



**MidAmerica**

Administrative & Retirement Solutions, Inc.

MidAmerica Administrative & Retirement Solutions, Inc. & Subsidiaries

Plan Administration Services

Independent Service Auditor's Report on Controls Placed in Operation  
and Tests of Operating Effectiveness

For the Period of October 1, 2009, to September 30, 2010



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**SECTION 1**  
**INDEPENDENT SERVICE AUDITOR'S REPORT**

## INDEPENDENT SERVICE AUDITOR'S REPORT

To MidAmerica Administrative and Retirement Solutions, Inc. & Subsidiaries:

We have examined the accompanying description of controls related to the plan administration services of MidAmerica Administrative and Retirement Solutions, Inc. & Subsidiaries ("MidAmerica" or the "service organization") performed at the Lakeland, Florida, and for CDN Partners, Inc. ("CDN"), an independent service organization that provides network administration and support services to MidAmerica, applicable to the plan administration services of MidAmerica. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of MidAmerica's and CDN's controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements; (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and user organizations and subservice organizations applied the controls contemplated in the design of MidAmerica's controls; and (3) such controls had been placed in operation as of September 30, 2010. MidAmerica uses PlanServe Data Systems ("PlanServe") as an independent service organization that provides application development and hosting services for the 403(b) third party administrator & common remitting services of MidAmerica, applicable to the plan administration services of MidAmerica. The accompanying description includes only those control objectives and related controls of MidAmerica and CDN and does not include control objectives and related controls of PlanServe. Our examination did not extend to controls of PlanServe's application development and hosting services. The control objectives were specified by the management of MidAmerica. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned plan administration services presents fairly, in all material respects, the relevant aspects of MidAmerica's and CDN's controls that had been placed in operation as of September 30, 2010. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and user organizations and subservice organizations applied the controls contemplated in the design of MidAmerica's controls.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in Section 3 (the "Testing Matrices"), to obtain evidence about their effectiveness in meeting the control objectives, described in the Testing Matrices, during the period from October 1, 2009, to September 30, 2010. The specific controls and the nature, timing, extent, and results of the tests are listed in the Testing Matrices. This information has been provided to user organizations of MidAmerica and to their auditors to be taken into consideration, along with information about the internal control at user organizations, when making assessments of control risk for user organizations. In our opinion, the controls that were tested, as described in the Testing Matrices, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in the Testing Matrices were achieved during the period from October 1, 2009, to September 30, 2010.

The relative effectiveness and significance of specific controls at MidAmerica and CDN and their effect on assessments of control risk at user organizations are dependent on their interaction with the controls and other factors present at individual user organizations. We have performed no procedures to evaluate the effectiveness of controls at individual user organizations.

The description of controls at MidAmerica and CDN is as of September 30, 2009, and information about tests of the operating effectiveness of specific controls covers the period from October 1, 2009, to September 30, 2010. Any projection of such information to the future is subject to the risk that, because

of change, the description may no longer portray the controls in existence. The potential effectiveness of specific controls at MidAmerica and CDN is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes made to the system or controls, or the failure to make needed changes to the system or controls, may alter the validity of such conclusions.

The information in Section 4 is presented by MidAmerica to provide additional information and is not a part of MidAmerica's description of controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements. Such information has not been subjected to the procedures applied in the examination of the description of the plan administration services, and accordingly, we express no opinion on it.

This report is intended solely for use by the management of MidAmerica, its user organizations, and the independent auditors of its user organizations.

The logo for SAS 70 SOLUTIONS is written in a stylized, cursive script. The word "SAS" is in a larger, bolder font than "70 SOLUTIONS".

November 18, 2010

**SECTION 2**  
**DESCRIPTION OF CONTROLS PLACED IN OPERATION**

# OVERVIEW OF OPERATIONS

## Company Background

MidAmerica Administrative & Retirement Solutions, Inc. & Subsidiaries (MidAmerica) provides innovative employee benefit programs to 1,500 plan sponsors and over a half million employees across the country. Originally formed in 1995, MidAmerica focused primarily on providing Internal Revenue Code Section 3121 Social Security opt-out programs to governmental employers. The core business has grown dramatically and has expanded to include Health Reimbursement Arrangement, Health Savings Account and Flexible Spending Account administration, Special Pay programs, Governmental Accounting Standards Board (GASB) 45 programs, and more recently, independent 403(b) and 457 third party administration and common remitting services.

## Description of Services Provided

*The following is a brief description of the MidAmerica service lines:*

### Health Reimbursement Arrangement (HRA)

The HRA allows the employer to make deposits on behalf of the active employees and /or retirees. Deposits are made tax-free, carry over year to year, earn interest tax free and are used for qualified medical expenses and premiums. The plan can also be used in conjunction with the Special Pay Plan.

Simplicity of the plan design reduces administrative costs. Plan documentation, implementation materials and plan administration are provided to the employer. The plan is an HRA as described in Internal Revenue Service (IRS) Revenue Ruling 2002-41 and IRS Notice 2002-45.

### Flexible Spending Account (FSA)

FSA, oftentimes called Section 125 Cafeteria plans, were formally created by Internal Revenue Code 125 of the Revenue Act of 1978. The Act allowed employees to set aside money on a pre-tax basis to pay for certain expenses. Expenses eligible for reimbursement include required employee contributions to an employer sponsored health care plan, dependant care expenses and any health care expenses not covered by the employer health care plan. Examples of these expenses include co-payments, deductibles, prescription drug purchases, eyeglasses and dental expenses or any other eligible uncovered medical expenses. Money deposited in FSA's must be used in the year it is deposited or the remaining balance is forfeited.

### Special Pay Plan

The Special Pay Plan is designed to handle forms of compensation in a tax-advantaged manner. These forms of compensation typically include unused sick leave and unused vacation pay. Payments may also be based on years of service, severance and other retirement incentives.

### Social Security 3121 Alternative Plan

In 1990, the Omnibus Budget Reconciliation Act was passed. Government entities who exercised their Social Security Section 218 exclusion allowance were provided the option of giving their part-time, temporary and seasonal employees a meaningful, defined benefit contribution, retirement alternative to Social Security. The Plan is structured as an Internal Revenue Code Section 401(a) or 457 plan.

### Employer Sponsored 403(b) Plan

The Employer Sponsored 403(b) Plan is designed to provide a tax advantaged savings vehicle to pay for retiree health care expenses. Other payments may be contributed to the plan based on years of service, severance and other retirement incentives. The employee's contributions are made on a pre-tax basis. The employee also saves the 7.65% Social Security and Medicare tax. Individual IRS limits on Section 403(b) or Section 457 contributions are typically not affected.

A retiring employee (or surviving spouse) can either take a partial or lump sum distribution, or roll their funds into an Individual Retirement Account (IRA) or another employer's qualified plan. There is no 10% penalty if the employee is over the age of 55 when he/she retires.

#### 403(b) Third Party Administrator (TPA) and Common Remitting Services

In 2009 the IRS issued new 403(b) regulations that require significant additional oversight by employers, including plan documentation, limits testing, and oversight of hardships, loans and eligibility. MidAmerica developed a service offering to all employers to largely outsource the new compliance requirements:

- Vendor oversight which includes help with selection and paring down of the best vendors. MidAmerica will review and approve all plan activity, including salary reduction agreements, loans, hardships, distributions and contract exchanges/transfers to ensure compliance with the new regulations and that the vendor conforms to the plan provisions and investment requirements.
- Plan administration and compliance which provides a plan document, monitoring of loans, hardships, eligibility, limits under sections 402(g) and 415, and Form 5500 and SAR preparation. MidAmerica will process contributions and distributions in addition to monitoring vendor performance to keep the plan and documents current and in compliance.
- Common remitting, which includes working with payroll departments to streamline employees' investment elections and payroll contributions to multiple plan vendors, thereby reducing the employer's administrative burden.
- Employee and employer communications which includes a custom web portal for all eligible participants and provides the plan's sponsor with an annual report on vendor compliance, testing and plan level highlights.

MidAmerica's independent services provide objectivity and flexibility. There is no conflict of interest with vendors and the fee-for-service approach allows MidAmerica to be neutral in vendor recommendations. Clients can implement the services and change vendors with minimal disruption to the 403(b) program and existing vendors' relationships.

#### Employee Benefit Trust

Many employers provide other post-employment benefits (OPEB) such as continuing health care coverage for their employees. When an employee retires, those benefits are usually paid out of the employer's current operational budget. GASB, through Statement 45, requires the disclosure of this liability on the financial statement and recommends that the employer begin funding this liability. Steps must be taken to minimize the impact of this liability, including funding. Funding sets aside assets to offset the liability on the financial statement. GASB recommends establishing an irrevocable Employee Benefit Trust for this purpose. MidAmerica provides everything that is needed to establish a Trust including an employer resolution, implementation documents and Trust administration.

*The following is a brief description of the overall administration process:*

#### Plan Setup

- Generate a Participant Welcome Kit and mail it to each new plan participant.
- Set up one individual participant account per employee for each fund and entity combination. An individual may have more than one fund and entity combination and therefore would have one account for each.

- Record participant activity daily per individual account including:
  - Name
  - Social security number
  - Entity
  - Address (Street, City, State, Zip)
  - Termination date
  - Contribution deposit date
  - Employee contribution deposits
  - Earnings allocations
  - Withdrawals
  - Account balance

#### Payroll Contributions

- Post payroll contributions to participant accounts based on the date of deposit as soon as practicable upon receipt of accurate data from the plan sponsor
- Post payroll contributions for each participant within each entity as reported
- Record most recent monthly contribution deposit date per participant
- Record participant name and address
- Report payroll discrepancies per entity

#### Earnings Allocation

- Earnings reported by the trust are posted monthly to the participant accounts
- Calculate earnings basis using date weighting

#### Single-sum Distributions

- Collect completed distribution forms
- Update participant records with information reported on the distribution forms
- Calculate distribution amounts based on the most recent completed valuation
- Record participant distributions
- Send copies of distribution reports to investment provider (where applicable)

#### Print and Mail Distribution Checks

- Print, sign, and mail distribution drafts or checks regularly (based on distribution schedule) on an account established solely for the purpose of making benefit payments to plan participants
- Reconcile balances in the disbursement account
- Mail drafts or checks directly to the participant's address on record unless the participant's benefit is payable in the form of an annuity

### Participant Maintenance

- Update or change participant account data as requested in writing by the plan sponsor
- Plan participants can also update personal information through the participant website

### Distribution Forms

- Generate participant distribution request forms upon request, for each participant that is eligible for a distribution as determined by MidAmerica's recordkeeping system or information supplied by plan sponsors to MidAmerica
- Mail distribution form to eligible participants, upon request
- Plan participants can be notified on their account statements as to how they can access distribution forms. This information can also be provided on the participant website.

### Reports

- Prepare monthly participant allocation summary reports
- Prepare monthly entity allocation summary reports including participant counts
- Prepare annual participant allocation summary reports

### Participant Statements

- Prepare participant statements
- Mail participant statements to participants

### Internet Access:

- Allow web-based participant inquiry for account balances, participant statements, distribution forms and other pertinent participant information
- Allow web-based plan sponsor reporting for plan level inquiries as well as provide the plan sponsor with participant level reporting
- Allow web-based plan sponsor and vendor file upload and download functionality

### Customer Service and Plan Level Compliance

- Ensure Plan level compliance with applicable laws
- Monitoring and inputting changes to participant data
- Provide hard-copy participant information annually to the program sponsor for dissemination to the participant
- Mail statements to participants
- Mail annual reporting to the program sponsors
- Consult with outside legal counsel on a regular basis to ensure that the programs comply with applicable laws and regulations and utilize proper administrative and customer service procedures
- Provide customer service including the maintenance of toll-free telephone lines for calls from program participants
- Print and mail communications with participants

# **CONTROL ENVIRONMENT**

## **Integrity and Ethical Values**

The effectiveness of controls cannot rise above the integrity and ethical values of the people who create, administer, and monitor them. Integrity and ethical values are essential elements of MidAmerica's control environment, affecting the design, administration, and monitoring of other components. Integrity and ethical behavior are the product of MidAmerica's ethical and behavioral standards, how they are communicated, and how they are reinforced in practices. They include management's actions to remove or reduce incentives and temptations that might prompt personnel to engage in dishonest, illegal, or unethical acts. They also include the communication of entity values and behavioral standards to personnel through policy statements and codes of conduct, as well by example. Specific control activities that the service organization has implemented in this area are described below.

- Organizational policy statements and codes of conduct are documented and communicate entity values and behavioral standards to personnel.
- The employee policy and procedures manual contains organizational policy statements and codes of conduct to which employees are required to adhere.
- Policies and procedures require that employees sign an acknowledgment form indicating that they have been given access to the employee manual and understand their responsibility for adhering to the policies and procedures contained within the manual.
- A confidentiality statement agreeing not to disclose proprietary or confidential information, including client information, to unauthorized parties is a component of the employee handbook.
- Background checks are performed for employees as a component of the hiring process.
- Recurring background checks for existing employees are performed every five years.
- Drug screening tests are performed for employees as a component of the hiring process.

## **Commitment to Competence**

MidAmerica's management defines competence as the knowledge and skills necessary to accomplish tasks that define employees' roles and responsibilities. Management's commitment to competence includes management's consideration of the competence levels for particular jobs and how those levels translate into the requisite skills and knowledge. Specific control activities that the service organization has implemented in this area are described below.

- Management has considered the competence levels for particular jobs and translated required skills and knowledge levels into written position requirements.
- Skills testing are utilized during the hiring process to qualify the skills of personnel for certain positions.
- A training program has been developed to maintain the skill level of personnel in certain positions.

## **Board of Directors Participation**

MidAmerica's control consciousness is influenced significantly by its board of directors. The board of directors oversees management activities and meets on a regular basis to discuss matters pertinent to the organization's operations and to review financial results.

## **Management's Philosophy and Operating Style**

MidAmerica's management philosophy and operating style encompass a broad range of characteristics. Such characteristics include management's approach to taking and monitoring business risks, and management's attitudes toward information processing, accounting functions and personnel. Specific control activities that the service organization has implemented in this area are described below.

- Management is periodically briefed on regulatory and industry changes affecting the services provided.
- Management meetings are held on a weekly basis to discuss operational issues.

## **Organizational Structure and Assignment of Authority and Responsibility**

MidAmerica's organizational structure provides the framework within which its activities for achieving entity-wide objectives are planned, executed, controlled, and monitored. Management believes that establishing a relevant organizational structure includes considering key areas of authority and responsibility. An organizational structure has been developed to suit its needs. This organizational structure is based, in part, on its size and the nature of its activities.

MidAmerica's assignment of authority and responsibility activities include factors such as how authority and responsibility for operating activities are assigned and how reporting relationships and authorization hierarchies are established. It also includes policies relating to appropriate business practices, knowledge and experience of key personnel, and resources provided for carrying out duties. In addition, it includes policies and communications directed at ensuring that personnel understand the entity's objectives, know how their individual actions interrelate and contribute to those objectives, and recognize how and for what they will be held accountable. Organizational charts are in place to communicate key areas of authority, responsibility. These charts are communicated to employees and updated as needed.

## **Human Resource Policies and Practices**

MidAmerica's human resources policies and practices relate to employee hiring, orientation, training, evaluation, counseling, promotion, compensation, and disciplinary activities. Specific control activities that the service organization has implemented in this area are described below.

- Pre-hire screening procedures are in place and are documented in a new hire checklist.
- A new hire orientation checklist must be signed by each new employee after they attend orientation on their first day of employment.
- Evaluations for each employee are performed after 90 days of employment and on an annual basis.
- Customer service representatives receive semi-annual quality assurance reviews.
- Employee termination procedures are in place to guide the termination process and are documented in a termination checklist.

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## *RISK ASSESSMENT*

MidAmerica has placed into operation a risk assessment process to identify and manage risks that could affect the organization's ability to provide reliable plan administration services for user organizations. This process requires management to identify significant risks in their areas of responsibility and to implement appropriate measures to address those risks. Risks that are considered during management's risk assessment activities include consideration of the following risks:

- Changes in operating environment
- New personnel
- New or revamped information systems
- Rapid growth
- New technology
- New business models, products, or activities
- Corporate restructurings
- New accounting pronouncements

Management's recognition of risks that could affect the organization's ability to provide reliable plan administration services for its user organizations is generally implicit, rather than explicit. Management's involvement in the daily operations allows them to learn about risks through direct personal involvement with employees and outside parties, thus reducing the need for formalized and structured risk assessment processes.

## *CONTROL OBJECTIVES AND RELATED CONTROL ACTIVITIES*

MidAmerica's control objectives and related control activities are included in Section 3 (the "Testing Matrices") of this report to eliminate the redundancy that would result from listing the items in this section and repeating them in the Testing Matrices. Although the control objectives and related control activities are included in the Testing Matrices, they are, nevertheless, an integral part of MidAmerica's description of controls.

The description of the service auditor's tests of operating effectiveness and the results of those tests are also presented in the Testing Matrices, adjacent to the service organization's description of controls. The description of the tests of operating effectiveness and the results of those tests are the responsibility of the service auditor and should be considered information provided by the service auditor.

## *MONITORING*

Strict peer review protocols and division of responsibilities and weekly management meetings to discuss outstanding items and issues provides for real time monitoring of operational activities. Regular conference calls with vendors and client organizations assist in the monitoring process. Senior management is extremely involved in the day to day operations of the company and provides for hands on monitoring. An independent financial audit and compliance audit take place to allow for monitoring of operations by outside parties.

# *INFORMATION AND COMMUNICATION SYSTEMS*

## **Information Systems**

The core administration system application, Relius Administration, is a commercially licensed software application that runs on Microsoft Windows workstations. The system utilizes both a SQL Server database and an Oracle database, which are housed on two separate Microsoft Windows servers.

Additional licensed and in-house applications are being used to extract data from the Oracle database. The licensed application used to mine data is Crystal Reports, which is a resource provided by Relius. An additional in-house application, developed using Microsoft Visual Studio, extracts records from the database through Crystal Reports (.NET platform).

Separate data entry applications have been developed using Microsoft Access and Microsoft Visual Studio. These applications utilize specific Microsoft SQL Server databases to store the input data that will be imported into Relius. Additionally, Optical Character Recognition (OCR) software, such as OmniPage, is used to convert data from scanned document format to Microsoft Excel format files. The converted files are then imported into the Relius Administration application, which assimilates the input data using Data Entry Routines (DERs).

## **Communication Systems**

Upper management is involved with day-to-day operations and is able to provide personnel with an understanding of their individual roles and responsibilities pertaining to internal controls. This includes the extent to which personnel understand how their activities relate to the work of others and the means of reporting exceptions to a higher level within MidAmerica. Management believes that open communication channels help ensure that exceptions are reported and acted on. For that reason, formal communication tools such as organizational charts, employee handbooks, training classes and job descriptions are in place. Management's communication activities are made electronically, verbally, and through the actions of management.

# *COMPLEMENTARY CONTROLS AT USER ORGANIZATIONS*

MidAmerica's services are designed with the assumption that certain controls will be implemented by user organizations. Such controls are called complementary user organization controls. It is not feasible for all of the control objectives related to MidAmerica's services to be solely achieved by MidAmerica's control procedures. Accordingly, user organizations, in conjunction with the services, should establish their own internal controls or procedures to complement those of MidAmerica.

The following complementary user organization controls should be implemented by user organizations to provide additional assurance that the control objectives described within this report are met. As these items represent only a part of the control considerations that might be pertinent at the user organizations' locations, user organizations' auditors should exercise judgment in selecting and reviewing these complementary user organization controls.

### **Complementary User Organization Controls:**

1. User organizations and subservice organizations are responsible for understanding and complying with their contractual obligations to MidAmerica.
2. User organizations are responsible for notifying MidAmerica of changes made to technical or administrative contact information.
3. User organizations are responsible for maintaining their own system(s) of record.

4. User organizations are responsible for ensuring the supervision, management and control of the use of MidAmerica services by their personnel.
5. User organizations are responsible for developing their own disaster recovery and business continuity plans that address the inability to access or utilize MidAmerica services.
6. User organizations are responsible for ensuring that user IDs and passwords are assigned to only authorized individuals.
7. User organizations are responsible for ensuring the confidentiality of any user IDs and passwords used to access MidAmerica's systems.
8. User organizations are responsible for ensuring that data submitted to MidAmerica is complete, accurate and timely.
9. User organizations are responsible for submitting contribution payments in an accurate and timely manner.
10. User organizations are responsible for reviewing and approving the distribution authorization lists sent by MidAmerica.
11. User organizations are responsible for reviewing distribution request forms for completeness before they are sent to MidAmerica.
12. User organizations are responsible for ensuring that their data are formatted in accordance with agreed upon standards.
13. User organizations are responsible for submitting the data needed to perform 402(g) and 415 compliance testing.

**SECTION 3**  
**TESTING MATRICES**

**MATRIX 1**

**PHYSICAL SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that business premises and information systems are protected from unauthorized access, damage and interference.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
1.1	A physical security policy is in place to guide personnel in determining access rights.	Inspected the physical security policy to determine that a physical security policy was documented.	No relevant exceptions noted.
1.2	A receptionist monitors and controls access to the corporate facility during normal business hours.	Observed the facility entrance to determine that a receptionist monitored and controlled access to the corporate facility during normal business hours.	No relevant exceptions noted.
1.3	A sign-in log is utilized to document visitor's access to the facility. Visitors are required to wear a visitor badge while inside the building.	Observed the visitor access process to determine that visitors were required to wear a visitor badge while inside the building.  Inspected visitor logs for a nonstatistical sample of months during the review period to determine that a sign-in log was utilized to document visitor's access to the facility for each month sampled.	No relevant exceptions noted.  No relevant exceptions noted.
1.4	Exterior doors to the corporate facility are locked at all times.	Inquired of the director of IT regarding the exterior doors to determine that exterior doors to the corporate facility were locked at all times.  Observed the exterior doors to determine that exterior doors to the corporate facility were locked during business hours.	No relevant exceptions noted.  No relevant exceptions noted.

**MATRIX 1**

**PHYSICAL SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that business premises and information systems are protected from unauthorized access, damage and interference.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
1.5	Exterior doors to the corporate facility are equipped with contact alarm sensors. A third party monitoring company monitors the alarm system during non-business hours.	<p>Observed the exterior office doors to determine that exterior doors to the corporate facility were equipped with contact alarm sensors.</p> <p>Inspected the third party vendor alarm monitoring invoices for a nonstatistical sample of quarters during the review period to determine that a third party monitoring company monitored the alarm system during non-business hours during each quarter sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
1.6	A badge access system is in place to restrict access to the office facility.	Observed the exterior office entrances to determine that a badge access system was in place to restrict access to the office facility.	No relevant exceptions noted.
1.7	<p>Administrative access within the badge access system is restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Vice president of operations</li> <li>• Director of IT</li> <li>• Third party security company</li> </ul>	<p>Inspected the badge access system administrator listing to determine that administrative access within the badge access system was restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Vice president of operations</li> <li>• Director of IT</li> <li>• Third party security company</li> </ul>	No relevant exceptions noted.
1.8	Badge access is revoked as a component of the termination process.	Inspected the termination checklist and badge access listing for a nonstatistical sample of employees terminated during the review period to determine that badge access was revoked for each terminated employee sampled.	No relevant exceptions noted.

**MATRIX 1**

**PHYSICAL SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that business premises and information systems are protected from unauthorized access, damage and interference.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
1.9	The vice president of operations reviews badge access permissions on a quarterly basis to help ensure that badge access permissions are authorized for each employee.	<p>Inquired of the vice president of operations regarding the badge access review process to determine that the vice president of operations reviewed badge access permissions on a quarterly basis to help ensure that badge access permissions were authorized for each employee.</p> <p>Inspected the badge access review documentation for a nonstatistical sample of quarters during the review period to determine that the vice president of operations performed a badge access review for each quarter sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
1.10	The server room door is kept locked at all times. Only the director of IT has a key to the server room along with a backup key which is stored in a secure location.	<p>Inquired of the director of IT regarding server room access to determine that only the director of IT had a key to the server room along with a backup key which was stored in a secure location.</p> <p>Observed the server room to determine that the server room door was locked.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 2**

**ENVIRONMENTAL SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that critical information technology infrastructure is protected from certain environmental threats.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
2.1	The office facility and server room are equipped with the following fire detection and suppression equipment: <ul style="list-style-type: none"> <li>• Fire alarm system</li> <li>• Water sprinklers</li> <li>• Handheld fire extinguishers</li> </ul>	Observed the office facility to determine that the office facility and server room were equipped with the following fire detection and suppression equipment: <ul style="list-style-type: none"> <li>• Fire alarm system</li> <li>• Water sprinklers</li> <li>• Handheld fire extinguishers</li> </ul>	No relevant exceptions noted.
2.2	Third party specialists inspect and service the water sprinkler system on an annual basis.	Inspected the most recent water sprinkler inspection documentation to determine that third party specialists inspected the water sprinkler system during the review period.	No relevant exceptions noted.
2.3	Third party specialists inspect and service the handheld fire extinguishers on an annual basis.	Observed the fire extinguisher inspection tags for a nonstatistical sample of handheld fire extinguishers to determine that third party specialists inspected each handheld fire extinguisher sampled during the review period.	No relevant exceptions noted.
2.4	A dedicated air conditioning unit is in place to maintain air temperature and humidity levels within the server room.	Inquired of the director of IT regarding server room air conditioning to determine that a dedicated air conditioning unit was in place to maintain air temperature and humidity levels within the server room.  Observed the server room to determine that a dedicated air conditioning unit was in place.	No relevant exceptions noted.  No relevant exceptions noted.

**MATRIX 2**

**ENVIRONMENTAL SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that critical information technology infrastructure is protected from certain environmental threats.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
2.5	Production IT equipment is connected to uninterruptible power supply (UPS) systems to provide backup power in the event of a primary power failure, and to mitigate the risk of power surges impacting production infrastructure.	<p>Inquired of the director of IT regarding UPS systems to determine that production IT equipment was connected to UPS systems to provide backup power in the event of a primary power failure, and to mitigate the risk of power surges impacting production infrastructure.</p> <p>Observed the production IT equipment to determine that the equipment was connected to UPS systems.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
2.6	An environmental monitoring application is configured to perform self-tests of the UPS system on a semi-monthly basis.	Inspected the environmental monitoring application configurations and the results of the most recent UPS self-test to determine that an environmental monitoring application was configured to perform self-tests of the UPS system on a semi-monthly basis.	No relevant exceptions noted.
2.7	An environmental monitoring application is configured to send e-mail alerts to IT personnel when predefined temperature thresholds are exceeded.	Inspected the environmental monitoring application configurations to determine that an environmental monitoring application was configured to send e-mail alerts to IT personnel when predefined temperature thresholds were exceeded.	No relevant exceptions noted.
2.8	Production IT equipment in the server room is placed in racks which elevate the equipment off of the floor to protect from localized flooding.	Observed the server room to determine that production IT equipment in the sever room was placed in racks which elevated the equipment off of the floor to protect from localized flooding.	No relevant exceptions noted.

**MATRIX 3**

**COMPUTER OPERATIONS**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance of timely system backups of critical files, off-site backup storage, and regular off-site rotation of backup files.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
3.1	Documented tape backup and restoration procedures are in place to guide personnel in the backup and restoration processes.	Inspected the tape backup and restoration procedures to determine that tape backup and restoration procedures were documented.	No relevant exceptions noted.
3.2	An automated backup system is configured to perform full backups on a daily basis, Monday through Friday.	Inspected the automated backup system configurations and an example backup log to determine that an automated backup system was configured to perform full backups on a daily basis, Monday through Friday.	No relevant exceptions noted.
3.3	The automated backup system is configured to send backup completion status e-mail notifications to the director of IT.	Inspected the backup system notification configurations and an example backup completion status e-mail generated during the review period to determine that the automated backup system was configured to send backup completion status e-mail notifications to the director of IT.	No relevant exceptions noted.
3.4	The automated backup system is configured to automatically verify the contents of the backup dataset upon completion of the job.	Inspected the backup system verification configurations to determine that the automated backup system was configured to automatically verify the contents of the backup dataset upon completion of the job.	No relevant exceptions noted.
3.5	IT personnel test the backup restoration process as a component of normal business operations.	<p>Inquired of the director of IT regarding testing the backup restoration process to determine that IT personnel tested the backup restoration process as a component of normal business operations.</p> <p>Inspected the backup restoration log to determine that backup restorations were performed during the review period.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 3**

**COMPUTER OPERATIONS**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance of timely system backups of critical files, off-site backup storage, and regular off-site rotation of backup files.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
3.6	Backup tapes are rotated to an off-site location for storage on a daily basis.	Inspected the backup procedures to determine that backup tapes were rotated off-site on a daily basis.  Inspected documentation from the off-site third party storage provider to determine that backup tapes were stored off-site.	No relevant exceptions noted.  No relevant exceptions noted.

**MATRIX 4**

**COMPUTER OPERATIONS**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that systems are maintained in a manner that helps ensure system availability.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
4.1	Documented incident response policies and procedures are in place to guide personnel in reporting and responding to major information technology incidents.	Inspected the incident response procedures to determine that incident response policies and procedures were documented.	No relevant exceptions noted.
4.2	IT personnel log operational issues into a ticketing system and assigned personnel monitor the status of the issues.	Inquired of the director of IT regarding the ticketing system to determine that IT personnel logged operational issues into a ticketing system and assigned personnel monitored the status of the issues.  Inspected a listing of operational issues in the ticketing system to determine that operational issues were logged into a ticketing system.	No relevant exceptions noted.  No relevant exceptions noted.
4.3	An enterprise monitoring application sends e-mail notifications of production outages to IT personnel.	Inspected the example e-mail notifications to determine that an enterprise monitoring application sent e-mail notifications of production outages to IT personnel.	No relevant exceptions noted.
4.4	IT personnel have contracted with third party hardware vendors to provide production hardware support.	Inspected the maintenance contracts to determine that maintenance contracts were in place with third party hardware vendors to provide production hardware support.	No relevant exceptions noted.
4.5	Antivirus software is installed on servers and workstations to protect against certain virus definitions recognized by the software.	Inspected the antivirus software configurations to determine that antivirus software was installed on servers and workstations to protect against certain virus definitions recognized by the software.	No relevant exceptions noted.

**MATRIX 4****COMPUTER OPERATIONS****Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that systems are maintained in a manner that helps ensure system availability.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
4.6	The antivirus software is configured to update virus definitions on an hourly basis.	Inspected the antivirus software configurations to determine that the antivirus software was configured to update virus definitions on an hourly basis.	No relevant exceptions noted.

**MATRIX 5**

**INFORMATION SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that system information, once entered into the system, is protected from unauthorized or unintentional use, modification, addition or deletion.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.1	<p style="text-align: center;"><u>Network Authentication Controls</u></p> <p>Users are required to authenticate via a user account and password before being granted access to the network domain.</p>	<p>Inspected a listing of network user accounts and the network authentication configurations to determine that users were required to authenticate via a network user account and password before being granted access to the network domain.</p>	<p>No relevant exceptions noted.</p>
5.2	<p>The network domain is configured to enforce the following password requirements:</p> <ul style="list-style-type: none"> <li>• Minimum length</li> <li>• Expiration interval</li> <li>• Password history</li> <li>• Invalid login lockout</li> </ul>	<p>Inspected the network password and account lockout configurations to determine that the network domain was configured to enforce the following password requirements:</p> <ul style="list-style-type: none"> <li>• Minimum length</li> <li>• Expiration interval</li> <li>• Password history</li> <li>• Invalid login lockout</li> </ul>	<p>No relevant exceptions noted.</p>
5.3	<p style="text-align: center;"><u>Network Access Controls</u></p> <p>Administrative access within the network domain is restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of IT</li> <li>• CDN third party provider</li> </ul>	<p>Inspected the network administrator listing to determine that administrative access within the network domain was restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of IT</li> <li>• CDN third party provider</li> </ul>	<p>No relevant exceptions noted.</p>

**MATRIX 5**

**INFORMATION SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that system information, once entered into the system, is protected from unauthorized or unintentional use, modification, addition or deletion.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.4	<p>Access to the network domain is revoked as a component of the termination process.</p>	<p>Inspected the termination checklist and the domain user account listing for all employees terminated during the review period to determine that access to the network domain was revoked for each employee terminated during the review period.</p>	<p>No relevant exceptions noted.</p>
5.5	<p style="text-align: center;"><u>Database Server Operating System Access Controls</u></p> <p>Administrative access within the database server operating system is restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of IT</li> <li>• CDN third party provider</li> </ul> <p style="text-align: center;"><u>Oracle Database Authentication Controls</u></p>	<p>Inspected the server operating system administrator listing and noted that administrative access within the server operating system was restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of IT</li> <li>• CDN third party provider</li> </ul>	<p>No relevant exceptions noted.</p>
5.6	<p>Users are required to authenticate via a user account and password before being granted access to the database.</p>	<p>Inspected a screen print of the database authentication prompt to determine that users were required to authenticate via a user account and password before being granted access to the database.</p>	<p>No relevant exceptions noted.</p>

**MATRIX 5**

**INFORMATION SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that system information, once entered into the system, is protected from unauthorized or unintentional use, modification, addition or deletion.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.7	<p align="center"><u>Oracle Database Access Controls</u></p> <p>Administrative access within the database is restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of operations</li> <li>• Director of IT</li> <li>• IT administrator</li> </ul>	<p>Inspected the listing of database roles and privileges to determine that administrative access within the database was restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of operations</li> <li>• Director of IT</li> <li>• IT administrator</li> </ul>	No relevant exceptions noted.
5.8	<p align="center"><u>Administration System Application Authentication Controls</u></p> <p>Application users are required to authenticate via a user account and password before being granted access to the administration system application.</p>	<p>Inspected the application authentication configurations to determine that users were required to authenticate via a user account and password before being granted access to the administration application.</p>	No relevant exceptions noted.
5.9	<p>The administration system application is configured to enforce the following password requirements:</p> <ul style="list-style-type: none"> <li>• Minimum length</li> <li>• Expiration interval</li> <li>• Complexity requirements</li> <li>• Invalid login lockout</li> </ul>	<p>Inspected the application password configurations to determine that the administration system application was configured to enforce the following password requirements:</p> <ul style="list-style-type: none"> <li>• Minimum length</li> <li>• Expiration interval</li> <li>• Complexity requirements</li> <li>• Invalid login lockout</li> </ul>	No relevant exceptions noted.

**MATRIX 5**

**INFORMATION SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that system information, once entered into the system, is protected from unauthorized or unintentional use, modification, addition or deletion.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.10	<p style="text-align: center;"><u>Administration System Application Access Controls</u></p> <p>User accounts are assigned to predefined access roles to restrict access to certain functions within the administration system application.</p>	<p>Inspected the user access listing and security profile definitions to determine that user accounts were assigned to predefined access roles to restrict access to certain functions within the administration system application.</p>	<p>No relevant exceptions noted.</p>
5.11	<p>Access to the administration system application is revoked as a component of the termination process.</p>	<p>Inspected the termination checklist and administration system application user account listing for a nonstatistical sample of employees terminated during the review period to determine that access to the administration system application was revoked for each terminated employee sampled.</p>	<p>No relevant exceptions noted.</p>
5.12	<p style="text-align: center;"><u>Common Remitting Application Authentication Controls</u></p> <p>Application users are required to authenticate via a user account and password before being granted access to the common remitting application.</p>	<p>Inspected the application authentication configurations to determine that users were required to authenticate via a user account and password before being granted access to the common remitting application.</p>	<p>No relevant exceptions noted.</p>

**MATRIX 5**

**INFORMATION SECURITY**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that system information, once entered into the system, is protected from unauthorized or unintentional use, modification, addition or deletion.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
5.13	<p><u>Common Remitting Application Access Controls</u></p> <p>Administrative access within the common remitting application is restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of operations</li> <li>• Director of IT</li> <li>• 403(b) services account manager</li> <li>• Plan implementation supervisor</li> <li>• Plan administration supervisor</li> <li>• IT administrator</li> <li>• Third party application host personnel (2)</li> </ul>	<p>Inspected the listing of common remitting application administrator accounts to determine that administrative access within the common remitting application was restricted to user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Director of operations</li> <li>• Director of IT</li> <li>• 403(b) services account manager</li> <li>• Plan implementation supervisor</li> <li>• Plan administration supervisor</li> <li>• IT administrator</li> <li>• Third party application host personnel (2)</li> </ul>	No relevant exceptions noted.
5.14	<p>User accounts are assigned to predefined access roles to restrict access to certain functions within the common remitting application.</p>	<p>Inspected the user access listing and security profile definitions to determine that user accounts were assigned to predefined access roles to restrict access to certain functions within the common remitting application.</p>	No relevant exceptions noted.
5.15	<p>Access to the common remitting application is revoked as a component of the termination process.</p>	<p>Inspected the common remitting application user account listing for a nonstatistical sample of employees terminated during the review period to determine that access to the common remitting application was revoked for each terminated employee sampled.</p>	No relevant exceptions noted.

**MATRIX 6**

**DATA COMMUNICATIONS**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that data maintains its integrity and security as it is transmitted between third parties and the service organization.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
6.1	A firewall system is in place to filter unauthorized inbound network traffic from the Internet.	Inspected the network diagram and firewall ruleset to determine that a firewall system was in place to filter unauthorized inbound network traffic from the Internet.	No relevant exceptions noted.
6.2	The firewall system is configured to deny any type of network connection that is not explicitly authorized by a firewall rule.	Inspected the firewall ruleset to determine that firewall system was configured to deny any type of network connection that was not explicitly authorized by a firewall rule.	No relevant exceptions noted.
6.3	Network address translation (NAT) is enabled on the firewall to translate internally routable IP addresses.	Inspected the firewall ruleset to determine that NAT was enabled on the firewall to translate internally routable IP addresses.	No relevant exceptions noted.
6.4	Administrative access within the firewall system is restricted to a user account accessible by the CDN third party provider.	Inspected the firewall ruleset to determine that administrator access within the firewall system was restricted to a user account accessible by the CDN third party provider.	No relevant exceptions noted.
6.5	Inbound Internet traffic terminates at a host in the demilitarized zone (DMZ) which is separate from the production network.	Inspected the network diagram to determine that inbound Internet traffic terminates at a host in the DMZ which was separate from the production network.	No relevant exceptions noted.
6.6	Remote access to production environments is secured via encrypted virtual private network (VPN) connections.	Inspected the firewall ruleset to determine that remote access to production environments was secured via encrypted VPN connections.	No relevant exceptions noted.



**MATRIX 7**

**HIPAA**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that standards set forth by HIPAA regulation is contemplated and addressed at an organizational level.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
7.1	Documented Health Insurance Portability and Accountability Act (HIPAA) policies and procedures are in place to guide activities related to HIPAA regulations.	Inspected the HIPAA policies and procedures to determine that documented HIPAA policies and procedures were documented and provided guidance related to HIPAA regulations.	No relevant exceptions noted.
7.2	Employees that have access to protected health information (PHI) are required to read the HIPAA policies and procedures and sign an acknowledgement form indicating that they have read and understand the policies and procedures.	<p>Inquired of the vice president of operations regarding HIPAA policies and procedures to determine that employees that have access to PHI were required to read the HIPAA policies and procedures.</p> <p>Inspected the signed agreement forms for all employees hired during the review period that have access to PHI to determine that a HIPAA policies and procedures form was signed by each employee sampled that had access to PHI.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
7.3	A designated HIPAA coordinator monitors compliance with HIPAA regulations.	<p>Inquired of the vice president of operations regarding monitoring to determine that a designated HIPAA coordinator monitored compliance with HIPAA regulations.</p> <p>Inspected the HIPAA policies and procedures to determine that a designated HIPAA coordinator was in place to monitor compliance with HIPAA regulations.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
7.4	A formal HIPAA training program is in place to educate employees on HIPAA regulations.	Inspected the HIPAA training outline to determine that a formal HIPAA training program was in place to educate employees on HIPAA regulations.	No relevant exceptions noted.

**MATRIX 7**

**HIPAA**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that standards set forth by HIPAA regulation is contemplated and addressed at an organizational level.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
7.5	Vendors and subcontractors who have access to PHI are required to sign business associate agreements that address HIPAA regulations.	Inspected the business associate agreement for a nonstatistical sample of vendors with access to PHI to determine that business associate agreements that addressed HIPAA regulations were signed by each vendor and subcontractor sampled.	No relevant exceptions noted.
7.6	Employees are educated regarding sensitive document controls. A secure shredding system is in place to manage the disposal of discarded sensitive documents.	<p>Inquired of the vice president of operations regarding document shredding practices to determine that employees were educated regarding sensitive document controls.</p> <p>Observed the shredding bins throughout the facility to determine that a secure shredding system was in place to manage the disposal of discarded sensitive documents.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 8**

**DATA ENTRY**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that data entry procedures are performed in an accurate and timely manner.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
8.1	The mail receiving clerk date stamps contribution monies and enrollment information as it is received. Each check is logged into a tracking spreadsheet.	<p>Observed the date stamp process to determine that the mail receiving clerk date stamped contribution monies and enrollment information as it was received.</p> <p>Inspected tracking spreadsheets for a nonstatistical sample of months during the review period to determine that checks were logged into a tracking spreadsheet for each month sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
8.2	Contribution reports and monies are sent to the accounting department and recorded in a check log.	<p>Inquired of the director of operations regarding contributions to determine that contribution reports and monies were sent to the accounting department and recorded in a check log.</p> <p>Inspected check logs for a nonstatistical sample of months during the review period to determine that contribution monies were recorded in a check log for each month sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
8.3	The contribution monies recorded in the mail receiving clerk's tracking log and the accounting department's check log are reviewed by the accounting assistant on a monthly basis to ensure the amounts match.	<p>Inquired of the director of operations regarding the monthly reconciliation process to determine that the contribution monies recorded in the mail receiving clerk's tracking log and the accounting department's check log were reviewed by the accounting assistant on a monthly basis to ensure the amounts matched.</p> <p>Inspected the contribution money reconciliations for a nonstatistical sample of months during the review period to determine that the logs were reconciled for each month sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 8****DATA ENTRY****Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that data entry procedures are performed in an accurate and timely manner.

<b>Control Point</b>	<b>Control Activity Specified by the Service Organization</b>	<b>Test Applied by the Service Auditor</b>	<b>Test Results</b>
8.4	The controller reviews and approves the monthly contribution money reconciliations and initials the reconciliations as evidence of review.	Inspected the contribution money reconciliations for a nonstatistical sample of months during the review period to determine that the controller initialed the reconciliations as evidence of review and approval for each month sampled.	No relevant exceptions noted.

**MATRIX 9**

**CONTRIBUTION PROCESSING**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that contribution amounts and monies received are posted to eligible participants' accounts in an accurate and timely manner.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
9.1	Contribution information is scanned into a document imaging application for archiving and retrieval of information.	<p>Inquired of the director of operations regarding document imaging to determine that contribution information was scanned into a document imaging application for archiving and retrieval of information.</p> <p>Inspected imaging application configurations and example imaged contribution documentation to determine that contribution documentation was scanned into a document imaging application.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
9.2	Contribution information received from clients electronically is balanced in total to the check amount received.	<p>Inquired of the director of operations regarding the balancing process to determine that contribution information received from clients electronically was balanced in total to the check amount received.</p> <p>Inspected an example reconciliation packet to determine that contribution information received from clients via electronic means was balanced in total to the check amount received.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
9.3	Enrollment information is entered into the administration system application from standard enrollment forms.	Observed the enrollment entry process to determine that enrollment information was entered into the administration system application from standard enrollment forms.	No relevant exceptions noted.

**MATRIX 9****CONTRIBUTION PROCESSING**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that contribution amounts and monies received are posted to eligible participants' accounts in an accurate and timely manner.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
9.4	Participant contribution information is keyed into the administration system by client from the copied checks. A checklist is completed to guide personnel in entering the required information.	<p>Inquired of the director of operations regarding contribution information entry to determine that participant contribution information was keyed into the plan administration system by client from the contribution report and copied checks.</p> <p>Inspected an example contribution checklist to determine that a checklist was completed to guide personnel in entering the required information.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 10**

**CUSTOMER SERVICE**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that customer service activities are performed by trained personnel who are monitored for compliance with policies.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
10.1	Management meets to discuss customer service issues on a weekly basis.	Inspected the management meeting minutes for a nonstatistical sample of weeks during the review period to determine that management met to discuss customer service issues during each week sampled.	No relevant exceptions noted.
10.2	Customer service personnel undergo training to obtain knowledge of the various plan attributes.	Inquired of the director of account services regarding training to determine that customer service personnel underwent training to obtain knowledge of the various plan attributes.	No relevant exceptions noted.
10.3	Customer service personnel complete training courses and attend professional seminars which provide ongoing training to personnel.	<p>Inquired of the director of account services regarding training to determine that customer service personnel completed training courses and attended professional seminars which provide ongoing training to personnel.</p> <p>Inspected the certificate of attendance for example courses completed during the review period by a customer service representative to determine that customer service personnel complete training courses and attended professional seminars.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 10**

**CUSTOMER SERVICE**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that customer service activities are performed by trained personnel who are monitored for compliance with policies.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
10.4	Customer service personnel utilize automated call software to provide statistical analysis regarding customer service phone activity.	<p>Inquired of the director of account services regarding call monitoring to determine that customer service personnel utilized automated call software to provide statistical analysis regarding customer service phone activity.</p> <p>Inspected example automated call software statistical reports to determine that automated call software was in place to provide information on customer service phone activity.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
10.5	Customer service management personnel silently monitor customer service calls for quality assurance purposes on a periodic basis. Call performance is formally assessed in an annual employee evaluation for each customer service representative.	<p>Observed the call monitoring process to determine that customer service management personnel silently monitored customer service calls for quality assurance purposes on a periodic basis.</p> <p>Inspected the most recent employee evaluations for all customer service representatives to determine that call performance was formally assessed in an annual employee evaluation for each customer service representative during the review period.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 10**

**CUSTOMER SERVICE**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that customer service activities are performed by trained personnel who are monitored for compliance with policies.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
10.6	Customer satisfaction surveys are randomly sent to clients throughout the year to monitor the performance of customer service personnel.	Inquired of the director of account services regarding customer satisfaction surveys to determine that customer satisfaction surveys were randomly sent to clients throughout the year to monitor the performance of customer service personnel.  Inspected example customer satisfaction surveys received during the review period to determine that customer satisfaction surveys were sent to clients to monitor the performance of customer service personnel.	No relevant exceptions noted.  No relevant exceptions noted.

**MATRIX 11**

**DISTRIBUTION PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that distribution requests are entered and processed accurately and timely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.1	Distribution procedures are in place to guide personnel in the distribution processes.	Inspected the distribution procedures to determine that distribution procedures were in place.	No relevant exceptions noted.
11.2	Documented distribution schedules are in place to guide distribution personnel in the required distribution date requirements.	Inspected the distribution schedules to determine that documented distribution schedules were in place to guide distribution personnel in the required distribution date requirements.	No relevant exceptions noted.
11.3	A checklist is created for each plan distribution to guide administration and accounting personnel during the distribution process.	Inquired of the director of operations regarding the distribution process to determine that a checklist was created for each plan distribution to guide administration and accounting personnel during the distribution process.	No relevant exceptions noted.
11.4	The mail receiving clerk date stamps distribution request forms received from the client. The forms are then forwarded to distribution processors.	<p>Inquired of the director of operations regarding mail receiving to determine that after the distribution requests were date stamped, they were forwarded to the distribution processors.</p> <p>Inspected the distribution request forms for a nonstatistical sample of distributions processed during the review period to determine that the mail receiving clerk date stamped each distribution request form sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 11**

**DISTRIBUTION PROCESSING**

**Control Objective Specified by the Service Organization:**

Control activities provide reasonable assurance that distribution requests are entered and processed accurately and timely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.5	Distribution processors enter distribution request forms into the administration system application. The new requests are placed in a suppressed status.	Observed the data entry process to determine that distribution processors entered distribution request forms into the administration system application and the new requests were placed in a suppressed status.	No relevant exceptions noted.
11.6	The senior distributions processor compares the information entered into the administration system application to the distribution form for a random sample of distribution requests to ensure that the information entered is correct and conforms to the distribution processing guidelines.	<p>Inquired of the senior distributions processor regarding distributions to determine that the senior distributions processor compared the information entered into the administration system application to the distribution form for a random sample of distribution requests to ensure that the information entered was correct and conformed to the distribution processing guidelines.</p> <p>Inspected the distribution review forms for a nonstatistical sample of distribution processors and months during the review period to determine that distributions were reviewed for each distribution processor and month sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
11.7	<p>Access to post the suppressed distribution requests in the administration system application is restricted to administration application user accounts accessible by persons holding the following positions:</p> <ul style="list-style-type: none"> <li>• Plan administrators (2)</li> <li>• Distribution processors (3)</li> </ul>	<p>Inspected the administration system user access listing to determine that access to post the suppressed distribution requests in the administration system application was restricted to administration application user accounts accessible by persons holding the following positions</p> <ul style="list-style-type: none"> <li>• Plan administrators (2)</li> <li>• Distribution processors (3)</li> </ul>	No relevant exceptions noted.

**MATRIX 11**

**DISTRIBUTION PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that distribution requests are entered and processed accurately and timely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.8	Recurring Special Pay / HRA distributions are entered into a tracking spreadsheet to help ensure that the recurring payments are entered in the correct time period.	<p>Inquired of the director of operations regarding recurring payouts to determine that recurring Special Pay / HRA distributions were entered into a tracking spreadsheet to help ensure that the recurring payments were entered in the correct time period.</p> <p>Inspected the recurring distribution spreadsheet to determine that recurring Special Pay / HRA distributions were entered into a tracking spreadsheet.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
11.9	For Section 3121 and APPLE distribution requests, an approved distribution authorization report must be obtained from the client before the distributions are posted in the administration application.	<p>Inquired of the director of operations regarding the distribution authorization report to determine that for Section 3121 and APPLE distribution requests, an approved distribution authorization report must have been obtained from the client before the distributions were posted in the administration application.</p> <p>Inspected the distribution authorization reports for a nonstatistical sample of dates during the review period to determine that a signed distribution authorization report was obtained for each date sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 11**

**DISTRIBUTION PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that distribution requests are entered and processed accurately and timely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.10	The plan administrator resolves possible errors in payee amounts which are identified on an error report, before check processing can continue.	<p>Inquired of the accounting supervisor regarding error resolution to determine that possible errors were resolved by the plan administrator before check processing continued.</p> <p>Inspected an example error report to determine that errors in payee amounts were identified on an error report.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
11.11	A proprietary utility tool creates an exported file from the administration system application that reflects all related distributions processed and relevant information for checking purposes.	Observed the file creation process to determine that a proprietary utility tool created an exported file from the administration system application that reflected all related distributions processed and relevant information for checking purposes.	No relevant exceptions noted.
11.12	The distribution processor verifies the number of checks exported from the proprietary utility tool to the checklist created by administration. The distribution checklist is initialed upon completion of this task.	<p>Inquired of the director of operations regarding the check count process to determine that the distribution processor verified the number of checks exported from the proprietary utility tool to the checklist created by administration.</p> <p>Inspected the distribution checklist for a nonstatistical sample of distributions processed during the review period to determine that the checklist was initialed to evidence that the check file count was verified for each distribution sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 11**

**DISTRIBUTION PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that distribution requests are entered and processed accurately and timely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.13	The accounting supervisor reviews the detail of the check file loaded into the commercial check writing application to ensure that the format of the checks is correct and that the number of checks printed matches the number of checks listed on the distribution run checklist. The distribution checklist is initialed upon completion of this task.	<p>Inquired of the accounting supervisor regarding the check file review process to determine that the senior accounting assistant reviewed the detail of the check file loaded into the commercial check writing application to ensure that the format of the checks was correct and that the number of checks printed matched the number of checks listed on the distribution run checklist.</p> <p>Inspected the distribution checklist for a nonstatistical sample of distributions processed during the review period to determine that the checklist was initialed to evidence that the printed checks were reviewed and counted for each distribution sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
11.14	A password is required to print checks in the check printing application.	Inspected a screen print of the check printing application authentication prompt to determine that a password was required to print checks in the check printing application.	No relevant exceptions noted.
11.15	<p>Access to print checks in the check printing application is restricted to user accounts accessible by the following personnel:</p> <ul style="list-style-type: none"> <li>• Vice president of operations</li> <li>• Controller</li> <li>• Accounting supervisor</li> </ul>	<p>Inspected a listing of the check printing application users to determine that access to print checks in the check printing application was restricted to user accounts accessible by the following personnel:</p> <ul style="list-style-type: none"> <li>• Vice president of operations</li> <li>• Controller</li> <li>• Accounting supervisor</li> </ul>	No relevant exceptions noted.

**MATRIX 11**

**DISTRIBUTION PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that distribution requests are entered and processed accurately and timely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.16	A check log is maintained which details the last check number used and the number of checks printed.	Inspected the check log to determine that a check log was maintained which detailed the last check number used and the number of checks printed.	No relevant exceptions noted.
11.17	The administration application is updated with the amount of the distribution, check number, and issue date. Completion of this task is recorded on the distribution checklist.	<p>Inquired of the accounting supervisor regarding the application update process to determine that the administration application was updated with the amount of the distribution, check number, and issue date.</p> <p>Inspected the distribution checklist for a nonstatistical sample of distributions processed during the review period to determine that the checklist was initialed to evidence that the administration application was updated with the distribution amount, check number, and issue date.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
11.18	The controller or accounting supervisor performs a final review of the printed checks to ensure that the total amount and the count of the printed checks match the amount that was previously approved. The distribution checklist is initialed upon completion of this task.	<p>Inquired of the accounting supervisor regarding the final check review process to determine that the controller or the accounting supervisor performed a final review of the printed checks to ensure that the total amount and the count of the printed checks matched the amount that was previously approved.</p> <p>Inspected the distribution checklist for a nonstatistical sample of distributions processed during the review period to determine that the checklist was initialed to evidence that the final check review was performed for each distribution sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 11**

**DISTRIBUTION PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that distribution requests are entered and processed accurately and timely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
11.19	A positive pay file is created and sent to the financial institution. The accounting assistant reviews daily notices from the financial institution which identifies possible fraudulent checks for a decision on whether or not to pay the check. Only the vice president of operations and controller have access to pay/return positive pay notifications.	<p>Inquired of the accounting supervisor regarding access to the banking website to determine that only the vice president and controller had the access to pay/return positive pay notifications.</p> <p>Observed the positive pay review process to determine that a positive pay file was created and sent to the financial institution and that the staff accountant reviewed notices from the financial institution which identified possible fraudulent checks for a decision on whether or not to pay the check.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 12**

**VALUATION**

**Control Objective Specified by the Service Organization:**

Control activities provide reasonable assurance that account valuation procedures are performed accurately.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
12.1	<p style="text-align: center;"><u>ING Valuation</u></p> <p>A month end valuation checklist is utilized to guide plan administrators in completing month end valuation tasks.</p>	<p>Inspected the month end valuation checklist for a nonstatistical sample of months during the review period to determine that a month end valuation checklist was utilized to guide plan administrators in completing valuation tasks for each month sampled.</p>	<p>No relevant exceptions noted.</p>
12.2	<p>Plan administrators reconcile the posted participant contributions and distributions to the trust statement on a monthly basis to determine the earnings or dividends that should be posted to the administration system. The month end valuation checklist is initialed upon completion of this task.</p>	<p>Inquired of the director of operations regarding the trust statement reconciliation process to determine that plan administrators reconciled the posted participant contributions and distributions to the trust statement to determine the earnings or dividends that should be posted to the administration system.</p> <p>Inspected the month end valuation checklist for a nonstatistical sample of months during the review period to determine that the month end valuation checklist was initialed to evidence that contributions and distributions were reconciled to the trust statement for each month sampled.</p>	<p>No relevant exceptions noted.</p>

**MATRIX 12**

**VALUATION**

**Control Objective Specified by the Service Organization:**

Control activities provide reasonable assurance that account valuation procedures are performed accurately.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
12.3	Reports to identify accounts with a negative balance as shown on the administration system application are produced on a monthly basis. The month end valuation checklist is initialed upon completion of this task.	<p>Inquired of the director of operations regarding negative balance reports to determine that reports to identify accounts with a negative balance as shown on the administration system application were produced on a monthly basis.</p> <p>Inspected the month end valuation checklist for a nonstatistical sample of months during the review period to determine that the month end valuation checklist was initialed to evidence that a negative balance report was produced for each month sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
12.4	<p>The team lead reviews the administration checklist and supporting documentation, and signs the administration checklist as evidence of their review.</p> <p style="text-align: center;"><u>3121 / APPLE Valuation</u></p>	<p>Inspected the month end valuation checklist for a nonstatistical sample of months during the review period to determine that the team lead signed the administration checklist as evidence of their review for each month sampled.</p>	<p>No relevant exceptions noted.</p>
12.5	A gains basis and participants that have zero or less balance reports are produced on a monthly basis and provided to the team leads for review.	<p>Inquired of the director of operations regarding the gains basis reports to determine that a gains basis and participants that have zero or less balance reports were produced on a monthly basis and provided to the team leads for review.</p> <p>Inspected the gains basis and participants that have zero or less gains reports for a nonstatistical sample of months during the review period to determine that a gains basis and participants that have zero or less gains reports were produced for each month sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 12**

**VALUATION**

**Control Objective Specified by the Service Organization:**

Control activities provide reasonable assurance that account valuation procedures are performed accurately.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
12.6	<p style="text-align: center;"><u>AUL Valuation</u></p> <p>A plan administrator reconciles the client’s plan on the distribution partner’s website to the administration system balance on a daily basis.</p>	<p>Inquired of the director of operations regarding the daily earnings reconciliation to determine that a plan administrator reconciles the client’s plan on the distribution partner’s website to the administration system balance on a daily basis.</p> <p>Inspected reconciliation reports for a nonstatistical sample of days during the review period to determine that the client’s plan on the distribution partner’s website was reconciled to the administration system balance for each day sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 13**

**PARTICIPANT STATEMENTS**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that participant statements are printed accurately and sent timely to participants.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
13.1	Documented statement printing procedures are in place to guide plan administrators in participant statement printing process.	Inspected the participant statement instructions to determine that documented statement printing procedures were in place.	No relevant exceptions noted.
13.2	A statement schedule outlines when the statements are required to be printed and mailed for each plan.	Inspected the statement schedule to determine that a statement schedule outlined when the statements were required to be printed and mailed for each plan.	No relevant exceptions noted.
13.3	Plan administrators compare administration system reports to ensure that statements include the correct balance information.	Inquired of the director of operations regarding the participant totals for statements to determine that plan administrators compared administration system reports to ensure that statements included the correct balance information.  Observed the participant statement review process to determine that plan administrators compared administration system reports to ensure that statements included the correct balance information.	No relevant exceptions noted.  No relevant exceptions noted.
13.4	A log of the number of statements printed is created by the plan administrators and reviewed by the team lead to ensure that the correct number of statements is printed.	Inquired of the director of operations regarding statement logs to determine that a log of the number of statements printed was created by the plan administrators and reviewed by the team lead to ensure that the correct number of statements was printed.  Inspected example statement logs and application reports to determine that a log of the number of statements printed was created by the plan administrators and reviewed by the team leads.	No relevant exceptions noted.  No relevant exceptions noted.

**MATRIX 13**

**PARTICIPANT STATEMENTS**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that participant statements are printed accurately and sent timely to participants.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
13.5	A summary page of the printed statements is compared to the valuation report by the plan administrators to ensure that the information from the valuation report matches the hard copy statement.	Inquired of the director of operations regarding the statement review process to determine that a summary page of the printed statements was compared to the valuation report by the plan administrators to ensure that the information from the valuation report matched the hard copy statement.	No relevant exceptions noted.
13.6	Participants' addresses are checked with an automated address verification application prior to statements being mailed. Incomplete or inaccurate participant address information is resolved by the plan administrator and the client before the statement is mailed.	<p>Inspected example statement reconciliation documentation to determine that a summary page of the printed statements was compared to the valuation report by the plan administrators to ensure that the information from the valuation report matches the hard copy statement.</p> <p>Inquired of the director of account services regarding address information to determine that incomplete or inaccurate participant address information was resolved by the plan administrator and the client before the statement was mailed.</p> <p>Inspected an example address verification report to determine that participants' addresses were checked with an automated address verification application.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 14**

**HRA CLAIMS PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that Health Reimbursement Account claims are adjudicated accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
14.1	Documented procedures are in place to guide distribution personnel in the claims payment and review process.	Inspected the distribution policies and procedures to determine that documented procedures were in place to guide distribution personnel in the claims payment and review process.	No relevant exceptions noted.
14.2	Claims adjudicators are trained on the HRA claims adjudication and distribution process.	<p>Inquired of the director of operations regarding training to determine that claims adjudicators were trained on the HRA claims adjudication and distribution process.</p> <p>Inspected the claims adjudication training documentation to determine that a formal training program was in place.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
14.3	The claims adjudicator reviews the claim to ensure the claim form is signed and the necessary information is included.	<p>Inquired of the director of operations regarding the claims process to determine that the claims adjudicator reviewed the claim to ensure the claim form was signed and the necessary information was included.</p> <p>Observed the claim review process to determine that the claims adjudicator reviewed the claim to ensure the claim form was signed and the necessary information was included.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
14.4	Reference materials are maintained to guide claims adjudicators in establishing the reimbursement eligibility of submitted claims.	Inspected the reference materials to determine that reference materials were maintained to guide claims adjudicators in establishing the reimbursement eligibility of submitted claims.	No relevant exceptions noted.

**MATRIX 14**

**HRA CLAIMS PROCESSING**

**Control Objective Specified  
by the Service Organization:**

Control activities provide reasonable assurance that Health Reimbursement Account claims are adjudicated accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
14.5	If the claim is denied, the claims adjudicator notifies the participant of the denial.	<p>Inquired of the director of operations regarding denied claims to determine that if the claim was denied, the claims adjudicator notified the participant of the denial.</p> <p>Inspected an example denial letter to determine that if the claim was denied, the claims adjudicator notified the participant of the denial.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
14.6	If the claim is approved, the claim form is processed by a distribution processor and payee information and amount is keyed in administration system.	<p>Inquired of the director of operations regarding approved claims to determine that if the claim was approved, the claim form was processed by a distribution processor and payee information and amount was keyed in administration system.</p> <p>Inspected the claim form for a nonstatistical sample of distributions processed during the review period to determine that the claim form was stamped as approved for each distribution sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 15**

**403(b) TPA & COMMON REMITTING SERVICES**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that the 403(b) administration services including vendor oversight, plan administration and compliance, common remitting oversight and reporting are performed accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
15.1	Documented policies and procedures are in place to guide personnel in the 403(b) administration process.	Inspected the policies and procedures to determine that 403(b) policies and procedures were documented.	No relevant exceptions noted.
15.2	A plan document and a plan adoption agreement are prepared for the client as a component of the plan setup process.	<p>Inquired of the director of operations regarding plan documents to determine that a plan document and a plan adoption agreement were prepared as a component of the client setup process.</p> <p>Inspected the plan adoption agreement for a nonstatistical sample of clients enrolled during the review period to determine that a plan adoption agreement was prepared for each client sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
15.3	An approved vendor list is prepared for the client as a component of the plan setup process.	Inspected the approved vendor list for a nonstatistical sample of clients enrolled during the review period to determine that an approved vendor list was prepared for each client sampled.	No relevant exceptions noted.
15.4	Approved vendors are required to sign an information sharing agreement (ISA).	Inspected the ISA's for a nonstatistical sample of clients enrolled during the review period to determine that each client's approved vendors signed an ISA for each client sampled.	No relevant exceptions noted.

**MATRIX 15**

**403(b) TPA & COMMON REMITTING SERVICES**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that the 403(b) administration services including vendor oversight, plan administration and compliance, common remitting oversight and reporting are performed accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
15.5	Adjudicators review participant transaction requests to ascertain whether the request is allowed by the plan. Adjudicators stamp the request cover sheet to indicate whether the request is approved or denied.	<p>Inquired of the director of operations regarding the adjudication process to determine that adjudicators reviewed participant transaction requests to ascertain whether the request was allowed by the plan.</p> <p>Inspected example transaction request cover sheets to determine that adjudicators stamped the request cover sheet to indicate whether the request was approved or denied.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
15.6	A denial letter is sent to participants if their transaction request is denied.	<p>Inquired of the director of operations regarding denial letters to determine that a denial letter was sent to participants if their transaction request was denied.</p> <p>Inspected an example denial letter to determine that a denial letter was sent to the participant for their denied transaction request.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
15.7	<p style="text-align: center;"><u>Third Party Common Remitting</u></p> <p>A third party common remitter is utilized for certain clients that elect the service. Those clients are required to sign a third party common remitting service agreement.</p>	<p>Inquired of the director of operations regarding common remitting to determine that a third party common remitter was utilized for certain clients that elected the service.</p> <p>Inspected the third party common remitting service agreement for a nonstatistical sample of clients that utilized the service to determine that a third party common remitting agreement service agreement was signed by each client sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 15**

**403(b) TPA & COMMON REMITTING SERVICES**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that the 403(b) administration services including vendor oversight, plan administration and compliance, common remitting oversight and reporting are performed accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
15.8	Plan administrators reconcile the amount of funds processed by the third party common remitter to the client's payroll data for each payroll period.	Inspected reconciliation logs for a nonstatistical sample of clients and payroll periods during the review period to determine that plan administrators reconciled the amount of funds processed by the third party common remitter to the client's payroll data for each client and payroll period sampled.	No relevant exceptions noted.
15.9	<p style="text-align: center;"><u>Internal Common Remitting</u></p> <p>A common remitting service is offered to clients that elect the service. Those clients are required to sign a common remitting service agreement.</p>	<p>Inquired of the director of operations regarding common remitting to determine that a common remitting service was offered to clients.</p> <p>Inspected the third party common remitting service agreement for a nonstatistical sample of clients that utilized the service to determine that a third party common remitting agreement service agreement was signed by each client sampled.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**MATRIX 15**

**403(b) TPA & COMMON REMITTING SERVICES**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that the 403(b) administration services including vendor oversight, plan administration and compliance, common remitting oversight and reporting are performed accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
15.10	The common remitting application reconciles payroll information received from the client to the expected amount in the common remitting application. Any variances or issues must be resolved by 403(b) personnel before the payroll can be processed.	<p>Inquired of the 403(b) plan administration supervisor regarding the common remitting process to determine that the common remitting application reconciled payroll information received from the client to the expected amount in the common remitting application, and that any variances or issues were resolved by 403(b) personnel before the payroll was processed.</p> <p>Observed the common remitting process to determine that the common remitting application reconciled payroll information received from the client to the expected amount in the common remitting application.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
15.11	The 403(b) plan administration supervisor or team lead finalizes payroll files in a “releasable” status, which archives contributions in plan and participant records in the common remitting application.	Observed the common remitting process to determine that the 403(b) plan supervisor or team lead finalized payroll files in a “releasable” status, which archived contributions in plan and participant records in the common remitting application.	No relevant exceptions noted.
15.12	The 403(b) plan administration supervisor or team lead reconciles finalized payroll files to the funds received by accounting on a daily basis. Evidence of the reconciliation is recorded on a common remitting checklist.	Inspected the common remitting checklists for a nonstatistical sample of days during the review period to determine that the 403(b) plan administration supervisor or team lead reconciled finalized payroll files to the funds received by accounting and recorded completion of the reconciliation on a common remitting checklist for each day sampled.	No relevant exceptions noted.

**MATRIX 15**

**403(b) TPA & COMMON REMITTING SERVICES**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that the 403(b) administration services including vendor oversight, plan administration and compliance, common remitting oversight and reporting are performed accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
15.13	<p style="text-align: center;"><u>Salary Reduction Agreements (SRAs)</u></p> <p>SRAs are assigned to vendors based on the information on the SRA form. The common remitting application is configured with a pre-populated listing of approved vendors.</p>	<p>Observed the SRA entry process to determine that SRAs were assigned to vendors based on the information on the SRA form.</p> <p>Inspected the common remitting application configurations to determine that the common remitting application was configured with a pre-populated listing of approved vendors.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
15.14	<p>SRA configuration changes in the common remitting application are placed in a pending status until they are reviewed and approved by the 403(b) plan administration supervisor or team lead.</p>	<p>Inquired of the 403(b) plan administration supervisor regarding the SRA change process to determine that SRA configuration changes in the common remitting application were placed in a pending status until they were reviewed and approved by the 403(b) plan administration supervisor or team lead.</p> <p>Observed the SRA entry process to determine that SRA configuration changes in the common remitting application were placed in a pending status until they were reviewed and approved by the 403(b) plan administration supervisor or team lead.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>
15.15	<p style="text-align: center;"><u>Compliance Testing</u></p> <p>402(g) and 415 compliance limits are monitored throughout the year for clients who submit payroll data for common remitting.</p>	<p>Observed the compliance monitoring process to determine that 402(g) and 415 compliance limits were monitored throughout the year for clients who submitted payroll data for common remitting.</p>	<p>No relevant exceptions noted.</p>

**MATRIX 15**

**403(b) TPA & COMMON REMITTING SERVICES**

**Control Objective Specified by the Service Organization:** Control activities provide reasonable assurance that the 403(b) administration services including vendor oversight, plan administration and compliance, common remitting oversight and reporting are performed accurately and completely.

Control Point	Control Activity Specified by the Service Organization	Test Applied by the Service Auditor	Test Results
15.16	402(g) and 415 compliance testing is performed on an annual basis.	<p>Inquired of the director of operations regarding compliance testing to determine that 402(g) and 415 compliance testing was performed on an annual basis.</p> <p>Inspected the most recent compliance testing results for an example client to determine that 402(g) and 415 compliance testing was performed during the review period.</p>	<p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p>

**SECTION 4**  
**OTHER INFORMATION PROVIDED BY MANAGEMENT**

## *DISASTER RECOVERY PLANNING*

MidAmerica has implemented control activities to provide reasonable assurance that policies and procedures are in place to minimize disruption of processing activities and services to user organizations in the event of a business interruption or natural disaster. Specific processes that MidAmerica has implemented in this area are described below:

- A disaster recovery plan has been implemented to guide personnel in the performance of disaster recovery procedures.
- The disaster recovery plan is tested periodically.
- An agreement is maintained for a remote hot site to restore business operations in the event of an extended business interruption or natural disaster.