if the investment election changes submitted via the BPAS website or the BPAS VRU system agreed to the participant records in the OmniDC application.	No exceptions noted.

Control Objective 5: Controls provide reasonable assurance that changes to existing plans and participant records are performed completely and accurately in accordance with plan service agreements and operational procedures.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
5.3	Transactions requested through the BPAS Voice Response Unit (VRU) and the BPAS web site are only processed through the use of a unique Participant Identification Number (PIN). The website requires the participant to establish a unique user ID and password.	Inquired of Recordkeeping Services to determine if there was a requirement of a unique PIN to communicate participant transactions via the BPAS VRU system and the BPAS web site.	No exceptions noted.
		Inspected supporting documentation to determine if there was required use of unique Participant Identification Numbers to initiate transactions via the BPAS VRU system and web site.	No exceptions noted.
5.4	Participant terminations are communicated when census data is received from plan sponsors. The submitted participant change is uploaded into OmniDC during the contribution processing cycle.	Inquired of Recordkeeping Services to determine if there was communication of participant terminations through plan census information and the upload to the OmniDC application.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of terminated participants communicated through census to determine if the participants' terminated status in the OmniDC application was appropriately modified.	No exceptions noted.
5.5	BPAS requires written authorization from the plan sponsor to terminate or close an account. The authorization is maintained in the account file and is reported to the Senior Management on a monthly basis.	Inquired of the Accounting Manager and Recordkeeping Services to determine if there were procedures for managing the termination or closure of plans.	No exceptions noted.

Control Objective 5: Controls provide reasonable assurance that changes to existing plans and participant records are performed completely and accurately in accordance with plan service agreements and operational procedures.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected documentation supporting the operation of the control for a sample of plans that were terminated during the period to determine if there was written authorization for plan termination and that this authorization was received and maintained by BPAS and was reported to Senior Management on a monthly basis.	No exceptions noted.

Control Objective 6: Operations – Administrative Expenses

Control Objective 6: Controls provide reasonable assurance that administrative expenses are calculated and processed completely and accurately.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
6.1	All accounts are charged applicable fees in accordance with the Plan Service Agreement. All fees are agreed upon and confirmed with the plan sponsor.	Inquired of Recordkeeping Services to confirm the agreement of plan fees with plan sponsors.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new plans that were accepted during the period to determine if there was inclusion of all applicable fees and acceptance by the plan sponsor in the Plan Service Agreements.	No exceptions noted.
6.2	Fee parameters are coded in the OmniDC system based on the Plan Service Agreement. Fees outlined in the Plan Service Agreements align to the fees coded in the OmniDC system	Inquired of the Recordkeeping Services to determine if there was fee parameters and calculations in the OmniDC application.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of plans to determine if the fees outlined in the Plan Service Agreements align to the fees coded in the OmniDC system.	No exceptions noted.

Control Objective 7: Operations – Participant Deferrals and Contributions

Control Objective 7: Controls provide reasonable assurance that participant deferrals are accounted for and contributions to employee benefit plans are processed completely and accurately.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
7.1	Census data received electronically is automatically validated by the CensusPro application during the upload process. CensusPro requires the correction of file format errors by the plan sponsor prior to permitting the file to be uploaded for processing.	Inquired of the Census Processing Specialist to determine if there was automatic validation of electronically provided census data.	No exceptions noted.
		Inspected the CensusPro application and attempted to reprocess a census file containing format errors to determine if the system's automatic format validation routines prevented further processing until corrected.	No exceptions noted.
7.2	BPAS Census Processors monitor CPRO reports to confirm the census data files uploaded to the BPAS web servers by Plan Sponsors via CensusPro for processing.	Inquired of the Daily Valuations Manager to determine if there was monitoring of census data files received for processing.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of dates to determine if the CPRO report was produced to monitor the census data received from plan sponsors for processing and that census data files were successfully uploaded to the OmniDC application.	No exceptions noted.
7.3	The OmniDC application prevents contributing participant deferrals and/or employer contributions to funds not authorized for investment by plan sponsors.	Inquired of the Daily Valuations Manager to determine if the OmniDC application prevented processing participant deferrals to funds not authorized for investment.	No exceptions noted.

Control Objective 7: Controls provide reasonable assurance that participant deferrals are accounted for and contributions to employee benefit plans are processed completely and accurately.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected documentation supporting the operation of the control for a sample of participant contributions in the OmniDC application to funds not authorized for investment to determine if a system error was generated.	No exceptions noted.
7.4	Plan eligibility requirements by contribution source are defined within the OmniDC application, which prevents non-qualified employees from contributing until all plan requirements have been achieved to become a valid participant.	Inquired of the Daily Valuations Manager to determine if the OmniDC application prevented plan participation until all configured participation requirements have been achieved.	No exceptions noted.
		Inspected an example of a contribution for a plan employee that was not yet eligible to participant to determine if a system error was generated.	No exceptions noted.
7.5	OmniDC is configured to restrict participant contributions for six (or 12 for Puerto Rico) months from the date a hardship distribution is executed for accounts that haven't adopted the IRS rule eliminating the hardship restriction.	Inquired of the Senior Vice President of Plan Consulting to determine if the OmniDC application was configured to restrict participant contributions within six or 12 months from the date a hardship loan is executed.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of plans to determine that they were configured to restrict participant contributions within six (or 12 for Puerto Rico) months from the date a hardship distribution is executed.	No exceptions noted.
7.6	A Plan Administration Checklist is completed by the Plan Consultant to document the year-end employer allocations and required discrimination testing	Inquired of the Senior Vice President of Plan Consulting to determine if there was year-end allocation processing and discrimination testing, including completion of a Plan Administration Checklist.	No exceptions noted.

Control Objective 7: Controls provide reasonable assurance that participant deferrals are accounted for and contributions to employee benefit plans are processed completely and accurately.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
	performed by BPAS in accordance with plan terms.		
		Inspected documentation supporting the operation of the control for a sample of plans to determine if year-end allocations and discrimination testing was performed via the Plan Administration Checklist.	No exceptions noted.
7.7	Transactions entered into the OmniDC system are compared to the Net Trade Recap Report on a daily basis to confirm the accuracy of the contribution information that was entered and processed.	Inquired of the Daily Valuations Manager to determine if there was completion of reconciliation between the OmniDC system and the Net Trade Recap Report.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of dates to determine if a reconciliation of the transactions executed in the OmniDC system was performed against the Net Trade Recap Report confirming all transactions were processed accurately and completely.	No exceptions noted.

Control Objective 8: Operations – Trades and Corporate Actions

Control Objective 8: Controls provide reasonable assurance that trades and corporate actions are executed, and plan assets are properly valued and recorded completely and accurately.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
8.1	BPAS uses Delta Data Trade Manager (Delta Data) to monitor the investment positions maintained in the OmniDC system with the fund positions from National Security Clearing Corporation ("NSCC") and the application's history of trading transactions that have been executed to verify asset values and the completeness and accuracy of initiated trades. Positions that are not in agreement are investigated and corrected on a daily basis.	Inquired of the Position Manager to determine if the Delta Data Trade Manager was used for monitoring and reviewing fund asset records from the OmniDC system to the balance in the fund as reported by the NSCC.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of funds in the OmniDC system to determine if funds traced back to the Delta Data system.	No exceptions noted.
8.2	Dividends are reviewed and reconciled between OmniDC and the respective fund companies for all plans and reinvested according to participant asset allocations. Identified differences are investigated and documented.	Inquired with the Dividend Team Leader to determine if there was a reconciliation of dividends posted to the OmniDC application with to the NSCC.	No exceptions noted.

Control Objective 8: Controls provide reasonable assurance that trades and corporate actions are executed, and plan assets are properly valued and recorded completely and accurately.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected documentation supporting the operation of the control for a sample of funds that received dividends to determine if dividends were reviewed and reconciled between OmniDC and the respective fund companies for all plans and reinvested according to participant asset allocations if any non-reconciling items were researched.	No exceptions noted.
8.3	Contribution and distribution transactions to be traded are flagged with a system status of "EDIT" in the OmniDC application. The Distribution and Contribution Teams review the respective distribution and contribution transactions to confirm they are all reported "SUCCESSFUL".	Inquired of the Daily Valuation Services Manager to determine if there was a process around plan transactions and the monitoring of batch processing jobs within the OmniDC application.	No exceptions noted.
		Inspected system reports to determine if the status of transactions was appropriately updated to SUCCESSFUL to confirm the completeness of processing.	No exceptions noted.
8.4	Pricing files are continuously loaded into OmniDC as received from authorized sources. Automated processes determine the point at which all prices required for nightly trading have been obtained. Transactions that require an unavailable price are placed in a system status of "HOLD" and will not be processed until obtained.	Inquired of the Senior Vice President of Recordkeeping Services to determine if there was a process of pricing files within the OmniDC application.	No exceptions noted.
		Inspected a report to determine if transactions were put in HOLD when they contained unavailable prices.	No exceptions noted.

Control Objective 8: Controls provide reasonable assurance that trades and corporate actions are executed, and plan assets are properly valued and recorded completely and accurately.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
8.5	The "Trading Checklist" is completed daily during the preparation of the trade Order files. The checklist includes a requirement for reviewing and reconciling the total trades and dollar totals from the Order file after file formatting is completed within Trade Manager to the OmniDC system prior to trade execution, and confirmation of trade completion.	Inquired of the Daily Valuation Services Manager to determine if there were procedures around the processing of plan transactions and the completion of the Trading Checklist.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of days and obtained and reviewed the Trading Checklist to determine if all required trade processing procedures were completed and authorized.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of days to determine if the total amount to be traded via Trade Manager agreed with OmniDC system records.	No exceptions noted.

Control Objective 9: Operations – Disbursements and Payments Participants

Control Objective 9: Controls provide reasonable assurance that disbursements and payments to participants are properly authorized and are remitted completely and accurately.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
9.1	Customer Service Representatives or Distribution Specialists review disbursement requests to ensure proper completion of paperwork and authorization by plan participants.	Inquired of the Senior Vice President of Record Keeping Services to determine if a review of disbursement requests is completed for all required paperwork and participant authorization.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of participant disbursements to determine if all disbursements were reviewed and authorized by the plan participants.	No exceptions noted.
9.2	Terminating participants must complete the required forms and return them to BPAS prior to disbursement.	Inquired of the Senior Vice President of Record Keeping Services to determine if terminating participants completed the required forms prior to disbursements being processed.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of disbursements for terminating participants to determine if all supporting termination forms were completed.	No exceptions noted.
9.3	A Summary Trade Order report illustrating plan investment transactions is prepared by a BPAS Trust Operations employee to verify the total dollar amount and accuracy of the disbursements. The report is reviewed by two independent Trust Operations employees prior to faxing the request to the Wire Desk for execution.	Inquired of the Trust Operations Manager to determine if there was preparation of the Summary Trade Order report and it was reviewed by an independent Trust Operations employee or the Daily Valuation Manager prior to faxing the request to the Wire Desk for processing.	No exceptions noted.

Control Objective 9: Controls provide reasonable assurance that disbursements and payments to participants are properly authorized and are remitted completely and accurately.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected documentation supporting the operation of the control for a sample of dates to determine if an independent review of the Summary Trade Order reports was performed to verify the accuracy of the disbursement for the total dollars traded.	No exceptions noted.
9.4	BPAS completes a Wire Procedure Checklist each day to verify the daily trading activity and authorization of wire transfers of funds. The Wire Procedure Checklist is independently reviewed for confirmation.	Inquired of the Trust Operations Manager to determine if there was required completion of the Wire Procedure Checklist each day.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of dates to determine if there was an independent review of the Wire Procedure Checklist to verify the daily trading activity and authorization or the wire transfers of funds.	No exceptions noted.
9.5	Check stock is maintained in a locked safe that can only be accessed by authorized individuals. The safe combination is split between two individuals, requiring each person to enter a portion of the code to gain access to the check stock.	Inquired of Operations Management to determine if there were procedures in place for safeguarding check stock.	No exceptions noted.
		Observed the procedures for opening the safe to determine if check stock is maintained and locked in a safe, and that there was a dual combination procedure in place.	No exceptions noted.

Control Objective 9: Controls provide reasonable assurance that disbursements and payments to participants are properly authorized and are remitted completely and accurately.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
9.6	A check log is maintained to record the first and last check numbers processed for distribution. Check processing is performed by the Trust Department, who are independent from the benefit administration and contribution processing functions.	Inquired of the Trust Operations Manager to determine if there were procedures for processing checks regarding the Trust Department's responsibilities to determine if there was segregation from the benefit administration and contribution processing functions.	No exceptions noted.
		Inspected the check log to determine if the first and last check numbers were recorded.	No exceptions noted.

Control Objective 10: Operations – Statements

Control Objective 10: Controls provide reasonable assurance that statements provided to participants and plan administrators are complete and accurate.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
10.1	Statement files are reviewed for accuracy and reasonableness and approved for processing by Consulting Team during processing.	Inquired of Operations Management to determine if there was a process for monitoring and reviewing statement files for reasonableness and accuracy.	No exceptions noted.
		Observed the statement files to determine that these files were reviewed by the Consulting Unit and were approved for printing by manually selecting "Submit" prior to entering the printing queue.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of plans to determine if there was a review of the statement logs and that the statement generation process is tracked and reviewed for accuracy throughout processing.	No exceptions noted.
10.2	Statement files are processed in batches by Plan and monitored by Mailing Services personnel, who maintain printing and mailing logs to assure complete and accurate statement processing.	Inquired of Operations Management to determine if statement printing and mailing logs are maintained for statement completeness.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of plans to determine that printing and mailing logs were maintained to for processing completeness.	No exceptions noted.

Control Objective 10: Controls provide reasonable assurance that statements provided to participants and plan administrators are complete and accurate.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
10.3	Statements for Trust accounts are electronically generated after initiating a processing job from the PTM application that pulls historical transaction data from OmniDC for reporting. A member of the Trust Unit selects a random sample of statements following each production run and confirms the accuracy of each statement by reconciling the balances from the plan summary page back to the OmniDC system.	Inquired of Operations Management to determine if there were procedures for the processing of Trust account statements and the report completeness verification process.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of Trust department statement reconciliations to determine if the accuracy of each statement balanced from the plan summary back to the OmniDC system.	No exceptions noted.

Control Objective 11: VEBA/HRA/FSA Processing of Claims for Reimbursement

Control Objective 11: Controls provide reasonable assurance that VEBA/HRA claims are reviewed for eligibility and proper documentation.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
11.1	Claims cannot be processed until the status of the claim is changed to indicate that proper documentation was attached for the claim.	Inquired of the Manager, VEBA/HRA Services, to determine if claims were required to have the appropriate documentation attached prior to processing.	No exceptions noted
		Observed a claims analyst to determine if the status of the claim is required to be changed to indicate that proper documentation was attached and authorized, prior to processing.	No exceptions noted
11.2	Paper claims must be keyed into the application. The system has built-in edit checks to ensure that the information keyed in is complete and accurate.	Inquired of the Manager, VEBA/HRA Services, to determine if there were procedures for keying paper claims into the application.	No exceptions noted
		Observed claims to determine they cannot move through to payment until Processor updates claims status from Pending Reimburse (PRB) to Submitted for Reimbursement (SRB).	No exceptions noted
11.3	The system detects and reports potential duplicate claims to claims adjudication personnel.	Inquired of the Manager, VEBA/HRA Services, to determine if the system detects and reports potential duplicate claims.	No exceptions noted
		Observed the system to determine if duplicate claims were detected.	No exceptions noted

Control Objective 12: BPAS Actuarial & Pension Services Actuarial Services – Defined Benefit (DB) and Other Postemployment Benefits (OPEB) Valuation

Control Objective 12: Controls provide reasonable assurance that Defined Benefit (DB) and Other Postemployment Benefit (OPEB) information is received and input accurately and controls exist to validate the completeness and accuracy of the Defined Benefit and Other Postemployment Benefit valuations.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
12.1	All new clients are required to sign a service agreement, which outlines the services, fees, terms and conditions of each engagement.	Inquired of the Senior Vice President (SVP) of BPAS Actuarial & Pension Services to determine if new clients required a service agreement.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new clients to determine if a signed services agreement was on file.	No exceptions noted.
12.2	Data input is reviewed for completeness and accuracy prior to processing.	Inquired of the SVP of BPAS Actuarial & Pension Services to determine if data was reviewed for completeness and accuracy.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of valuations clients to determine if the initial review was completed.	No exceptions noted.
12.3	Work programs have been developed and are completed by an associate to ensure that each required step is performed.	Inquired of the SVP of BPAS Actuarial & Pension Services to determine if work programs were developed and complete.	No exceptions noted.
		Inspected example of work program to determine if each required step was performed.	No exceptions noted.

Control Objective 12: Controls provide reasonable assurance that Defined Benefit (DB) and Other Postemployment Benefit (OPEB) information is received and input accurately and controls exist to validate the completeness and accuracy of the Defined Benefit and Other Postemployment Benefit valuations.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
12.4	All authorized signors must be approved by the BPAS Actuarial & Pension Services Actuarial Practice Committee. A Signature Authority Schedule documents who is authorized to issue Statements of Actuarial Opinion on behalf of BPAS Actuarial & Pension Services.	Inquired of the SVP of BPAS Actuarial & Pension Services to determine if all actuaries who are authorized to issue Statements of Actuarial Opinion on behalf of BPAS Actuarial & Pension Services must be approved by the BPAS Actuarial & Pension Services Actuarial Practice Committee and must be listed on the Signature Authority Schedule.	No exceptions noted.
		Inspected the Signature Authority Chart to determine if the BPAS Actuarial & Pension Services Actuarial Practice Committee maintains a schedule showing who is authorized to issue Statements of Actuarial Opinion on behalf of BPAS Actuarial & Pension Services.	No exceptions noted.
12.5	A review of system outputs, work programs and the actuarial report is performed. Final signoff must be granted by an employee on the signatory approval schedule.	Inquired of the SVP of BPAS Actuarial & Pension Services to determine if system outputs, work programs, and actuarial reports were reviewed.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of valuation clients to determine if the system output and work programs and actuarial report were reviewed and that the actuarial report included the required authorized signatures according to the Signature Approval Schedule.	No exceptions noted.

Control Objective 13: BPAS Actuarial & Pension Services Actuarial Services – Defined Benefit Administration

Control Objective 13: Controls provide reasonable assurance that defined benefit administration is complete and accurate.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
13.1	All new clients are required to sign a service agreement, which outlines the services, fees, terms and conditions of each engagement.	Inquired of the SVP of BPAS Actuarial & Pension Services, BPAS Actuarial & Pension Services Consultant, and BPAS Actuarial & Pension Services Business Analyst to determine if new clients required a service agreement.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new clients to determine if a signed services agreement is on file.	No exceptions noted.
13.2	Data requests are received through secure means from the client through SFTP or secure email.	Inquired of the SVP of BPAS Actuarial & Pension Services to determine if client data was received through a secure portal.	No exceptions noted.
		Inspected that the SFTP and DB Precision to determine if the mean by which client data is received is secure.	No exceptions noted.
13.3	Input data and census data is systematically reviewed to verify that all required fields are complete and to verify data validity.	Inquired of the SVP of BPAS Actuarial & Pension Services, BPAS Actuarial & Pension Services Consultant, and BPAS Actuarial & Pension Services Business Analyst to determine if there was a review process to verify data validity.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of DB Admin clients to determine if input and census data were reviewed.	No exceptions noted.
13.4	Conversion data is reviewed, and manual calculations are performed to validate the results.	Inquired of the SVP of BPAS Actuarial & Pension Services, BPAS Actuarial & Pension Services Consultant, and BPAS Actuarial & Pension Services Business Analyst to determine if there was a process to validate conversion results.	No exceptions noted.

Control Objective 13: Controls provide reasonable assurance that defined benefit administration is complete and accurate.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected a sample of conversion clients to determine if manual calculations and review of conversion data was performed	No exceptions noted.
13.5	Ad hoc changes to participant data must be authorized, documented and reviewed.	Inquired of the BPAS Actuarial & Pension Services Consultant to determine if there was a review process around how participant data is documented and changed.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of ad hoc changes to participant data to determine if the participant authorized the change and that the change was made correctly.	No exceptions noted.
13.6	Monthly distribution totals from the trust are reviewed to ensure expected changes were processed.	Inquired of the BPAS Actuarial & Pension Services Consultant to determine if there was a reconciliation process for DB Precision Database.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of banks utilized by BPAS Actuarial & Pension Services Consulting to determine if monthly reconciliation occurred for each distribution.	No exceptions noted.

Control Objective 14: System Software and Hardware – Application Changes

Control Objective 14: Controls provide reasonable assurance that new application systems and changes to existing application and supporting systems are authorized, tested, properly implemented and documented.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
14.1	BPAS follows formal system software change management procedures so that production system software changes are implemented in a controlled and secure manner.	Inquired of the Information Technology Manager to determine if there were procedures for performing changes to system software, operating and infrastructure systems.	No exceptions noted.
		Inspected the BPAS change management procedures to determine if the procedures included adequate requirements for implementing changes to systems in a controlled and secure manner.	No exceptions noted.
14.2	A Programming Request Form is completed and submitted to IT prior to any modifications/ enhancements being made to system code, configuration or reports. IT and Operations Management are responsible for reviewing and approving change requests.	Inquired of the Information Technology Manager to determine if there were procedures for performing changes to system software, operating and infrastructure systems.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of application, operating system, and infrastructure system changes to determine if a supporting Programming Request Form was completed and that the changes were reviewed and approved by IT and Operations Management.	No exceptions noted.
14.3	Windows Server Update Services runs daily to check the availability of critical security updates and server patch levels on BPAS Windows production servers.	Inquired of the Information Technology Manager to determine if Windows Server Update Services monitors for available update and server patch levels.	No exceptions noted.

Control Objective 14: Controls provide reasonable assurance that new application systems and changes to existing application and supporting systems are authorized, tested, properly implemented and documented.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected the Windows Server Update Services system console to determine if operation, ongoing monitoring and the current status of server patch levels to all critical updates have been applied.	No exceptions noted.
		Inspected the server patch log to determine if IT maintained documentation of the installation of operating system updates.	No exceptions noted.
14.4	Operating system software patches are applied to a test group before being applied to production servers.	Inquired of the Information Technology Manager to determine if operating system software patches were applied to a test group of systems before being applied to production servers.	No exceptions noted.
		Inspected the Windows Server Update Services system console to determine if there was existence of the testing environment for operating system patches.	No exceptions noted.
14.5	Significant system software upgrades and changes are coordinated, tested and approved following a management process.	Inquired of the Information Technology Manager to determine if there were procedures for implementing significant system software upgrades and changes to determine if they were coordinated, tested and approved.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of system software updates to determine if there was system implementation documentation, including data conversion confirmations, management approvals, and detailed test plans and results.	No exceptions noted.

Control Objective 15: Logical Access

Control Objective 15: Controls provide reasonable assurance that logical access to applications, data and supporting systems is limited to authorized individuals.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
15.1	Access to administer applications, servers and databases is limited to IT operations personnel based on their job responsibilities.	Inspected the administrator listings for in-scope applications, servers and databases for all users to determine if their access was limited to IT operations and their levels of access were appropriate based on their job responsibilities.	No exceptions noted.
15.2	Management authorization is required prior to providing users' access to systems and applications.	Inquired of the Information Technology Manager to determine if the procedures for granting access to BPAS information systems includes a requirement to obtain Management approval.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of new hires to determine if Management approval was obtained and access granted was in line with the access requested.	No exceptions noted.
15.3	A review of persons and their entitlements with access to BPAS's production systems is performed by Management periodically.	Inspected Management's annual review of users' access to the in-scope applications to determine if they were conducted according to the schedule, and that all users and their access were reviewed across the in-scope systems.	No exceptions noted.
15.4	As part of the termination checklist procedures, IT operations personnel receive notification from Human Resources (HR) that details employee and contractor terminations to have their server and network access disabled.	Inquired with the Information Technology Manager to determine if HR sends out terminated employee information on the form to notify related departments to revoke their system access.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of terminated employees to determine if system access was terminated for each sampled user.	No exceptions noted.

Control Objective 15: Controls provide reasonable assurance that logical access to applications, data and supporting systems is limited to authorized individuals.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
15.5	<p>Password standards are implemented to control network authentication and application system access. Where the application or system permits, password standards implemented include the following:</p> <ul style="list-style-type: none"> • Password minimum character length • Forced password changes • Account lock out after a minimum number of invalid access attempts • Password history • Password complexity 	<p>Inspected the password parameters for in-scope applications to determine if the parameters were appropriate and contained the Company defined minimum password requirements.</p>	<p>No exceptions noted.</p>
15.6	<p>Anti-virus software has been installed on all servers and workstations to detect viruses.</p>	<p>Inspected the settings to determine if anti-virus software was installed and was operating on BPAS servers and workstations.</p>	<p>No exceptions noted.</p>

Control Objective 16: Backups

Control Objective 16: Controls provide reasonable assurance that critical applications and data are backed up and are securely stored at an off-site location.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
16.1	Procedures have been documented to address the backup of data.	Inspected the BPAS Backup and Retention policy to determine if it appropriately addressed the backup procedures, media storage, off-site media rotation and data retention.	No exceptions noted.
16.2	Scheduled scripts are executed nightly to backup server files and databases.	Inquired of the Information Technology Manager to determine if backups were automatically scheduled to be executed on a nightly basis.	No exceptions noted.
		Inspected the backup system to determine if nightly backups were scheduled.	No exceptions noted.
16.3	A backup log is used to document the success or failure of backup jobs, any necessary corrective action, and the volume of data on the backup tape.	Inquired of the Information Technology Manager to determine if a backup tape log was maintained to record the success or failure of backup jobs, any corrective action, and the volume of data on the backup tapes.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of dates to determine if the backup log was executed each day, noting any corrective action for job failures.	No exceptions noted.
16.4	An off-site storage facility is used to store backup tape medium. The off-site facility is secured from unauthorized access.	Observed the off-site storage facility to determine if there were proper security measures to prevent unauthorized access.	No exceptions noted.
		Inspected the tape rotation log to determine if it was maintained by the IT Department and that it recorded the transfer of backup tape media to the off-site facility.	No exceptions noted.

Control Objective 17: System Software and Hardware – Performance Monitoring

Control Objective 17: Controls provide reasonable assurance that system capacity and performance are monitored, and that deviations are identified and resolved in a timely manner.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
17.1	An operations checklist is followed to confirm all daily system capacity, security and performance monitoring tasks are performed by the IT Operations personnel.	Inquired of the Information Technology Manager to determine if there was use of an operations checklist for monitoring system capacity, security and performance.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of days to determine if the operations checklist was used for performing all system capacity, security and performance monitoring tasks.	No exceptions noted.
17.2	Monitoring software tools are used by IT Operations personnel to monitor the availability, security and performance of the BPAS network, server resources and system software.	Inquired of the Information Technology Manager to determine if software tools for monitoring system availability, security and performance were used.	No exceptions noted.
		Inspected the software tools and reviewed system reports used by the IT Operations staff to determine if the monitoring of system availability, security and performance was performed.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of days to determine if the corresponding operations checklist that used to monitor systems and reports was reviewed.	No exceptions noted.

Control Objective 17: Controls provide reasonable assurance that system capacity and performance are monitored, and that deviations are identified and resolved in a timely manner.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
17.3	System monitoring software is configured to send email alerts to operations staff to notify them of problems with key services and server resources.	Inquired of the Information Technology Manager to determine if software tools used for monitoring system availability, security and performance were configured to notify IT Operations personnel of problems with key services and system resources.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of alert notifications sent from the software tools used by BPAS for monitoring system availability, security and performance to determine if they were configured to alert IT Operations personnel of problems with key service and system resources.	No exceptions noted.

Control Objective 18: Logical Access - Network

Control Objective 18: Controls provide reasonable assurance that the network is properly designed and configured to prevent and detect access unless specifically allowed.			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
18.1	An Incident Response Plan has been documented to address the process for responding to identified security incidents.	Inspected the BPAS Incident Response Plan to determine if the process followed for responding to security incidents was adequately documented.	No exceptions noted.
18.2	Firewall systems are in place to prevent unauthorized access to the BPAS network.	Inspected the BPAS firewall settings to determine if settings were in place to prevent unauthorized traffic from entering the corporate network.	No exceptions noted.

Control Objective 19: Physical Security

Control Objective 19: Controls provide reasonable assurance that environmental and physical safeguards restrict unauthorized access to the data center and protect against the destruction of computer hardware.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
19.1	Access to the operations facility and the data center is controlled by an electronic key fob access control system. The data center is maintained locked and secured at all times. Access to the data center is limited to authorized individuals.	Inspected the data center entrances to determine if they were maintained locked and controlled via an electronic key fob locking system.	No exceptions noted.
		Inspected a listing of people with access to the data center to determine if all persons were appropriate based on their job responsibilities.	No exceptions noted.
19.2	The data center is equipped with environmental systems, including 1) fire and smoke detection equipment, 2) a FM-200 chemical fire suppression system with fire extinguishers located within the vicinity, and 3) air conditioning units to maintain temperature and humidity.	Inspected the FM-200, air conditioning, and Fire Alarm system, as well as testing documentation to determine if the smoke alarm, FM-200, and fire extinguishers were inspected on at least an annual basis to ensure they were working adequately.	No exceptions noted.
19.3	Battery operated uninterruptible power supply (UPS) systems have been installed and provide continuous power conditioning and backup power in the data center. A diesel generator is installed to provide power for prolonged power outages.	Inspected the maintenance records for the UPS and generator systems to determine if they were properly maintained.	No exceptions noted.

Control Objective 19: Controls provide reasonable assurance that environmental and physical safeguards restrict unauthorized access to the data center and protect against the destruction of computer hardware.

Control Number	Description of Controls	Tests of Operating Effectiveness	Results
		Inspected the UPS device and service dates to determine if the check load capacity and battery health, and a backup diesel generator was connected to the network systems and the system was serviced annually.	No exceptions noted.

Control Objective 20: Vendor Management

Control Objective 20: Controls provide reasonable assurance that critical vendors are appropriately evaluated prior to their selection and are appropriately monitored on a periodic basis			
Control Number	Description of Controls	Tests of Operating Effectiveness	Results
20.1	Policies and procedures are in place to govern the vendor management process including but not limited to the acquirement, assessment and risk exposure of third-party vendors.	Inspected and reviewed the BPAS Vendor Management Policy to determine if it appropriately addressed the procedures for managing vendors throughout the third-party risk management life cycle.	No exceptions noted.
20.2	Vendor Risk Assessments utilizing a range of risk categories are completed for current and new vendors on an annual basis.	Inquired of the Info Security Director to determine if a risk assessment process was in place for new vendors as well as an on-going process for current vendors.	No exceptions noted.
		Inspected documentation supporting the operation of the control for a sample of current vendors and to determine if a risk assessment was performed annually.	No exceptions noted.
20.3	A vendor management tool is utilized to track risk levels for existing vendor relationships. Vendors are reviewed periodically based on performance and compliance obligations.	Inspected the WolfPac Vendor Management system to determine if vendors are appropriately tracked and maintained within the system.	No exceptions noted.
20.4	Management evaluates vendor controls through questionnaires and/or through the review of vendor SOC reports.	Inspected documentation to determine if management reviewed questionnaires and SOC reports for vendors.	No exceptions noted.

SECTION V: Other Information Provided by Benefit Plan Administrative Services, Inc. (Unaudited)

Disaster Recovery and Business Continuity Planning

Benefit Plans Administrative Services, Inc.'s (BPAS or Organization) recognizes the need for resumption of services in the event of a disaster or serious interruption. Backups of the Organization's information systems and benefit administration records are performed on an ongoing basis. Backup systems and procedures include redundancy to provide immediate recovery. Data backup tapes are taken to an off-site storage facility daily and are periodically restored to a test environment to verify tape and process operation. Data from BPAS's core application systems and databases are also backed up to a secondary system locally and are replicated real-time to the Organization's Disaster Recovery site. The BPAS operations facility is supported by an emergency generator. In addition, critical hardware (e.g., servers and environmental systems) within the BPAS data center are connected to an individual uninterruptible power supply (UPS) systems.

Privacy Policies

BPAS maintains policies regarding the privacy of personal information. Privacy policies adequately address security measures to safeguard the privacy of personal information whether in electronic, paper, or other forms. Security measures are consistent with sensitivity of the personal information. The Organization's privacy notice posted on the BPAS website describes the general types of security measures used to protect the participant's personal information and identifies the purposes for which personal information is collected, used, retained, and disclosed. BPAS describes the choices available to the individual and obtains implicit or explicit consent with respect to the collection, use, and disclosure of personal information. BPAS collects personal information only for the purposes identified in the notice. The use of personal information is limited to the purposes identified in the notice and for which the individual has provided implicit or explicit consent. BPAS retains personal information for only as long as necessary to fulfill the stated purposes. Access to personal information is restricted. BPAS monitors compliance with its privacy policies and procedures and has procedures to address privacy related complaints and disputes.

Regulations and Compliance

BPAS is subject to various regulations and compliance requirements. As part of its overall compliance program, BPAS maintains additional policies and procedures to govern its operations and undergoes regular audits to assure adherence to these requirements. The following list illustrates the audits and reviews that are performed to assure compliance:

1. Trust Related Audits
 - a. Regulation 9 and compliance review
 - b. Compliance audit
 - c. Texas Department of Banking
 - d. Composite Collective Investment Funds (CIF)
2. Broker-Dealer Audits
 - a. Financial Industry Regulatory Authority (FINRA)
 - b. Hand Securities Inc. audit
3. Financial / Operational Audit
 - a. Sarbanes-Oxley Act
 - b. Community Bank System Inc. (CBSI) – internal audit
 - c. Annual financial statement audit
 - d. Hand Benefits & Trust Company audit
 - e. Settling Bank – internal audit and Office of the Comptroller of the Currency (OCC) audit
 - f. Information Technology audit

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4. Other Regulatory Compliance Requirements
 - a. Gramm Leach Bliley Act
 - b. Patriot Act
 - c. Bank Secrecy Act
 - d. Anti-Money Laundering