



**Benefit Consultants Group, Inc.**  
Cherry Hill, New Jersey

**Service Organization Controls Report on the Description and Tests of  
Operating Effectiveness of the Retirement Plan  
Administration Services and Information Technology  
Environment**

January 1, 2015 through December 31, 2015



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# Section 1

## Benefit Consultants Group, Inc.'s Management Assertion

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*Building financial security since 1958*

## **Benefit Consultants Group, Inc.'s Assertion on Controls**

We have prepared the description of aspects of Benefit Consultants Group, Inc.'s (BCG) Retirement Plan Administration Services and Information Technology Environment ("Retirement Plan Administration Services" aka the "Services") for user entities of the Services during some or all of the period January 1, 2015 to December 31, 2015, and their user auditors who have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities of the Services themselves, when assessing the risks of material misstatements of user entities' financial statements. We confirm, to the best of our knowledge and belief, that:

1. The description fairly presents the aspects of Benefit Consultants Group, Inc.'s Retirement Plan Administration Services made available to user entities of the Services during some or all of the period January 1, 2015 to December 31, 2015, for processing their transactions. Benefit Consultants Group, Inc. uses SunGard Data System Inc.'s, Relius Administration Application for processing participant transactions; SunGard Computer Services, LLC, for data center support of the Relius Administration Application; Newkirk Products, Inc., to provide compliance reporting services; Century Link, to provide collocation services; and TD Ameritrade Trust Company, Matrix Settlement and Clearance Services, LLC, Oppenheimer Fund Services, Mid Atlantic Trust Company, Mid Atlantic Capital Corporation, and MG Trust Company, LLC, to provide investment trade settlement services. In addition, Benefit Consultants Group monitors the work of third party vendors on a real-time basis by utilizing their workflow technology system. The description in Sections 3 of this document includes only the control objectives and related controls of Benefit Consultants Group, Inc. and excludes control objectives and related controls of the aforementioned third party vendors. The criteria we used in making this assertion were that the description:
  - a. Presents how the Services made available to user entities of the Services, were designed and implemented to process relevant transactions, including, if applicable:
    - The types of services provided including, as appropriate, the classes of transactions processed.
    - The procedures, within both automated and manual systems, by which services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to reports and other information prepared for user entities.

- The related accounting records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
  - How the Services capture significant events and conditions, other than transactions.
  - The process used to prepare reports and other information for user entities of the Services.
  - The specified control objectives and controls designed to achieve those objectives, including as applicable, complementary user entity controls contemplated in the design of BCG's controls.
  - Other aspects of our control environment, risk assessment process, information and communication systems (including related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities of the Services.
- b. Does not omit or distort information relevant to the scope of the Retirement Plan Administration Services, while acknowledging that the description is presented to meet the common needs of a broad range of user entities of the Services and the independent auditors of those user entities, and may not, therefore, include every aspect of the Services that each individual user entity of the Services and its auditor may consider important in its own particular environment.
- c. Includes relevant details of the changes to the Retirement Plan Administration Services during the period covered by the description.
2. The controls related to the control objectives stated in the description were suitably designed and operated effectively throughout the period January 1, 2015 to December 31, 2015, to achieve those control objectives. The criteria we used in making this assertion were that:
- a. The risks that threaten the achievement of the control objectives stated in the description have been identified by management;
  - b. The controls identified in the description would, if operating as described, provide reasonable assurance that those risks would not prevent those control objectives stated in the description from being achieved; and
  - c. The controls were consistently applied as designed and manual controls were applied by individuals who have the appropriate competence and authority.

## Section 2

# Independent Service Auditor's Report

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## Independent Service Auditor's Report

Management of Benefit Consultants Group, Inc.

### *Scope*

We have examined Benefit Consultants Group, Inc.'s (BCG) description of its Retirement Plan Administration Services and Information Technology Environment (herein referred to as "Retirement Plan Administration Services") for processing user entities' transactions throughout the period from January 1, 2015 to December 31, 2015 and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls contemplated in the design of BCG's controls are suitably designed and operating effectively, along with related controls at BCG. We have not evaluated the suitability of the design and operating effectiveness of such complementary user entity controls.

BCG utilizes several third-party service organizations for various aspects of its Retirement Plan Administration Services as described in Section 3. The accompanying description of the Services in Section 3 of this document includes only those controls and related control objectives of BCG and does not include controls and related control objectives of the third-party service organizations. Our examination did not extend to controls of the third-party service organizations.

### *Service Organization's Responsibilities*

In Section 1 of this document, BCG has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. BCG is responsible for preparing the description and for its assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.

### *Service Auditor's Responsibilities*

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

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance, in all material respects, about whether the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period from January 1, 2015 to December 31, 2015.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the presentation of the description of the system and the suitability of the design and operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in BCG's assertion in Section 1 of this report. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

#### *Inherent Limitations*

Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at a service organization may become inadequate or fail.

#### *Opinion*

In our opinion, in all material respects, based on the criteria described in BCG's assertion in Section 1 of this report:

- a. The description fairly presents the Retirement Plan Administration Services that were designed and implemented throughout the period from January 1, 2015 to December 31, 2015.
- b. The controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period from January 1, 2015 to December 31, 2015, and user entities applied the complementary user entity controls contemplated in the design of BCG's controls throughout the period from January 1, 2015 to December 31, 2015.

- c. The controls tested, which, together with the complementary user entity controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved and operated effectively throughout the period from January 1, 2015 to December 31, 2015.

#### *Description of Tests of Controls*

The specific controls tested and the nature, timing, and results of those tests are presented in Section 4 of this report.

#### *Information Not Subject to Examination Procedures*

The information included in Section 5 of this document is presented by BCG to provide additional information to user organizations and is not a part of BCG's description of its Retirement Plan Administration Services for processing user entities' transactions. The information in Section 5 has not been subjected to the procedures applied in our examination and, accordingly, we express no opinion on it.

#### *Restricted Use*

This report and the description of tests of controls and results thereof in Section 4 of this report are intended solely for the information and use of BCG, BCG's user entities of its Retirement Plan Administration Services during some or all of the period from January 1, 2015 to December 31, 2015, and the independent auditors of such user entities, who have a sufficient understanding to consider it, along with other information including information about the controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.



February 23, 2016  
Philadelphia, Pennsylvania

## Section 3

# Description of Benefit Consultants Group, Inc.'s Retirement Plan Administration Services and Information Technology Environment

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# Benefit Consultants Group, Inc.'s Description of Controls

## I. Overview of Operations

### A. Nature of Business

Benefit Consultants Group, Inc., ("BCG") is an actuarial, recordkeeping and benefits consulting firm, providing defined benefit and defined contribution plan services to clients located in the United States of America. BCG was formed in 1958 and is headquartered in Cherry Hill, New Jersey.

### B. Subject of Report

This document has been prepared to provide information relative to the Retirement Plan Administration Services performed by BCG for its clients, as described in the succeeding paragraphs, which includes the specific information technology controls that support these operations.

In addition, as described in item D. below, BCG utilized ten third-party service providers during the period to perform Retirement Plan Administration Services.

## C. Description of Retirement Plan Administration Services

### a. Overall Organization

BCG is a privately held corporation that is managed by a group of senior executives. To maintain and improve the quality and integrity of services, BCG uses the following groups, which are further described below in this report, comprised of various employees:

- Clerical Department
- Payroll Processing Department
- Distribution Department
- Administration
- Review
- Trading
- Client Services
- Implementation Department
- Technical Consulting Unit
- Management Group
- Information Systems

## Benefit Consultants Group, Inc.'s Description of Controls (Continued)

### Clerical Department

The designated members of the Clerical team check for any correspondence, payroll data, distribution and loan request forms, and other work-related items received by mail, electronic mail, courier, facsimile, or overnight delivery. The Clerical team enters each item received into the BCG Service Blueprint System, which has been created to track the information received from start to finish. The system uses a document imaging module, which allows the Team/Person associated with its particular function to update the applicable log with information once each task is completed. These logs give supervisors and managers the ability to monitor the extent to which service standards are being met and to identify and correct problems. They also provide a central point of reference when clients and plan participants request for the status of an item.

All incoming work is indexed and scanned to avoid misplacement of files. For control purposes, full access has been given to Information Systems personnel and the Management Team. All other employees are limited to the ability to log out work and update work status.

### Payroll Processing Department

Payroll files are received from clients in various electronic formats: website upload, secure FTP, and paper copy. The Payroll Processing team is responsible for checking the completeness of the data received and uploading the data to SunGard Business Systems, LLC's Relius Administration recordkeeping system ("Relius") to perform the investment split of contributions and loan payments. The following steps are taken to verify this process:

- Totals from the payroll file are compared with the control totals provided by the client (or the client's payroll vendor).
- System-generated totals are compared with the control totals.
- The total dollar amount (including loans) generated on the system is compared to the wire or check amount remitted.
- Participants that do not have investment election percentages on file are identified and defaulted to an investment specified by the client. A letter requesting this information is sent to the client.

A payroll file is not logged as completed until verification of the deposit of contributions and loan payments to the plan's trust fund is received. Once a payroll file is processed, totals are checked before it can be invested. Upon completion, the payroll is submitted to the Trading Partner for investment purchasing. Upon verification of deposits (checks, wires, etc.), the Plan Administration department will submit the trades through the trading platform.

## Benefit Consultants Group, Inc.'s Description of Controls (Continued)

All deposits are accounted for at this time. Any unidentified deposits will generate a call to the plan sponsor and are set up in an aging bin until resolved. If the Plan Sponsor cannot identify the deposit within three business days, the assets are returned to the Plan Sponsor.

### Distribution Department

When a distribution or loan request is received, the Distribution department reviews the paperwork submitted to ensure it has been properly completed, that all necessary signatures have been obtained, and that the withdrawal request has been authorized and approved by the Plan Sponsor. The Distribution Processing Teams refer to the plan specifications in the Relius to verify the plan will allow for the distribution or loan for the reason specified on the paperwork. If there is a problem with the paperwork or if the plan does not allow for the distribution or loan for the reason requested, or if the amount of the loan or distribution requested exceeds the maximum amount available, the paperwork is returned to the client with a letter of explanation. If the paperwork is in good order, the request is processed.

The Distribution Processing team must process a transaction in Relius, and this transaction is then submitted to our Trading Partner to liquidate sufficient assets from the participant's account to complete the distribution or loan. At the time of daily confirmation of trades, the files associated with the liquidation of assets are settled in Relius and the results are posted on the website for the participants/plan sponsor's review. If upon distribution, a forfeiture is created, the forfeited amount is placed into the trust's suspense account until the assets can be allocated. All required tax withholding is withheld and submitted by the trust at the time of distribution. Asset distribution is processed via the trust cashiering service. The results of the asset liquidation are uploaded to the cashiering service for check, wire, or Automated Clearing House issuance.

### Administration

Each day, investment positions are downloaded from the Trading Partners and matched with Relius' recordkeeping system balances. If the total assets in the plan, as reflected in Relius, do not match what is reported by the Trading Partner, the Administration team must research and identify the source and reason for the discrepancy. They must resolve any problems so that BCG records and those of the Trading Partner are reconciled. Problem resolution may require that the Administration team involve the Team Leader or management.

The Administration team is also responsible for identifying deposits to the Trust. If a deposit consists of contributions and/or loan payments, the BCG Service Blueprint System notifies the Payroll Department.

## Benefit Consultants Group, Inc.'s Description of Controls (Continued)

If a payroll file has already been received and is on hold pending the deposit, the Administration team can now process the payroll file and deposit. If the deposit is made prior to or at the same time the payroll file is received, the Payroll Processing team can process a payroll file immediately.

### Review

A member of the Plan Administration team performs the review function.

The Administrator's responsibilities include reviewing all work that is processed for any of their plans. If not satisfactory, the work is returned to the proper department for correction. (The Administrator may assist in resolving the problem.)

It is the Administrator's responsibility to review the daily cash reconciliations, identify problems or unknown items, and to call the client or Trading Partner to resolve these issues.

Each business day, the Administration team uploads to Relius the pricing and trade files from the Trading Partners.

### Trading

The Administration team is responsible for reviewing the integrity of files to be traded. These files are created by the following methods:

- System Batches created by trade exports.
- System Batches created via the Voice Response Unit or website by plan participants requesting fund transfers/realignments.
- Manual entries created by the Payroll Processing team for rollover contributions, loan payoffs, or fund transfers/realignments requested by plan participants on an authorized BCG form.

Once the Administration department verifies that the trade files are in good order, the trades are exported via electronic links with the Trading Partners. Files are deemed to be in good order when all transactions are accounted for with documentation for payroll, the corresponding deposit, purchases, and distributions.

If the files are not in good order, the files are corrected and resubmitted for exporting. The trade link and Trading Partner are determined by the client's choice of Trustee or broker.

## **Benefit Consultants Group, Inc.'s Description of Controls (Continued)**

The deadlines for exporting trade files are set by the Trading Partner. Administration is responsible for verifying and exporting the trades by the Trading Partner's trade deadline.

Administration is also responsible for importing or verifying settlement files from the Trading Partners the next morning for the previous day's trades, for verifying that settlement was received for all trades, and that the settlement files are in balance with the trade submitted the day before. The settlement files are then released into the recordkeeping system.

### **Client Services**

The Administration department and the Client Services Center primarily maintain client relations. The Client Service representative takes client telephone calls, assists all departments with answering participant questions, researching participant issues, and resolving participant inquiries. They assist participants with questions about their plan and plan requirements for loans, withdrawals, and distributions.

BCG personnel do not offer or provide investment advice. Some of the plans are set up to offer investment advice through a designated investment advisor, financial consultant or broker contracted by the Employer/Plan Sponsor. For those plans, the Client Service representative refers the participant to that party for investment advice. Otherwise, the participant must seek his/her own advisor.

### **Implementation Department**

When new clients retain BCG to be their record keeper, the Implementation team provides them with a binder that contains a conversion installation kit. An introductory meeting or conference call is then set up with a member of the Implementation team to review the kit with the client. During this meeting, the team member explains the information that is needed to establish the plan in the recordkeeping system, who is responsible for providing that information, and the timeline for completing the implementation process.

The Implementation team completes an electronic checklist as the various tasks are completed. As the implementation process nears completion, the Implementation team involves an individual from the client service center to whom the new client is assigned. Prior to the transfer of a plan to the administrator, the Implementation team meets with the assigned administrator to thoroughly review the case and its current status.

Before the official transfer from Implementation to Administration, a client meeting or telephone call is made by a Client Service representative as a welcome call to field any

## **Benefit Consultants Group, Inc.'s Description of Controls (Continued)**

questions the client may have and to verify procedures. Any final implementation issues or issues that affect ongoing operations are discussed at this time.

The Implementation team is set up using the installation kit submitted by the client. The specific plan rules requested by the client and the client specific contact information are then loaded into Relius and BCG Client Management system for proper administration of the plan.

Conversion assets are taken from the "Final Valuation Report" obtained from the prior record keeper and conversion assets are reconciled to assets received. A takeover report is delivered to the client for their review.

The Implementation department schedules meetings with the Retirement Plan Specialist to plan and control the workflow related to incoming clients. These meetings are scheduled within BCG Service Blueprint System.

### **Technical Consulting Unit**

The Technical Consulting Unit is responsible for consulting with the Plan Administrators and also reviews plan document/amendment preparation, nondiscrimination and other required compliance testing, and preparation of various required reporting and disclosure forms so that plan sponsors are in compliance with Department of Labor, Internal Revenue Service and ERISA requirements. This unit is also responsible for staying current with changes to laws and regulations pertaining to pension administration.

The Technical Consulting Unit consults with the Administration department as the latter performs required compliance testing and prepares government forms required to be filed. These responsibilities are set forth in the Service Provider Agreement.

The Technical Consulting Unit meets monthly with management to plan and monitor various compliance and legal issues for BCG's clients. They also help schedule and monitor all compliance activities (e.g., preparation of government filings, minimum required distributions, and testing data requests).

### **Information Technology Group**

The Information Systems team is responsible for helping Benefit Consultants Group with its Technology needs. The team has a support desk to assist BCG employees with desktop applications. The team is also available for higher level needs such as server maintenance, data back-up, telephony, and other technology based applications and hardware needs.

## Benefit Consultants Group, Inc.'s Description of Controls (Continued)

### The Management Group

The Management Group reviews information and work status via the BCG Service Blueprint System on a daily basis. The Group meets weekly to discuss the progress of staff events, work flow management, the status of problems with any BCG client, staffing requirements, compliance, education, and training. The status of corporate accounting may also be discussed.

#### a. General Overview of the Management Function

The managers oversee BCG's Retirement Plan Administration Services and report to BCG executive management. The managers must have recordkeeping skills, knowledge of data processing systems used by BCG in the day-to-day performance of its recordkeeping services, and knowledge of qualified plan law.

#### b. Personnel Policies and Procedures

BCG has developed hiring practices designed to ensure that new employees are qualified for their job responsibilities. Background checks are processed for all employees prior to employment regardless of their duties. The Human Resources department and department Managers interview prospective new personnel. If hired, they enter into an on-the-job training program via BCG University to familiarize them with their particular duties. Job descriptions for all positions are written in compliance with the BCG's ISO 9001 standards.

Employees who contact clients are trained in effective client communication. Further training is provided to employees involved in compliance matters. BCG provides in-house (BCG University) and outside training using the facilities of the American Society of Pension Professionals and Actuaries, and Society of Pension Administrators and Record Keepers.

#### c. Bonding and Insurance

BCG maintains insurance coverage against major risks. Policies include: Errors and Omissions and Employee Fidelity Bond. BCG further maintains coverage relating to fidelity issues surrounding the writing and issuance of client checks. Appropriate insurance against fire, theft, accident and other loss is maintained by BCG. The amount of coverage is adequate to protect BCG's premises, employees and client property.

## Benefit Consultants Group, Inc.'s Description of Controls (Continued)

### d. Affiliated Relationships

BCG has no legal relationship with any other firm necessary to our provision of these services to a client.

### e. Relationship of Benefit Consultants Group, Inc, Recordkeeping Services to Plan Trustee and Trading Partners

BCG provides stand-alone and integrated recordkeeping services to its clients through and with the assistance of its clients' plan trustees, custodians and Trading Partners.

### f. Information Technology Environment

#### i. **Physical Access**

BCG conducts its business in Cherry Hill, New Jersey. Its processing operations and Corporate Headquarters are housed at this location.

Employees are required to use a security access card for entry into the BCG business suite during regular business hours. Only Technical Support personnel directly responsible for Data Center support are authorized to access the Data Center which is controlled through the use of security access card authentication.

All visitors are greeted by a BCG employee during normal business hours. Once inside, visitors are required to sign a visitors log before proceeding anywhere in the office suite.

The activation and de-activation of security access cards is the responsibility of the COO's Administrative Assistant.

#### ii. **Data Center Environmental Controls**

Environmental detection controls are in place to protect the Data Center. Alerts are provided to the IS Help Desk via e-mail when/if humidity and/or temperature readings are at inappropriate levels, by the monitoring system in place.

#### iii. **Data and Network Access**

Access to client data on BCG's internal recordkeeping, reconciliation, and accounting systems are controlled and protected on the servers via user login and password controls, as well as multiple layers of security filtering via firewall applications.

## Benefit Consultants Group, Inc.'s Description of Controls (Continued)

The password controls operate at both the system level and the application level. The firewall controls are at the physical level.

Access rights are provided upon receipt of a New User Request Form generated in BCG's workflow application, by the Human Resource ("HR") Manager with the prerequisite approvals. This includes access to retirement plan administration applications and network access for BCG employees both locally and via an external device and/or access by a third party vendor or visitors requiring access via an external device.

Changes to access rights previously granted are managed by an e-mail communication from the HR Manager to the Help Desk, with the prerequisite approvals.

Users must authenticate themselves to the network and separately to the retirement plan administration application via unique User ID's and passwords established at the time access rights are granted.

For network applications, BCG has established standards for the creation of strong passwords, protection of those passwords and the frequency of changes to those passwords. Password policies and parameters, such as length, change frequency and lockout thresholds are established, monitored and controlled by the Director of IT. Authentication parameters for the retirement plan administration application are established by the vendor and BCG personnel have no ability to alter them.

System Administrator accounts are only assigned to IS department personnel who require those privileges to perform their job function.

User access rights for BCG employees are removed upon receipt of an email notification (i.e. a "helpdesk ticket") from authorized HR personnel in concert with an employee termination.

### iv. **Data Management-Backup and Recovery**

Full and incremental backups of all internally hosted production data and application software are performed according to a defined schedule. BCG employs a backup to tape and disk methodology with daily backups of production data replicated over a Multiprotocol Label Switching (MPLS) data network to a third-party service provider. Back up logs are maintained in support of all backups performed. Back-up tapes are taken off-site on a daily basis.

## Benefit Consultants Group, Inc.'s Description of Controls (Continued)

Restoration of production data is periodically verified by either scheduled tests or actual restores.

v. **System Security and General Segregation of Duties**

A strong segregation of activities and duties is maintained between recordkeeping and trading. Furthermore, the review and reconciliation processes are handled under separate system security and control. Management has access to all levels of system operations, email, and internal communication.

vi. **System Strategy**

BCG's system environment is managed internally and revolves around the use of SunGard Business Systems, LLC's Relius Administration recordkeeping system ("Relius").

Relius is a commercially available software package for which a separate SSAE 16 report is available that describes Relius, the control policies and procedures, and the user control considerations associated with this application.

vii. **Systems Development Process**

Requests for systems enhancements are submitted to internal BCG programmers and to outside vendors on an as-needed basis. All requests are channeled through the following processes:

- Project identification and review
- Application programming environment
- Testing
- Implementation

System enhancements are BETA tested (i.e., released to a limited audience for testing) by internal and external users according to time frames established during the project process before being released into production. A meeting is held with the team involved in the BETA testing and an approval to move forward is determined based on the results of the meeting.

### D. Third Party Service Providers

BCG outsources some components of its retirement plan administration workload to several independent service organizations. In addition, BCG hosts Relius which is used to process all transactions for BCG's clients. The following list details each third-party service provider and the services they provide to BCG.

Third-Party Service Provider	Services Provided to BCG
<ul style="list-style-type: none"> <li>• Newkirk Products, Inc.</li> </ul>	Provides processes for periodic client Compliance Reporting and participant statement processing.
<ul style="list-style-type: none"> <li>• Oppenheimer Fund Services</li> </ul>	Provides trading platform for processing client participant investment transactions.
<ul style="list-style-type: none"> <li>• MG Trust Company, LLC</li> </ul>	Provides trading platform for processing client participant investment transactions.
<ul style="list-style-type: none"> <li>• TD Ameritrade Trust Company</li> </ul>	Provides trading platform for processing client participant investment transactions.
<ul style="list-style-type: none"> <li>• Mid Atlantic Trust Company</li> </ul>	Provides trading platform for processing client participant investment transactions.
<ul style="list-style-type: none"> <li>• SunGard Data System, Inc.'s Relius</li> </ul>	Relius Administration recordkeeping system.
<ul style="list-style-type: none"> <li>• SunGard Computer Services, LLC</li> </ul>	Provides data center services for the SunGard Relius application.
<ul style="list-style-type: none"> <li>• Internap</li> </ul>	Provides data center services
<ul style="list-style-type: none"> <li>• Digital Reality</li> </ul>	Provides data center services

## II. Relevant Aspects of Internal Control

### A. Control Environment

BCG's organizational structure provides an overall framework for planning, directing, and controlling operations. Authority and responsibility are assigned within the organizational structure in order to provide for adequate staffing, segregation of duties and efficiency of operations.

BCG's recordkeeping services employs approximately 65 people who are segregated into the departments detailed in the "Description of Retirement Plan Administration Services" section of this document. Each department is managed by a group of senior executives with extensive experience in retirement service administration. BCG has written administrative policies and procedures which are communicated to employees, addressing matters such as confidentiality, conflict of interest, compensation and employee benefits. BCG has developed hiring practices designed to ensure that new employees are qualified for their job responsibilities. The Human Resources department and department Managers interview prospective new personnel. If hired, they enter into an on-the-job training program via BCG University to familiarize them with their particular duties. Employees receive periodic evaluations.

#### Management's Philosophy and Operating Style

Management's philosophy and operating style affect the way that BCG is managed. BCG has developed procedures to ensure that the integrity of processing is the primary focus that controls are maximized to mitigate risk in the daily operation and that appropriate monitoring exists throughout the organization. Management has established team structure which is designed to ensure the highest level of integrity and efficiency in client support and transaction processing is achieved.

#### Integrity and Ethical Values

BCG is committed to the highest standards of legal and ethical integrity. Employees are expected to adhere to BCG's conflict of interest policy that, among other things, establishes rules of conduct for employees who service client accounts. Specifically, employees are prohibited from divulging confidential information regarding user organization matters or taking any action that is not in the best interest of user organizations. BCG employees must follow written administrative policies and procedures that have been designed to promote and ensure integrity and ethical values in their environment. Management expects all employees to maintain high moral and ethical standards and has demonstrated their commitment in this regard.

## **B. Information and Communication**

As a routine part of their activities, management and supervisory personnel monitor the quality of internal control performance. To assist them in monitoring, Client Services has a survey form that is automatically sent to any sponsor or participant who calls. Any negative responses to the survey trigger an automatic email to a member of management. Additionally, management has direct contact with clients to receive feedback on BCG services. Any exceptions to normal activities are forwarded to management for correction. Management meets regularly to discuss operational procedures to help ensure that problems are addressed on a timely basis.

Retirement Plan operations are managed via the BCG Work-flow Technology System and audited by the BCG's ISO 9001 standards of operation. All work items are managed real-time to ensure timely and accurate work is being delivered. Audits on work, processes, and systems are completed internally on a semiannual basis and an independent audit is performed semi-annually via an external firm.

BCG has implemented various methods of communication to ensure that all employees understand their individual roles and responsibilities, and to ensure that significant events are communicated in a timely manner. Significant events are communicated through electronic mail or internal memos. Other methods include orientation and training programs for newly hired employees and periodic staff meetings.

BCG uses periodic bulletins and electronic mail to communicate with its clients. Management maintains close contact with clients to ensure that issues and new developments are communicated in a timely manner.

## **C. Risk Assessment**

BCG has an informal risk assessment process that is used to identify and manage risks that could affect BCG's ability to provide services to its clients. Management reviews and considers its risks throughout the year and meets on a regular basis to identify and discuss significant risks in their areas of responsibility and to evaluate and implement appropriate procedures to address any identified risks. As part of its regular reviews, BCG is constantly monitoring changes to existing laws and regulations governing retirement plans, as well as concerns that arise from the various departments regarding internal operations and external Trading Partners.

#### **D. Control Activities**

Control activities are the policies and procedures that help determine that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities, whether automated or manual, have various objectives and are applied at various organizational and functional levels.

BCG's management team is responsible for directing and controlling operations, and for establishing, communicating, and monitoring control policies and procedures. BCG maintains sound internal controls and holds high expectations for the integrity and ethical values of all BCG personnel. Organizational values and behavioral standards are communicated to all personnel.

#### **E. Monitoring**

As a routine part of their activities, management and supervisory personnel monitor the quality of internal control performance. To assist them in monitoring, Client Services has a survey form that is automatically sent to any sponsor or participant who calls. Any negative responses to the survey trigger an automatic email to a member of management. Additionally, management has direct contact with clients to receive feedback on BCG services. Any exceptions to normal activities are forwarded to management for correction. Management meets regularly to discuss operational procedures to help ensure that problems are addressed on a timely basis.

Retirement Plan operations are managed via the BCG Work-flow Technology System and audited by the BCG ISO 9001 standards of operation. All work items are managed real-time to ensure timely and accurate work is being delivered. Audits of work, processes, and systems are completed internally on a semiannual basis and an independent audit is performed semi-annual via an external firm.

### **III. CONTROL OBJECTIVES AND RELATED CONTROLS**

The BCG control objectives and related controls are included in Section 4 of this document "Information Provided by the Independent Service Auditor" to eliminate the redundancy that would result from listing them in this section and repeating them in Section 4. The control objectives and related controls are included in Section 4 are an integral part of BCG's description of controls.

#### IV. Complementary User Entity Control Considerations

BCG's processing of transactions and the controls over the processing were designed with the assumption that certain complementary user entity controls would be operating effectively at user entities. The processing controls described in this document occur at BCG and cover only a portion of a comprehensive internal controls structure. Each user entity must address the various aspects of internal control that may be unique to its particular system. This section describes the complementary user entity controls that should be developed, placed in operation and maintained at user entities necessary to achieve the control objectives stated in the description of BCG's Services. The table below identifies the control objectives to which the complementary user entity controls relate. User auditors should determine whether adequate controls have been established to provide reasonable assurance that user entities have considered the following:

User Entity Control Consideration	Most Relevant Control Objective(s)
The Plan Sponsor is responsible for reviewing the Plan provision requirements as defined in the Plan Document to verify accuracy and completeness of data input into the plan set-up application.	A.1 Plan Implementation A.2 Participant Data Management
The Plan Sponsor is required to review and approve change documents that Benefit Consultants Group sends to the client summarizing client requested changes. Should a Client adopt a Plan that is not in conformity with a BCG standard plan document, the Client assumes the responsibility to keep the Plan updated for any required changes and amendments.	A.2 Participant Data Management
The Plan Sponsor is responsible for sending up to date and accurate employee and employer information so that Benefit Consultants Group can properly administer the plan.	A.2 Participant Data Management A.3 Trading A.4 Distributions
The Plan Sponsor is responsible for initiating, submitting and approving disbursements from the plan.	A.2 Participant Data Management A.4 Distributions
The Plan Sponsor is responsible for declaring all plan loan defaults.	A.4 Distributions
The Plan Sponsor is responsible for reviewing and approving all compliance testing, any corrective actions, including refunds, and filing the Form 5500.	A.5 Compliance

Benefit Consultants Group, Inc.'s Description of Controls (Continued)

User Entity Control Consideration	Most Relevant Control Objective(s)
The Plan Sponsor is responsible for distributing participant notices to all applicable employees within its required time period.	A.5 Compliance
The Plan Sponsor and Plan Participants are responsible for maintaining adequate control over the user ID and password provided to them by Benefit Consultants Group.	A.6 IS Logical Access
The Plan Sponsor is responsible for entering and submitting accurate payroll data promptly within the required time frames.	A.2 Participant Data Management A.3 Trading A.4 Distributions
The Plan Sponsor is responsible for monitoring that all benefit statements not provided by BCG are in compliance with all regulatory requirements.	A.5 Compliance
The Plan Sponsor is responsible for monitoring and updating all auto escalation, auto enrollment functions, timelines and notices of the plan, if applicable.	A.1 Plan Implementation A.5 Compliance

## Section 4

# Independent Service Auditor's Description of Tests of Controls and Results for Benefit Consultants Group Inc.'s Control Objectives and Related Controls

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# Independent Service Auditors Description of Controls

## I. Objectives of Examination

This document is intended to provide user entities of BCG's Retirement Plan Administration Services and their independent auditors with information regarding BCG's controls that may affect the processing of user entities' transactions and also to provide user entities and their independent auditors with information about the operating effectiveness of the controls that were tested. This document, when coupled with an understanding and assessment of the controls in place at user entities, is intended to assist user entities' independent auditors in (1) planning the audit of user entities' financial statements and (2) assessing control risk for assertions in user entities' financial statements that may be affected by BCG controls.

Our examination was restricted to those control objectives and the related controls specified by BCG's management in the tables shown below under the heading "Control Objectives, Related Controls and Tests of Operating Effectiveness." BCG's management believes these are the relevant key controls for the stated objectives and selected services provided to user entities of the Retirement Plan Administration Services.

This examination was performed in accordance with the American Institute of Certified Public Accountants' ("AICPA") attest standards AT 101 and 801 and its Statement on Standards for Attestation Engagements ("SSAE") No. 16 entitled "Reporting on Controls at a Service Organization" and its interpretations (collectively referred to as "SSAE No. 16").

It is each interested party's responsibility to evaluate this information in relation to the internal controls in place at each user entity. If an effective internal control structure is not in place at a user entity, the BCG controls may not compensate for such a weakness.

## II. Description of Testing Procedures Performed

Our tests of the operating effectiveness of controls included such tests as were considered necessary in the circumstances to evaluate whether those controls and the extent of compliance with them, are sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the period from January 1, 2015 to December 31, 2015. Our tests of the operational effectiveness of the controls were designed to cover a representative number of transactions throughout the period from January 1, 2015 to December 31, 2015, for each of the controls listed in the control testing tables below, which are designed to achieve the specified control objectives.

In selecting particular tests of the operational effectiveness of controls, we considered:

- (a) the nature of the items being tested
- (b) the types of available evidential matter
- (c) the nature of the control objectives to be achieved
- (d) the assessed level of control risk and
- (e) the expected efficiency and effectiveness of the test.

We performed a variety of tests to evaluate the fairness of the description of the controls, to provide a basis for understanding the framework for controls and to determine the operating effectiveness of specified controls as indicated in the control testing tables during the period from January 1, 2015 to December 31, 2015.

Tests performed of the operational effectiveness of the controls detailed in the control testing tables below are described as follows:

Test Type	Description of Test Type
Corroborative Inquiry	<p>Made inquiries of appropriate organizational personnel to obtain information or corroborating evidence regarding the control descriptions, processes and procedures.</p> <p><b>NOTE:</b> As inquiries were performed for all controls, this test was not listed individually for every control activity included in the control testing tables.</p>
Observation	<p>Witnessed the utilization of controls by organization personnel. This included, but was not limited to, viewing the functionality of system applications and automated controls, scheduling routines and witnessing the processing of transactions.</p>
Inspection	<p>Read documents and reports that contain an indication of performance of the control. This included, but was not limited to, reading documents and reports to determine whether authorization was evidenced, transaction information was properly recorded and controlled, and examining reconciliations and evidence of review to determine whether outstanding items were properly monitored, controlled and resolved.</p>
Re-performance	<p>Independently performed the relevant control. This included, but was not limited to, comparing reconciliations to proper source documents, assessing the reasonableness of reconciling items and recalculating mathematical solutions.</p>

## Control Objectives, Related Controls and Tests of Operating Effectiveness

### A.1 – Retirement Plan Administration Services Control Objective and Controls

Control Objective: Controls provide reasonable assurance that newly-created plans, and converted existing plans, are established completely and accurately, in accordance with the Plan Adoption and Acceptance Agreements.

Control Number	Control Description	Description of Testing	Results of Testing
A.1.1	Plan Implementation staff maintains an implementation checklist containing all documents/actions necessary to fully implement a new or conversion plan. The Conversions staff is notified when to establish new a client record.	Inspected policies and procedures documenting the maintenance of an implementation checklist for new or converted plans.	No exceptions noted.
		For a sample of new or converted plans, inspected evidence to determine whether the implementation checklist was completed and the plan established in the plan administration application.	No exceptions noted.
A.1.2	Plan documents received from clients are entered in the plan administration application and the completion is recorded as part of the Implementation checklist.	Inspected policies and procedures documenting the receipt of plan documents and the entry of the documents in the plan administration application.	No exceptions noted.
		For a sample of clients, inspected evidence to determine whether plan documents were entered in the plan administration application.	No exceptions noted.

## A.1 – Retirement Plan Administration Services Control Objective and Controls

(Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.1.3	Trades cannot be processed until the investment fund listing is received from the client which creates a workflow to alert the Conversions department that new client accounts are ready to be entered/imported into the plan administration application along with the plan provisions.	Inspected policies and procedures documenting the process for creating a workflow to setup client investment fund listings to accept trades in the plan administration application.	No exceptions noted.
		Through inquiry and observation, determined whether a workflow was created when the investment fund listing was received from the client to alert the Conversions department that the new client accounts were ready to be entered/imported into the plan administration application along with the plan provisions.	No exceptions noted.
		For a sample of clients, inspected evidence to determine whether investment fund listings were received from the client and the plan administration application was ready to accept, or accepted trades.	No exceptions noted.
A.1.4	For converted plans, transferred assets are entered in the plan administration application and then reconciled to the final valuation report provided by the previous plan administrator.	Inspected policies and procedures documenting the reconciliation of transferred assets with a final valuation report.	No exceptions noted.
		For a sample of converted plans, inspected evidence to determine whether converted plan assets were reconciled with a final valuation report received from the previous plan administrator.	No exceptions noted.

## A.2 – Participant Data Management

Control Objective: Controls provide reasonable assurance that all participant account data changes are properly authorized, and recorded accurately and completely.

Control Number	Control Description	Description of Testing	Results of Testing
A.2.1	The plan administration application generates error messages for any payroll data errors, omissions, plan rule violations, etc. Payroll department staff resolve errors in order for the plan administration application to process participant and plan data in the manner it was designed.	Inspected policies and procedures documenting the process for resolving payroll data errors in the plan administration application.	No exceptions noted.
		Observed a payroll data processing error and the procedure for resolving the error in the plan administration application resulting in a completion of the payroll data processing.	No exceptions noted.
		For a sample of payroll plans and payroll cycles, inspected evidence to determine whether the totals from the original payroll file matched to the totals in the plan administration application.	No exceptions noted.
A.2.2	Trading department staff reconciles deposits in the Cashiering Account with plan numbers and compares them to payroll files to ensure completeness and accuracy. Deposits that cannot be associated to a particular plan after three business days are returned to the sender, unless directed by the client otherwise.	Inspected policies and procedures documenting the reconciliation of payroll files to bank deposits received from clients.	No exceptions noted.
		For a sample of clients, inspected evidence to determine whether deposits received from clients were reconciled to payroll files.	No exceptions noted.

### A.3 – Trading

Control Objective: Controls provide reasonable assurance that all participant contributions are processed and the related trades are executed, recorded accurately and completely.

Control Number	Control Description	Description of Testing	Results of Testing
A.3.1	Each day the Trading department reconciles payroll data with plan administrator deposit data. Trade accounting cannot make trades unless and until the money has been paid and the data files match.	Inspected policies and procedures documenting the process for the Trading department to reconcile payroll data with deposit data.	No exceptions noted.
		Through inquiry and observation, inspected evidence to determine whether the Trading department was prohibited from making a trade unless and until the money was paid and the data files matched.	No exceptions noted.
		For a sample of days, inspected evidence to determine whether the Trading department reconciled payroll data with plan administrator deposit data.	No exceptions noted.
A.3.2	Trading department staff verify trade files contain the necessary data for execution. Any incorrect files are returned to the plan administrator for correction before exporting to the external trading partner. Trading department staff monitor and reconcile exported trades with the external trading partners in accordance with the trading partners' deadlines.	Inspected policies and procedures documenting the process for execution and reconciliation of trade files with external trading partners.	No exceptions noted.
		Observed the Trading department staff visually verify the trade files and monitoring of exported trades with the trading partners.	No exceptions noted.

### A.3 – Trading (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.3.3	Each business day, settlement data is imported into the plan administration application from the external trading partner creating a record of the day's trade.	Inspected policies and procedures documenting the reconciliation of settlement data and investigation of any errors.	No exceptions noted.
		Observed the import and reconciliation of settlement data received from the trading partners to the previous day's trades by the Trading department staff.	No exceptions noted.
		Through observation and inspection of evidence, determined whether the plan administration application has a Straight Through Processing (STP) feature that follows a defined schedule to import settlement data from the external trading partner each day.	No exceptions noted.
A.3.4	Each business day, the pricing and trade files from the external trading partners are imported into the plan administration application by 10 am which permits any earnings to be assigned to participant's accounts based on pre-selected allocation levels.	Inspected policies and procedures documenting the download of pricing and trade files for the assignment of earnings in the plan administration application.	No exceptions noted.
		Observed the download and reconciliation of pricing and trade data received from the trading partners for assignment of earnings to participant's accounts by the Trading department staff.	No exceptions noted.
		For a sample of days, inspected evidence to determine whether the Administration team downloaded the pricing and trade files from the external trading partners into the plan administration application.	No exceptions noted.

### A.3 – Trading (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.3.5	Each day, investment positions from the external Trading Partners are reconciled with the plan administration application data. If the total plan assets in the plan administration application do not match those reported by the external Trading Partners, the Administration team will research and reconcile any differences.	Inspected policies and procedures documenting the reconciliation of investment positions with plan administration application data.	No exceptions noted.
		Observed the reconciliation of investment position totals received from the trading partners to the total plan assets in the plan administration application by the Trading department staff.	No exceptions noted.
		For a sample of days, inspected evidence to determine whether the investment positions from the external Trading Partners were reconciled with the plan administration application data and all variances were researched and reconciled.	No exceptions noted.

### A.4 – Distributions

Control Objective: Controls provide reasonable assurance that withdrawals and distributions are properly authorized, and processed completely and accurately.

Control Number	Control Description	Description of Testing	Results of Testing
A.4.1	Participant distributions require a completed and authorized Participant Distribution Request (“PDR”) document set to process the request.	Inspected policies and procedures documenting the requirement for a PDR document set to process a participant distribution.	No exceptions noted.
		For a sample of participant distributions, inspected evidence to determine whether the PDR document was completed and authorized.	No exceptions noted.

#### A.4 – Distributions (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.4.2	Each distribution submission is reviewed for authorization, accuracy, completeness, and compliance with plan provisions. Errors require the Distributions department staff to return the documents to the plan administrator to make necessary corrections and re-submit.	Inspected policies and procedures documenting the procedures for the review of distribution requests for accuracy, completeness and compliance with plan provisions.	No exceptions noted.
		For a sample of participant distributions, inspected evidence to determine whether the PDR document was completed, authorized and corrected, if originally rejected.	No exceptions noted.
A.4.3	Properly completed distribution documents are posted to the plan administration application which creates an export record to be sent to the external trading partners.	Inspected policies and procedures documenting the posting of plan distribution documents to the plan administration application.	No exceptions noted.
		For a sample of PDRs, inspected evidence to determine whether the PDR document was posted to the plan administration application.	No exceptions noted.

#### A.4 – Distributions (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.4.4	Actual cash distribution is carried out by the external trading partners with an email confirmation verifying the trade. The participant's account balances are adjusted to reflect the distribution in the plan administration application.	Inspected policies and procedures documenting the verification of the distribution with the trading partners.	No exceptions noted.
		For a cash distribution which took place during the period, observed an email sent by the external trading partner to confirm the trades taking place along with evidence that the participant's account balances were subsequently adjusted.	No exceptions noted.
		For a sample of PDRs, inspected evidence to determine whether the participant's account balance was appropriately adjusted in the plan administration application.	No exceptions noted.
A.4.5	The external trading partners calculate, withhold, remit, and report all applicable income taxes. They will issue Form 1099, as required, directly to the participant.	Inspected the external trading partners' SSAE 16 SOC 1 Type II report to determine whether the withholding and remittance of taxes and issuance of 1099s was tested without exceptions.	No exceptions noted.

## A.5 – Compliance

Control Objective: Controls provide reasonable assurance that compliance testing and reporting are processed completely and accurately.

Control Number	Control Description	Description of Testing	Results of Testing
A.5.1	On or before the fifth business day of a new calendar quarter, Trading department staff exports a reporting file to the external reporting service vendor.	Inspected policies and procedures documenting the remittance of reporting files to the external reporting service vendor at the beginning of each calendar quarter.	No exceptions noted.
		For a sample of quarters, inspected evidence to determine whether the Trading department staff exported the reporting file to the external service vendor on or before the fifth business day of a new calendar quarter.	No exceptions noted.
A.5.2	The external reporting service vendor provides the Trading department with a proof copy statement for a cross-section of participants. Trading department staff review and approve a sample of the proof statements before they are mailed to the participants and/or made available on the external reporting service vendor's website.	Observed the Trading department staff inspect a proof copy of participant's statements.	No exceptions noted.
		Inspected evidence to determine whether the external reporting service vendor provided the Trading department with a proof copy statement for a cross-section of participants and the Trading department staff reviewed and approved a sample of the proof statements before they were mailed to the participants and/or made available to the external reporting service vendor's website.	No exceptions noted.

## A.5 – Compliance (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.5.3	Upon Trading department staff approval, the proofs are generated by the external reporting service vendor and mailed directly to the plan participants.	Through inquiry and observation, inspected evidence to determine whether proofs were generated by the external reporting service vendor after approval by the Trading department staff.	No exceptions noted.
A.5.4	At year end (generally 12/31/xx), Compliance department staff issue census updates and annual questionnaires to each plan administrator. These documents provide participant information for year-end special instructions and compliance testing.	Inspected documentation to determine whether the process for sending census updates and questionnaires to plan administrators was documented.	No exceptions noted.
		For a sample of plans, inspected evidence to determine whether census updates and annual questionnaires were sent to plan administrators.	No exceptions noted.
A.5.5	Compliance department staff monitors the workflow application for notices of new census and annual questionnaire receipts. Compliance department staff compares the census data received to the client's data in the plan administration application to ensure that no participants have been removed from the plan census. The census should include all current employees even if they are not eligible for the plan or not active in the plan.	Inspected policies and procedures documenting the process for receiving census updates and matching them to the plan administration application.	No exceptions noted.
		For a sample of plans, inspected evidence to determine whether census updates were received and reconciled to the plan administration application.	No exceptions noted.

## A.5 – Compliance (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.5.6	Compliance department staff performs compliance testing (DOL, IRS and/or Plan Provision) for each plan, in the plan administration application, at the plan's year end. Exception reports for each type of compliance failure create a task for completion in the workflow application.	Inspected policies and procedures documenting the process for performing compliance testing.	No exceptions noted.
		For a sample of plans, inspected evidence to determine whether compliance testing had been completed at the plan's year end.	No exceptions noted.
A.5.7	If a plan fails a test, Compliance department staff download plan data from the plan administration application and perform manual testing. The testing results are communicated to the client to explain the compliance failure and possible solutions. Compliance department staff will enter data changes received from the client in the plan administration application for the plan to pass all testing.	Inspected policies and procedures documenting the process for correcting compliance test failures.	No exceptions noted.
		For a sample of plans where plan testing failed, inspected evidence to determine whether the results were communicated to the client to explain the compliance failure and possible solutions.	No exceptions noted.
		For a sample of plans where plan testing failed, inspected evidence to determine whether Compliance department staff entered changes received from the client in the plan administration application for the plan to pass testing.	No exceptions noted.

## A.5 – Compliance (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.5.8	The plan administration application produces an annual full plan compliance testing report, indicating that all tests were passed. The report is provided to the client and maintained in BCG's permanent records.	Inspected evidence to determine whether the procedures for the generation of full plan compliance testing reports were documented.	No exceptions noted.
		For a sample of plans, inspected evidence to determine whether annual full compliance testing reports were produced and included in BCG's permanent records.	No exceptions noted.
A.5.9	Compliance department staff prepares the IRS Form 5500 return for each plan and publishes the return in the plan administration application. The plan administrator is sent an email alert indicating the 5500 is ready for filing, along with a hyperlink to e-file the form. The BCG plan manager monitors client 5500's that have not been filed, and follows-up with those clients.	Inspected evidence to determine whether the procedures for the generation of Form 5500 for each plan and the remittance of that document to the client were documented.	No exceptions noted.
		For a sample of plans, inspected evidence to determine whether Form 5500 was sent to the client and filed with the Department of Labor.	No exceptions noted.

## A.5 – Compliance (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.5.10	Any clients not responding with census and/or annual questionnaire are contacted by client management staff on a regular basis. A final certified letter is sent to the client explaining the consequences of failing to comply.	Inspected evidence to determine whether the procedures for follow-up for plan administrators not responding to BCG correspondence were documented.	No exceptions noted.
		For a sample of plans, inspected evidence to determine whether they were non-responders and if so, whether follow-up was performed by BCG staff and a final certified letter was sent.	No exceptions noted.

## A.6 – Logic Access

Control Objective: Controls provide reasonable assurance that logical access to the systems, programs, and data files is limited to properly authorized individuals.

Control Number	Control Description	Description of Testing	Results of Testing
A.6.1	HR initiates a request for a new user using the form in workflow which then sets up a work item for the network administrator. Once the network administrator establishes the user, they will complete the task in workflow and the employee's respective manager receives a notice the employee has been set-up. The process for terminated employees is similar except requests are received through email.	Inspected policies and procedures documenting the process for granting access to new employees and removing access for terminated employees.	No exceptions noted.
		For a sample of new employees, inspected evidence to determine whether HR initiated an approved request for establishing a user's access on the network.	No exceptions noted.
		For a sample of terminated employees, inspected evidence to determine whether HR initiated an approved request to terminate the employee's network access.	No exceptions noted.

## A.6 – Logic Access (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.6.2	Each network user account is comprised of a USER ID and password. The password parameters have been established with complexity requirements to prevent circumvention of easily guessed passwords.	Via re-performance, inspected evidence to determine a USER ID and password was required to log into the network.	No exceptions noted.
		Inspected evidence of the network password parameters to determine whether they included complexity requirements sufficient to prevent easily guessed passwords.	No exceptions noted.
A.6.3	The access level restrictions in the retirement plan administration application ("Relius") are assigned to users by the BCG Operations personnel (Director level and above). These assignments, and changes to them, are based on the security level required for the employees to perform their job.	For a sample of employees, inspected evidence of their access permissions in Relius to determine whether their access was reasonable when compared to the employee's job function.	No exceptions noted.
A.6.4	Remote users are able to access a secure website using an RSA SECUREID and a PIN which presents a Windows authentication window for their USER ID and password. This login sequence is the same for contractors. All remote access is established by a network administrator.	Inspected evidence of the secure website to determine whether remote users were required to authenticate themselves before accessing BCG's network login screen.	No exceptions noted.
		Inspected evidence to determine whether all remote accounts were active users.	No exceptions noted.

## A.6 – Logic Access (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.6.5	Malware and virus detection software used by BCG is an application resident on a central server in BCG's offices which receives daily updates. The end-user equipment operates in a "thin-client" environment, which precludes the need for anti-virus software or definitions to be resident on them.	Inspected evidence of the malware and virus detection application resident on the network server and the parameter settings for automatic updates.	No exceptions noted.

## A.7 – Physical Access

Control Objective: Controls provide reasonable assurance that physical access to computer equipment, storage media, and program documentation is limited to properly authorized individuals.

Control Number	Control Description	Description of Testing	Results of Testing
A.7.1	Building access key cards are used by all employees for entry to the BCG office suite, and to individually-secured areas within the suite. During business hours, visitors must sign-in and enter via a lobby entrance monitored by a receptionist.	Observed employees accessing the BCG office suite via key cards.	No exceptions noted.
		Via reperformance, recorded entries on the visitor sign-in sheet and observed the receptionist in the BCG's office suite lobby.	No exceptions noted.

## A.7 – Physical Access (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.7.2	The COO's administrative assistant manages all key card issuance and changes. An email from HR identifying employee hires and terminations serves as the authorization for the assistant to issue a card and grant new employee access or to terminate employee access to the office suite. Terminated access cards are collected during the exit interview.	Inspected evidence of the key card access application and blank key cards that have not been activated.	No exceptions noted.
		For a sample of new employees, inspected evidence to determine whether HR emailed or communicated that the employee should be granted a key card.	No exceptions noted.
		For a sample of terminated employees, inspected evidence to determine whether HR emailed or communicated that the employee's access was disabled.	No exceptions noted.
A.7.3	The office suite doors are unlocked at 8:00 AM and locked at 4:30 PM each business day. Weekend access is granted as required. If special access for a weekend visit to the office is required, the COO's administrative assistant will grant that access to an individual employee after receiving approval from his/her supervisor.	Observed the office suite doors locked prior to 8:00 AM, unlocked after 8:00 AM until 4:30 PM and then locked again after 4:30 PM.	No exceptions noted.
A.7.4	The Data Center is maintained in a separate, controlled room with card access locks. Card access to the data center is limited to authorized users only.	Observed the data center with the Director of IS and determined that key card access was required for entry.	No exceptions noted.

## A.7 – Physical Access (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.7.5	Periodically, the proximity card access rights are reviewed, and any necessary changes are made to reflect appropriate levels of access per employee.	Inspected evidence to determine whether a periodic review of BCG employee and contractor proximity card access rights was performed.	No exceptions noted.

## A.8 – Change Management

Control Objective: Controls provide reasonable assurance that changes to the system and application software are properly authorized, tested and managed.

Control Number	Control Description	Description of Testing	Results of Testing
A.8.1	Vendor updates to the retirement plan administration application are reviewed and approved by the Operations department as noted via a ticket for the installation of the update in the workflow application. Once the ticket is approved, the IS department will apply the update to the application.	Inspected evidence to determine whether vendor updates to the retirement plan administration application were approved by the Operations department for installation of the update by the IS department.	No exceptions noted.
A.8.2	Updates to the network operating system application are reviewed and approved by the IS department. The review and approval process includes a task involving a discussion of the update with BCG's primary core application vendors.	Inspected evidence to determine whether operating system application updates were approved by the IS department for installation and discussed with BCG's primary core application vendors.	No exceptions noted.

## A.9 – Backup and Recovery

Control Objective: Controls provide reasonable assurance that system, program, and data files are backed-up routinely and are stored in a secure location.

Control Number	Control Description	Description of Testing	Results of Testing
A.9.1	On a daily basis, backups are performed to capture all changes since the last backup. If a backup process fails, alerts are sent to the IS support team which are investigated and resolved if necessary.	Inspected documentation to determine whether backup procedures are documented.	No exceptions noted.
		For a sample of days, inspected evidence to determine whether backups were performed to capture all changes since the last backup.	No exceptions noted.
		For a sample of days with a backup failure, inspected evidence to determine whether an alert was sent to the IS support team and resolved when necessary.	No exceptions noted.
A.9.2	Backups are replicated to a separate location hosted by a third party service provider.	Inspected evidence to determine whether the backup application was configured to replicate the backup data to a third party service provider.	No exceptions noted.
		Inspected the SOC 2 Type II report from the third party service provider hosting BCG's replicated data to determine whether controls were determined to be operating effectively.	No exceptions noted.

## A.10 – Environmental Controls

Control Objective: Controls provide reasonable assurance that information technology hardware is protected from environmental hazards.

Control Number	Control Description	Description of Testing	Results of Testing
A.10.1	BCG's servers, firewalls, and network equipment are maintained in a data center which is protected by a fire suppression and alarm system and is equipped with a temperature and humidity control system.	Inspected documentation to determine whether environmental controls were documented.	No exceptions noted.
		Observed the existence of fire suppression, alarm system and a temperature and humidity control system in the data center.	No exceptions noted.
A.10.2	The network hardware is supported by an uninterruptible power supply ("UPS"), which permits BCG to complete an orderly shutdown of the network due to loss of power.	Observed the existence of an UPS in the data center connected to network hardware.	No exceptions noted.

## A.11 – Third-Party Service Providers

Control Objective: Controls provide reasonable assurance that third-party service providers are monitored.

Control Number	Control Description	Description of Testing	Results of Testing
A.11.1	BCG personnel request, obtain and read the subservice organizations' SSAE 16 SOC 1 Type II reports.	Inspected evidence to determine whether the subservice organizations' SSAE 16 SOC 1 Type II reports were obtained and read.	No exceptions noted.

## A.11 – Third-Party Service Providers (Continued)

Control Number	Control Description	Description of Testing	Results of Testing
A.11.2	<p>BCG obtains current SSAE 16 SOC 1 Type II reports from providers of plan administration software, trading partners, statement printing and compliance testing services and reviews the reports for the following controls which are relevant to BCG's control environment:</p> <ul style="list-style-type: none"> <li>• Physical Access</li> <li>• Logical Access</li> <li>• Backup of Programs and Data</li> <li>• Changes to Operating System and Web Hosting Software</li> <li>• Changes to Website Hardware</li> <li>• Vulnerability and Incident Management</li> <li>• Data Center Environmental Controls</li> </ul>	<p>Inspected evidence to determine whether the subservice organizations' SSAE 16 SOC 1 Type II reports include control activities for:</p> <ul style="list-style-type: none"> <li>• Physical Access</li> <li>• Logical Access</li> <li>• Backup of Programs and Data</li> <li>• Changes to Operating system and Web Hosting Software</li> <li>• Changes to Website Hardware</li> <li>• Vulnerability and Incident Management</li> <li>• Data Center Environmental Controls</li> </ul>	No exceptions noted.
A.11.3	<p>BCG personnel read the Complementary User Entity Control Considerations outlined in the subservice organizations' SSAE 16 SOC 1 Type II reports and ensure these items have been incorporated into BCG's control environment.</p>	<p>Inspected evidence to determine whether management concluded the Complementary User Entity Control Considerations detailed in the subservice organizations' SSAE 16 SOC 1 Type II reports were incorporated into BCG's control environment.</p>	No exceptions noted.

# Section 5

## Other Information Provided by Benefit Consultants Group, Inc.

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## I. Glossary of Terms

Term	Definition
BCG Service Blueprint System	Workflow system that tracks and assigns all work and correspondence that is received.
Plan Sponsor	Generally the employer.
Relius Administration	Software system is licensed from Corbel, which is an independent company owned by SunGard. SunGard maintains the software with periodic updates.
Administration Team	These employees are responsible for reconciling each plan's fund positions each day to the actual Trust positions, as well as reconciling each plan's cash account.
Client Service Center	These employees coordinate all client inquiries and are involved in conflict and problem resolution as an aide to the Administration Department.
Implementation Team	These employees are responsible for setting up new client accounts and managing the processing of the transfer of records, assets, and information from a prior record keeper.
Technical Consulting Unit	These employees are responsible for maintaining the qualified status of the retirement plans.
Service Provider Agreement	The agreement entered into between BCG and the plan administrator who contracts with BCG to perform record keeping services for their retirement plans. This agreement delineates the responsibilities of each party with respect to the plan.
Information Systems Department	These employees are responsible for the operation and maintenance of the computer systems owned and operated by BCG.
Trading Partner	Trust, Custodian, Mutual Fund, Insurance Co., or other servicing company.

