



OREAD RISK & ADVISORY



Description of Punctual Abstract Co., Inc.'s System and the Suitability of the Design

AS OF JUNE 1, 2019
SYSTEM & ORGANIZATION CONTROLS (SOC) REPORT 1 – TYPE 1

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SECTION I

INDEPENDENT SERVICE AUDITOR'S REPORT



INDEPENDENT SERVICE AUDITOR'S REPORT

To Management of Punctual Abstract Co., Inc.

Scope

We have examined Punctual Abstract Co. Inc.'s ("Punctual") description of its abstract search services system entitled, "Description of the System," for processing user entities' transactions as of June 1, 2019 and the suitability of the design of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "Management Assertion". The controls and control objectives included in the description are those that management of Punctual believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the abstract search services system that are not likely to be relevant to user entities' internal control over financial reporting.

Punctual uses several subservice organizations for various operational activities including data hosting and disaster recovery, abstract searches and data entry services. The description in Section III includes only the control objectives and related controls of Punctual and excludes the control objectives and related controls of the subservice organizations listed in Section III. Our examination did not extend to controls of the subservice organizations, and we have not evaluated the design or operating effectiveness of such complementary subservice organization controls.

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

Service organization's responsibilities

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

Service auditor's responsibilities

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

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

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

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion.
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed to achieve the related control objectives stated in the description.
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

Inherent limitations

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

Other Matter

We did not perform any procedures regarding the operating effectiveness of controls stated in the description and, accordingly, do not express an opinion thereon.

Opinion

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

- a. the description fairly presents the abstract search services that was designed and implemented as of June 1, 2019.

- b. the controls related to the control objectives in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively as of June 1, 2019, and subservice organizations and user entities applied the complementary controls assumed in the design of Punctual's controls as of June 1, 2019.

Restricted use

This report is intended solely for the information and use of management of Punctual, user entities of Punctual's abstract search services system as of June 1, 2019, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be and should not be used by anyone other than the specified parties.

OREAD RISK & ADVISORY, LLC

July 30, 2019
Olathe, KS

SECTION II

MANAGEMENT ASSERTION



Punctual Abstract Co. Inc.'s Management Assertion

We have prepared the description of Punctual Co. Inc.'s (referred to as "Punctual") abstract search services (also referred to as "the System"), for processing user entities' transactions for user entities of the System as of June 1, 2019 and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the system themselves, when assessing the risks of material misstatement of user entities' financial statements.

Punctual uses the various subservice organizations: TierPoint provides rackspace, redundant power connections and redundant internet connections. Backups are replicated to this site and acts as a Disaster Recovery site. Avanze provides abstract searches and AI Technologies and eData provides data entry services. The description includes only the control objectives and related controls of Punctual and excludes the control objectives and related controls of the subservice organizations. The description also indicates that certain control objectives specified in the description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with the related controls. The description does not extend to controls of the subservice organization.

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

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

- a. The description fairly presents the System made available to user entities of the System as of June 1, 2019, for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the description:
 - i. presents how the System made available to user entities of the System was designed and implemented to process relevant transactions, including, if applicable:
 - 1) the types of services provided including, as appropriate, the classes of transactions processed;
 - 2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to reports and other information prepared for user entities;

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



Ted Woloszyk
CEO
Punctual Abstract Co., Inc.

SECTION III

DESCRIPTION OF THE SYSTEM

OVERVIEW OF THE ORGANIZATION

Punctual Abstract Co., Inc. (“Punctual”) has been conducting business since 1993, with CEO and President, Steve P. Daigle, Sr., has been abstracting since 1985 in the State of Louisiana. In that short time, Punctual has become one of the largest abstracting firms in the state.

Punctual is a trusted partner specializing in the process of verification of a seller's right to ownership, need to borrow money, or discover any claims, defects and other rights on a property. Punctual works with lenders, title companies and title agents, providing streamlined title abstracts nationwide.

Punctual is equipped to provide clients with quality abstracts and research in a timely manner by offering a variety of services, and utilizing proprietary and advanced technology to ensure fast, accurate, and reliable research. Punctual handles all services from document retrieval to full commercial abstracts and everything in between. Attorney certifications, notary closings, recording, curative research and resolution are just a few of the services offered.

Over the years, Punctual has added customized software created to specifications, in order to assist with the real time tracking of each product and to help minimize research time. Punctual also provides a typed product and offer web-site transmission to clients in order to expedite the process of sending completed searches. For our client's protection, all research conducted by Punctual is fully insured and is performed at prices which are very competitive within the industry. Punctual has 1 full time attorney on staff to provide answers to questions related to Real Estate Law.

In 1998 the Punctual Abstract Base System (“PABs”) was created, which was locally setup and built to track all open and completed inventory, essentially creating a mastermind base system of title work (starting in 1993) that contains Millions of properties throughout the country. Punctual on this local base application up to 2014. Since then, PABs was revamped to become web-based, and a fully paperless abstracting solution for title companies and lenders to use for their title needs.

RELEVANT ASPECTS OF THE CONTROL ENVIRONMENT

The control environment sets the tone of an organization, influencing the control consciousness of personnel and providing the foundation for all other components of internal control including discipline and structure. Effectively controlled entities strive to have competent people, instill an enterprise-wide attitude of integrity and control consciousness, and set a positive “tone at the top.” These entities establish appropriate control activities that foster shared values and teamwork in pursuit of the organization's objectives.

Organization and Management

Management's Philosophy and Operating Style

Punctual is led by the President who meets with the other members of management on a regular basis. The organizational structure of Punctual facilitates the flow of appropriately detailed information utilizing an “open-door” communication policy. The managers and supervisors hold oversight roles in the organization and are actively involved in the day-to-day operations of the company.

The President and other members of Executive Management convey the direction for the organization through meetings with the management team. Employees have regular access to the executive team. There is direct communication between management and executive management on a regular basis to convey the message that integrity and ethical values cannot be compromised.

Management continuously demonstrates, through words and actions, a commitment to high ethical standards. At Punctual, each employee is responsible for the consequences of his or her actions. If an employee is unsure of the appropriate action, the employee can take Punctual of the management's open-door, informal environment, and raise their concern with management.

Assignment of Authority and Responsibility

The Management team has ultimate responsibility for all activities within the entity, including the internal control system. This includes assignment of authority and responsibility for operating activities, and establishment of reporting relationships and authorization protocols.

Management has given employees the authority to make decisions based on their knowledge and assigned responsibilities. This has empowered the employees to correct problems and suggest process and management improvements. The employees understand this responsibility and involve management in their decision making process on an as-needed basis.

Human Resource Policies and Practices

Punctual strives to recruit the best staff available for each position within the company. The President approves all hiring decisions. Each applicant's prior employment, criminal background and references are checked prior to a formal offer of employment.

New employees are required to sign a form acknowledging that they have read and understand the Employee Handbook at the time of their hiring. The Employee Handbook contains policies on:

- Company Philosophy
- Employment
- Standards and Expectations
- Attendance and Time Off
- Compensation and Benefits
- Discipline and Rules
- Safety and Health

Any time there are changes to the Employee Handbook, all employees are informed and required to sign-off acknowledging that they have read and understand the changes.

Punctual strives to hire individuals meeting the technical job requirements as well as fitting the culture of the company. There is low staff turnover at Punctual, improving company profitability by reducing repetitive entry level training and improving client service with a more experienced and knowledgeable staff. New employees receive extensive training as well as being closely supervised during the first three months of employment.

All employees receive, at minimum, an annual Punctual evaluation/review. During the Punctual reviews, specific goals are established with timelines for achieving each goal. The achievement of these goals is used in determining promotions and pay increases.

All personnel receive a background check to be completed before they are hired. Background checks covering the last 7 years are conducted for all personnel. The background check includes Social Security number verification, state and national level criminal record search. Results of the checks are maintained in each employee's personnel file.

Integrity and Ethics

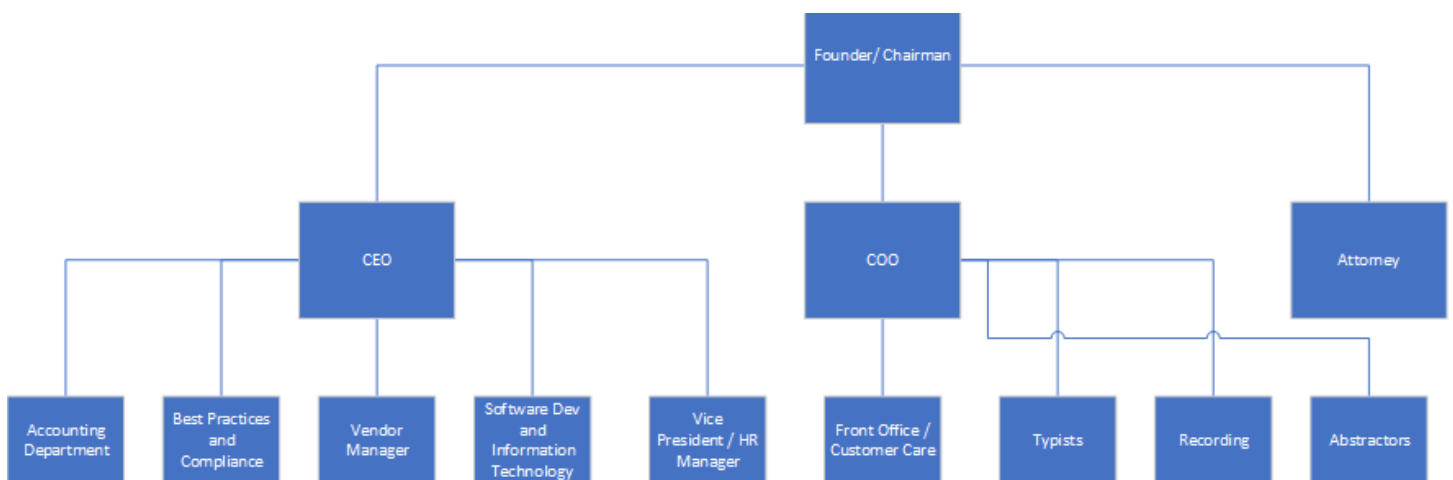
The organization and management of Punctual establishes a control environment within which the employees must function. It is an environment for all aspects of internal control. This control environment includes such items as integrity and ethics, conflicts of interest and commitment to excellence.

Commitment to Competence

Competence should reflect the knowledge and skills required to accomplish tasks that define an individual's job. Through consideration of an entity's objectives and the strategies and plans for achievement of those objectives, management specifies the competence levels required for particular jobs and translates those levels into requisite knowledge and skills.

Punctual's management has analyzed and defined the tasks and knowledge requirements that comprise the positions within the organization. They consider such factors such as the extent to which individuals must exercise judgment and the amount of related supervision when making hiring decisions. Punctual's management communicates this to personnel through the interview process, the establishment of Punctual and development goals, and through regular meetings with personnel.

The high-level Organizational Structure of Punctual is noted in the following diagram:



Personnel & Human Resource Practices

Punctual's human resources function is executed by the Vice President / HR Manager who oversee the employee life cycle, and maintain the policies contained within the Employee Handbook. The policies and procedures in the Employee Handbook are reviewed and approved by the President and VP / HR Manager on an annual basis. Any changes to the handbook must be made in writing and are subject to approval from the President and VP / HR Manager. Any changes to the Employee Handbook are communicated to all personnel. The Employee Handbook is reviewed with the employees on an annual basis if there are changes.

Risk Assessment

Punctual has placed into operation a risk assessment process to identify and manage risks that could affect their ability to provide reliable operations to their customers. This process requires Punctual to identify significant risks based on management's knowledge of its operations and the industry.

For any significant risks identified, management implements appropriate measures to monitor and manage those risks including implementing and monitoring control procedures and identifying compensating controls.

Information and Communication

Through management supervision and the Employee Handbook, Punctual sends a clear message to personnel that control responsibilities must be taken seriously. Employees understand the impact of their duties and roles have on internal control as well as on each other's work. For all employee's personnel duties and roles are defined in job descriptions.

Accurate information is critical to maintaining an effective internal control system. Data is identified, captured, and communicated as information to enable personnel to carry out their responsibilities in an efficient and effective manner. The computer systems in place produce reports that contain operational and financial information that makes it possible for management to operate and monitor Punctual's business activities. The company uses internally generated data as well as information about external events, activities, and conditions when making business decisions and creating external reports.

Monitoring

Punctual's management monitors employees and the quality of internal controls as part of their daily activities. Management is actively involved in the business and is onsite to monitor and participate in planning, supervision, and control. To assist in the monitoring of the company's activities, there are various management reports reviewed regularly by the executive team. Escalation practices are in place to alert management to issues and concerns as they arise.

Overall company strategic and related goals are communicated periodically to employees. Methods of communication include e-mails from management as well as regular company meetings where the management team provides updates to all employees.

DESCRIPTION OF OPERATIONS

Client Setup & Monitoring

A Master Service Agreement (“MSA”) is in place with the client that details the terms of the agreement.

A Service – Level Agreement (“SLA”) has been documented within the MSA that details response and completion time of abstract searches. The SLA is monitored within the internally developed software PABs.

Upgrades to the abstract searches must receive management approval before proceeding.

System Edits & Transaction Processing

System edits require mandatory fields to be completed before record entry is accepted in the PABs system.

Application edits limit input to acceptable value ranges within the PABs system.

Reconciliation and Quality Control

Punctual performs and documents a formal reconciliation of all transactions.

The Quality Control (“QC”) department performs quality control checks for quality, standards and pricing on all transactions. A check is documented in the system to verify completion.

Professional Liability Insurance

Punctual maintains commercial general liability insurance with annual limits of no less than \$2,000,000 per claim.

Punctual maintains professional liability (E&O) insurance with annual limits of no less than \$1,000,000 per claim.

Vendor Due Diligence

Procedures are formalized and documented that describe the process for performing due diligence on third party vendors.

A due diligence review is performed and completed for all new vendors before they are accepted. A review is also performed for existing vendors on an annual basis. As part of the review process, SOC reports, if available, are reviewed.

DESCRIPTION OF GENERAL COMPUTER CONTROLS

Logical Access

Information security is the safeguarding of Punctual’s assets and information to ensure that the company’s data, files, programs, and other information maintains integrity, confidentiality, and

availability to those who require it. Controls have been put into place to provide reasonable assurance that access to Punctual's systems are restricted to only authorized parties. Systems hardware, operating and application software, and the network are configured to safeguard against unauthorized physical and logical access.

Punctual developed a software, PABs, which manages the abstract search process from beginning to end.

New hires, as part of their orientation, are advised that any activity that violates the Employee Handbook can result in disciplinary action up to, and including, termination. New hires are required to acknowledge that they adhere to the Information Security Policy by signing the agreement to comply form.

Unique user IDs and passwords are assigned to each individual user for the network. Blank passwords are not allowed. Passwords are systematically required to be changed at least every 90 days with a password history of 4. To access the network, passwords must be at least 8 characters in length, must not contain more than 4 consecutive letters of the User's display name, must not contain the user's username and meet the following requirements:

- At least one uppercase letter
- At least one lowercase letter
- At least one number
- At least one special character (\$? ! _ - # % & @)

PABs requires a minimum length of 8 characters and have a history of 4. The user's username, first name or last name can't be used and they must meet at least 3 out of the 4 following rules:

- At least one uppercase letter
- At least one lowercase letter
- At least one number
- At least one special character (\$? ! _ - # % & @)

User access to the network is reviewed annually by the department team leaders to ensure individual access rights are appropriate based on job responsibilities. Administrative access to Windows is limited to authorized Punctual employees.

IT Management or authorized personnel disables or modifies individual access capabilities immediately upon termination of employment or change of responsibilities. User accounts are disabled following employee termination.

Punctual's systems are secured via SSL protocol.

Punctual's perimeter is protected by a firewall. The firewalls are configured to allow only predetermined inbound and outbound traffic and alerts are monitored by the IT department. BitDefender Antivirus protection is installed on the individual workstations and servers and the virus definitions are configured to update automatically.

A formal risk assessment is performed on an annual basis. Risks that are identified are rated using a risk evaluation process and are formally documented, along with mitigation strategies for management review. The risk assessment is reviewed on an annual basis by senior management

Physical Access

During normal business hours, the entrance is monitored by staff members in the office and visitors are greeted by a staff member in order to gain entrance into the office. Once inside, visitors are required to be escorted by a member of the Punctual staff at all times.

Only authorized company personnel know the code to the keypad to the Punctual production floor.

The onsite server room at Punctual is protected by a door secured via keypad. Only authorized personnel have knowledge of the code.

In the event of a power disruption, affected systems are switched to an Uninterruptable Power Supply to provide time for the onsite generator to kick in and then switch power over to it.

Change Management

System wide changes to Punctual's PABs system are tested and approved before being implemented. Approval for all major hardware and software changes must obtain approval from management prior to implementation into production. A formal process is followed for all changes and documentation is maintained for all requests. Only authorized personnel have access to code within Git Hub and to migrate changes to PABs production environment.

Backup and Recovery

Punctual utilizes Veeam to create and monitor system backups for Punctual servers. Incremental backups are created nightly with a backup sent to an offsite server daily.

Punctual personnel receive a notification if the backup were failed. Only authorized personnel have access to the backup server. Punctual performs test of restores weekly.

SUBSERVICE ORGANIZATIONS

Punctual uses several subservice organizations to outsource certain functions. Those functions are identified below:

TierPoint – Provides rackspace, redundant power connections and redundant internet connections. Backups are replicated to this site and acts as a Disaster Recovery site.

Avanze – Provides abstract searches.

AL Technology Services – Provides data entry services.

eData - Provides data entry services.

The subservice organizations’ control objectives and related controls are omitted from the description of the control environment elements. The control objectives and activities in the report include only objectives the service organization’s controls are intended to achieve.

The following table presents the control objective reference that are intended to be met by controls at TierPoint, Avanze, AL Technology Services and eData, alone or in combination with controls at Punctual.

Subservice organization	Complementary subservice organization control consideration	Control objective reference
TierPoint	Subservice organization should ensure only authorized users have physical access to the server.	8 – Physical Access
Avanze	Subservice organization should ensure background checks are conducted for all personnel.	1 – Employment Practices
AL Technology Services	Subservice organization should ensure background checks are conducted for all personnel.	1 – Employment Practices
eData	Subservice organization should ensure background checks are conducted for all personnel.	1 – Employment Practices

COMPLEMENTARY USER ENTITY CONTROLS

Punctual's control objectives and related controls in this document cover only a portion of the overall internal control structure for the users. It is not feasible for the control objectives to be solely achieved by Punctual's implemented controls. Therefore, each user organization's internal control structure must be evaluated in conjunction with Punctual's control objectives and control activities summarized in Section IV of this report.

The following list describes certain procedures that clients should consider in order to fully achieve the control objectives identified in this report. The complementary user entity controls presented below should not be regarded as a comprehensive list of all controls that should be employed by clients. Other control objectives and control activities may be defined by the users and must be achieved solely by the user.

#	Complementary User Entity Controls
1	The individuals granted access to the client systems should ensure that only authorized personnel can access the log-in identification numbers and/or passwords. In addition, client personnel should change passwords upon initial log-in.
2	Clients are responsible for transmitting information securely.
3	Contract searchers are responsible for providing accurate information during the search.
4	Contract searchers are responsible for maintaining current E&O insurance.

SECTION IV

CONTROL OBJECTIVES AND ACTIVITIES

PURPOSE AND OBJECTIVES OF THE REPORT

This report is intended to provide sufficient information about Punctual controls that may affect the processing of user organizations' transactions. This report, when combined with an understanding and assessment of the internal controls, is intended to assist the user auditor in planning their audit(s) at user organizations.

Our examination was restricted to the system specified in Section III by the management of Punctual and were not extended to procedures described elsewhere in this report but not listed, or to procedures that may be in place at the user organization. It is each user auditor's responsibility to evaluate this information in relation to the controls in place at each user entity organization. If certain complementary user entity controls are not in place at the user entity organization, Punctual's controls may not compensate for such weaknesses.

The description of controls and control objectives are the responsibility of Punctual's management. Our responsibility is to express an opinion about whether:

1. The description fairly presents the abstract search services that was designed and implemented as of June 1, 2019.
2. The controls, as described by Punctual, 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 applied the user control considerations contemplated in the design of Punctual's controls.

CONTROL OBJECTIVES AND CONTROL ACTIVITIES

Employment Practices

Control Objective 1: Controls provide reasonable assurance that employment practices promote the hiring of qualified personnel and provide employees with adequate direction to perform their job responsibilities.

#	Control Activities
1.1	A background check covering the last 7 years is completed for all personnel. The background check includes Social Security number verification, state and national level criminal record search. Results of the checks are maintained in each employee's personnel file.
1.2	There is a documented employee handbook which describes the company's policies for employment, attendance and time off, acceptable use, nondisclosure agreement, compensation and benefits, discipline and rules and safety and health. Employees have to acknowledge the handbook when hired and when updates are made to the handbook.
1.3	An organizational chart that defines roles and reporting lines is maintained and reviewed by management on an annual basis.
1.4	Job descriptions are documented to outline position responsibilities and expectations. Job descriptions are reviewed and updated by management on an annual basis.
1.5	Performance reviews are completed annually for all personnel by management and the review is documented in each employee's personnel file.
1.6	An exit checklist is completed when an employee leaves the company.

Client Setup & Monitoring

Control Objective 2: Controls provide reasonable assurance that the MSA details the agreement with the client and Punctual.

#	Control Activities
2.1	An MSA is in place with the client that details the terms of the agreement.
2.2	An SLA has been documented within the MSA that details response and completion time of abstract searches. The SLA is monitored within the PABs application.
2.3	Upgrades to the abstract searches must receive management approval before proceeding.

System Edits & Transaction Processing

Control Objective 3: Controls provide reasonable assurance that system edits are in place to ensure transactions are accurate.

#	Control Activities
3.1	System edits require mandatory fields to be completed before record entry is accepted in the PABs system.
3.2	Application edits limit input to acceptable value ranges within the PABs system.

Reconciliation and Quality Control

Control Objective 4: Controls provide reasonable assurance that reconciliations and quality control checks are completed for all transactions.

#	Control Activities
4.1	Punctual performs and documents a formal reconciliation of all transactions.
4.2	The QC department performs quality control checks for quality, standards and pricing on all transactions. A check is documented in the system to verify the check was completed.

Professional Liability Insurance

Control Objective 5: Controls provide reasonable assurance that professional liability insurance coverage is maintained.

#	Control Activities
5.1	Punctual maintains commercial general liability insurance with annual limits of no less than \$2,000,000 per claim.
5.2	Punctual maintains professional liability (E&O) insurance with annual limits of no less than \$1,000,000 per claim.

Vendor Due Diligence and Subservice Organizations

Control Objective 6: Controls provide reasonable assurance that due diligence is performed and completed on third party vendors and that management monitors subservice organizations to ensure risks are identified to determine the effectiveness of internal controls is maintained over time.

#	Control Activities
6.1	Procedures are formalized and documented that describe the process for performing due diligence on third party vendors and subservice organizations.
6.2	A due diligence review is performed and completed for all new vendors before they are accepted. A review is also performed for existing vendors on an annual basis. As part of the review process, SOC reports, if available, are reviewed.
6.3	Procedures are performed annually by responsible personnel to evaluate effectiveness of controls at subservice organizations.

Logical Access

Control Objective 7: Controls provide reasonable assurance that logical access to system resources (programs, data files, and processing parameters) is restricted to properly authorized individuals.

#	Control Activities
7.1	Documented approval from HR is required for a user to gain access to the network and applications.
7.2	Access rights are removed in a timely manner when an employee leaves the company.
7.3	Network passwords must contain at least 8 characters and are systematically required to meet complexity requirements.
7.4	Network passwords expire after 90 days of use. The password history is set to 4.
7.5	<p>PABs requires a minimum length of 8 characters and have a history of 4. User's username, first name or last name can't be used and they must meet at least 3 out of the 4 following rules:</p> <ul style="list-style-type: none"> • At least one uppercase letter • At least one lowercase letter • At least one number • At least one special character (\$? ! _ - # % & @)
7.6	Administrator access to PABs and to Active Directory is restricted to authorized personnel.
7.7	A periodic review of user access rights is performed by the Manager of on an annual basis. Evidence of this review is retained.
7.8	Workstations are configured to force a password protected screensaver after 5 minutes of inactivity.
7.9	USB ports have been turned off on all PCs.
7.10	Punctual's perimeter is protected by a firewall with IPS turned on. IT personnel are alerted of any suspicious activity.
7.11	Anti-Virus protection is installed on all servers and workstations. The virus definitions are configured to update automatically.
7.12	PABs is secured via SSL protocol.
7.13	Data is transmitted via secured encrypted VPN tunnel.
7.14	Security Awareness training is offered and completed by employees on an annual basis.

Section IV – Control Objectives and Activities

7.15	A formal risk assessment is performed on an annual basis. Risks that are identified are rated using a risk evaluation process and are formally documented, along with mitigation strategies for management review. The risk assessment is reviewed on an annual basis by senior management.
7.16	An external penetration test is performed on an annual basis by a third party.

Physical Access

Control Objective 8: Controls provide reasonable assurance that physical access to the Punctual’s facilities are restricted to authorized individuals.

#	Control Activities
8.1	Door to the Punctual production floor is secured via keypad.
8.2	The Punctual server room is secured via keypad.
8.3	Security cameras have been installed throughout the office to monitor all activity.
8.4	All visitors are greeted by front desk personnel and escorted when entering the office.

Change Management

Control Objective 9: Controls provide reasonable assurance that modifications to PABs are authorized, tested, approved, properly implemented, and documented.

#	Control Activities
9.1	Punctual has defined formal change management procedures to be followed when modifying applications.
9.2	Changes to PABs are tested by Punctual personnel before being implemented.
9.3	Changes to PABs are approved by management before being implemented into the production environment.
9.4	Users that have access to implement updates to PABs are restricted to authorized personnel.
9.5	Management is alerted when an update is made to the PABs production environment.
9.6	Access to PABs source code is restricted via Git Hub. Only authorized personnel have access to the source code.

Backups

Control Objective 10: Controls provide reasonable assurance that critical programs, files, and data are backed up in accordance with business requirements and stored off-site.

#	Control Activities
10.1	Incremental backups of all servers are created every 2 hours.
10.2	Backups are monitored by management to ensure successful and complete creation.
10.3	A replication of data occurs every night to an offsite facility.
10.4	A restore of data from the backup copies every week to test readability of the backed-up data.