



Independent Service Auditors' Report

Report on L&E Meridian's Description of Its
Print and Mail Services System for the Period
May 1, 2015 through October 31, 2015



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I. Independent Service Auditors' Report

Executive Management
L&E Meridian
Springfield, Virginia

We have examined L&E Meridian's description of its printing services for user entities of its print and mail system (system) throughout the period May 1, 2015 to October 31, 2015 (description), and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

L&E Meridian uses various subservice organizations including:

- Dataprise, Inc.
- Rackspace US, Inc.

L&E Meridian's control objectives and related controls, which are listed in Section IV of this report, include only the control objectives and related controls of L&E Meridian and exclude the control objectives and related controls of these subservice organizations. Our examination did not extend to controls at the subservice organizations.

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 L&E Meridian's controls are suitably designed and operating effectively, along with related controls at the service organization. We have not evaluated the suitability of the design and operating effectiveness of such complementary user entity controls.

Service organization's responsibilities

In Section II of this report, L&E Meridian has provided an assertion about the fair presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. L&E Meridian is responsible for preparing the description and for 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, 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 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 about whether, in all material respects, 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 May 1, 2015 to October 31, 2015.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of its 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 controls objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description, the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in management's assertion in Section II 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 L&E Meridian's assertion in Section II of this report

- a. the description fairly presents the system that was designed and implemented throughout the period May 1, 2015 to October 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 May 1, 2015 to October 31, 2015, and user entities applied the complementary user entity controls contemplated in the design of L&E Meridian's controls throughout the period May 1, 2015 to October 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, operated effectively throughout the period May 1, 2015 to October 31, 2015.

Description of tests of controls

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

Restricted use

This report and the description of tests of controls and results thereof in Section IV of this report are intended solely for the information and use of L&E Meridian, user entities of L&E Meridian's print and mail system for printing services during some or all of the period May 1, 2015 to October 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 those specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
December 15, 2015



II. Management's Assertion

Management of L&E Meridian's Assertion Regarding Its Print and Mail Services System for the Period May 1, 2015 through October 31, 2015

We have prepared the description of L&E Service's LLC Service Organization's Print and Mail system for user entities of the system during some or all of the period from May 1, 2015 to October 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 system themselves, when assessing the risks of material misstatements of user entities' financial statements. We confirm, to the best of our knowledge and belief, that

- a) the description fairly presents the Print and Mail system made available to user entities of the system during some or all of the period from May 1, 2015 to October 31, 2015 for processing their transactions and protecting data provided by them in support of collection of third-party deceased debt. 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 and protect client-supplied data, including:
 - (1) the types of transactions processed.
 - (2) the procedures, within both automated and manual systems, by which those transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports presented to user entities of the system.
 - (3) 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 presented to user entities of the system.
 - (4) how the system captures and addresses significant events and conditions, other than transactions.
 - (5) the process used to prepare reports or other information provided to user entities' of the system.
 - (6) the process used to protect client-supplied data during active collection activities and at rest.
 - (7) specified control objectives and controls designed to achieve those objectives.
 - (8) other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities of the system.
 - ii) does not omit or distort information relevant to the scope of the Print and Mail system while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and the independent auditors of those user entities, and may not, therefore, include every aspect of the collections system that each individual user entity of the system and its auditor may consider important in its own particular environment.



- b) the description includes relevant details of changes to the service organization's system during the period covered by the description when the description covers a period of time.
- c) the controls related to the control objectives stated in the description were suitably designed and operated effectively throughout the period May 1, 2015 to October 31, 2015 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 the service organization;
 - ii) the controls identified in the description would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved; and
 - iii) the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

By:

Sylvia Pearson

President / CEO

L&E Meridian

December 15, 2015

Randall Dueling

Vice President of Data Services

L&E Meridian

December 15, 2015

III. Description of System for Print and Mail Services Provided by L&E Meridian

Organization Profile

L&E Meridian ("L&E") is a full service direct mail and statement processing firm specializing in high volume data processing, data management, printing and mailing services. The facility is located in Springfield, Virginia, encompasses 52,500 square feet and houses over 100 full-time employees.

L&E Meridian offers its clients a variety of services related to the manipulation and management of data, as well as the production of electronic media and direct mail and statement processing and mailing. The approach to its clients is one involving superior customer service and high quality output, within a high volume production environment. L&E offers its clients a hands-on approach to customer service with an open relationship to all levels of management. This open communication combined with state of the art data processing and digital systems, allows the proper attention to detail needed for the success of L&E's client's projects.

L & E Meridian was founded in 1986 by its president, Sylvia L. Pearson. The company was founded on the premise of offering highly detailed printing and mailing services and customized services on the most complex data driven campaigns in the market, utilizing cutting edge technology. Since its inception in 1986, remaining on the cutting edge of service and technology has been the primary goal. Its extensive Data Services Department is qualified to meet all expectations for simple to highly complicated programming requests.

L & E Meridian began processing credit union and telecommunication statements in 1996. They have the ability to process data, print and mail statements within 24-48 hours, upon receipt of data. Using a 3-shift/24 hour print and mail operations schedule, a quick turnaround time can be completed with ease for a multitude of clients at the same time each month. L&E Meridian is currently maintaining and providing quality controlled services for up to 15 different statement clients at one time. Statement clients also utilize L&E's archival services including a CD output using a customized program, MeridianView.

Business Services

The data process can be basic or extremely complex. Listed below are some of the data processing services we provide:

- CASS Certification
- Dedupe/Suppress
- Convert & Format
- Punctuation
- Genderization
- National Change of Address
- Presort
- Segmentation
- Merge/Purge
- Upper/Lower Casing
- Congressional District Append
- CD Archiving

L&E offers clients access to its on-line systems, utilizing a full fiber optic connection with a full T-1 connection as back up, available 365 days a year with secured directories. Encryption services are also available. All files received by L&E Meridian are fully documented and verified to ensure transmission and conversion accuracy.

Matte/Setup Desktop Publishing Specialists are responsible for creating matte forms and live data set-ups. Quality control measures are followed to ensure the accuracy of integrating the live data into the finalized form.

The Data Entry Department keys in data information either to L&E's in-house database clients' files or on an individual client basis for one-time projects. L&E Meridian has maintained clients' databases since its inception in 1986. All Database Management functions can be performed at L&E Meridian to ensure the data is up-to-date and available for the client's use at any time. Its monthly database management services include: Data Entry, CASS, Dedupe, Updating, Custom selects, List Rental File Maintenance & NCOA.

Print Operations

L&E Meridian has long been a volume print facility with the ability to produce over 2,000,000 cutsheet and continuous images/forms per day. Lasering is produced in black or in four color process on digital color XEROX, Canon and Nipson equipment. L&E Meridian utilizes an array of on-line/off-line imaging systems. The imaging systems are supported by networked Sun and Solimar systems.

Mailing Services

L&E Meridian's Mailing Services Department is currently made up of over 70 full time employees, and growing, with an average range of experience with L&E of six years. The department works in three shifts with a steadily increasing average monthly mail volume exceeding eight million pieces each month.

The strengths of this department are the meticulous attention to detail, and the ability to ensure 100% accuracy when mailing. A Video Verification System utilizes cameras mounted on the inserters that read a 2D barcode which has been lasered on the statement piece. This system ensures 100% verification of records mailed. It also monitors record sequence, and file name to ensure the proper statements are being inserted.

One of the best benefits of working with L&E's Mailshop Services Department is the depth of knowledge and experience of its staff. L&E takes proactive steps when there are changes to postal regulations and rulings and keep its Data Services Department current concerning all changes in postal rates and presort specifications.

L&E Meridian has on site US Postal Service staff members providing "In-Plant Load". Having a Postal Representative work in-house allows L&E to address any issues or concerns regarding a client's mailing while speeding up the clearing process when dropping mail. These are major benefits that L&E provides its clients to ensure efficiency and accuracy as it relates to their important projects.

Another service the Mailing Services Department provides is the cost efficient use of inkjet technology for personalization of carriers, self-mailers or inserts. L&E can inkjet a mailing piece as small as 4x6 and up to 10x13 and offer one or two head personalization at 300x300 or 600x600 dpi. They also provide the ability to select a pms color option instead of standard black.

Warehouse Inventory System

L&E Meridian created and utilizes an online Warehouse Inventory System that tracks all deliveries, stock pulls and item usage and stock returns. This online system keeps track of all client material that enters the warehouse and tracks the stock as it moves inside L&E's facility. This system keeps up-to-date inventory counts that can be provided to the client at a moment's notice. The online Warehouse System is located on the internal L&E Intranet for all employees with approved access rights. Every action step that occurs with an item of inventory is displayed online.

Account Services

The Account Services team plays a critical role in facilitating the flow of a client's project throughout the company, while serving as the main contact for L&E's clients. Each Account Representative/Executive has the following responsibilities:

- Facilitate all client contact via phone, fax and e-mail.
- Review and interpret the client's written requests and then prepare the internal instructions for data processing, matte setup, laser printing, mailing services, or any other production procedures necessary.
- Send all data reports, client customized reports, matte copy setup, live data setups, mailshop insertion samples via PDF, Fax, Fed-Ex or courier for client approval.

- Follow all of the Quality Control procedures that are in place for all departments throughout the company. Refer to the Account Services Procedure Notebook for instruction for each department. Quality Control checklists are required to be filled out and signed off by the Account Representative and all the staff members providing the service from each department.
- Keep clients updated on a daily basis, whether by e-mail, phone or fax. Keep track of each client's project, and insure that L&E Meridian is meeting the client's expectations. Each client has different expectations and L&E customizes its updates to meet each specific client's needs.
- Facilitate internal communication with staff members of all departments regarding their projects.
- Reviews the daily Production Schedule and addresses any schedule changes or concerns.
- Initiate follow-up after each job is complete to ensure the client has received their appropriate samples and confirmation.
- Supply each client with an Inventory Report on a monthly or project-to-project basis.
- Close up each job and submit draft invoice to Accounting Department.

Functional Business Areas

L&E has established business functions that are appropriate to support the collection of third-party deceased debt. Within each business function, roles have been established that have responsibilities specific to each functional business area with an emphasis on segregation of duties. Functional business areas within L&E are as follows:

Business Function	Functional Responsibility
Account Services (AS)	Account Services Representatives (Account Manager or Account Executive) are trained in the services L&E provides and assist clients with any request or questions. The Account Manager is the primary contact for L&E customers. They manage the job or project from start to finish through all departments within L&E.
Facilities Security (FSM) (VP of Data Services, Executive Assistant & IT Systems Department)	The Facilities security and building management is a cross functional team responsible for maintaining the physical buildings and workspaces. This includes; the security camera systems, card access systems, fire suppression and alarm systems as well as other facility related services.
Human Resources (HR)	HR is responsible for managing employee related services.
Information Technology (IT)	IT is responsible for the network administration and desktop support of all computers within L&E. IT provides an in-house IT help desk, available to resolve any internal user or external data transmission issues.
Laser Operations & Mailshop Departments	The Laser Operations and Mailshop Department are responsible for the physical document printing, inserting, handling and delivery processes. They utilize modern equipment, confirming quality assurance and tracking of each document.
Data Services Department	Data Programmers & Desktop Publishing Specialists are responsible for managing Print and Mail software products and software development at L&E. They are trained in the latest programming technologies as well as document design, composition and document mailing requirements.
L&E Warehouse (WH)	L&E provides a temperature controlled warehouse with warehouse staff responsible for managing the materials required in the printing and mailing solutions. This includes a significant inventory of paper, forms, envelopes and other items required to support the digital printing and mailing environment.

Relevant Aspects of the Control Environment, Risk Assessment Process, and Monitoring Controls

L&E has established a business environment that reflects the overall attitude, awareness and directives of management and others concerning the importance of controls that are specific to Print and Mail services. Administrative, technical and physical controls have been designed and implemented to ensure reliability of client user organization for financial reporting.

Organization Structure

The organization structure of L&E provides the overall framework for planning, directing and controlling operations based on strategic goals to ensure resources are available to provide Print and Mail services with an emphasis on segregation of duties that is illustrated within position responsibilities and reporting hierarchy.

Management Control

L&E Meridian has a formal management information and reporting system that enables management to monitor key control and performance measurements. The organization emphasizes integrity and ethical values of all L&E personnel and the importance of maintaining sound internal controls.

Management of L&E is responsible for directing and controlling operations related to its services and for establishing, communicating, and monitoring control policies and procedures. Operations are under the direction of the president and the board of directors of L&E.

Personnel Controls

Control Objective: *Controls provide reasonable assurance that personnel employed by the organization are qualified to perform responsibilities outlined in position descriptions. Employee hiring is based on structured processes that include background investigations and role-based training. In addition, separation procedures have been established to support both voluntary resignations and involuntary terminations.*

Management of L&E has a strong commitment to employee competence that includes recruiting, developing and retaining a sufficient number of competent personnel to execute the business plan to achieve business and control objectives. Formal hiring practices are designed to ensure that new employees are qualified for their job responsibilities.

Position Description(s)

Formal role descriptions are established and maintained for each position associated with print and mailing services including definition of position purpose, areas of accountability, education, knowledge, experience, skill requirements and reporting structure. These position descriptions are developed and maintained by Human Resources and approved by the President/CEO.

Candidate Screening

Background checks are performed on prospective employees as a condition of employment. All prospective employees must submit to and pass a pre-employment drug screening prior to the start of employment. Within a new hire's introductory period (first 90 days of employment), another background check will be initiated which includes a search of credit and criminal histories. The new employee hiring process is supported by a checklist that is completed by the department manager and Human Resources.

Employee Hiring

The new employee hiring process is supported by a checklist that is completed by the department manager and Human Resources. Prospective employees that are extended offers of employment with L&E must sign an employment letter that outlines several topics associated with employment. Employees are also required to sign an L&E Safe Harbor Principle Privacy Policy which further emphasizes responsibilities surrounding the protection of confidential information.

In addition, employees are provided with a copy of the Employee Handbook upon hire. Updated copies are distributed to employees as needed.

Employee Separation

After an employment separation has been discussed and agreed upon, the Department Head and an HR representative meet with the employee at the separation meeting. They present the Relevant Separation Letter, to the employee as prepared and signed by the Department Manager.

HR is responsible for disabling Swipe access into the building and completing the physical security section of the termination checklist.

IT is notified by HR of the employee separation including the last day of employment. IT is responsible for completing the IT section of the termination checklist and disabling/deleting data systems access and email account if applicable. Any administrative user accounts for database, software application, information system, etc., for which employee possesses the sole access rights is also disabled/deleted.

Employee Performance Evaluations

Employees are subject to periodic performance reviews to evaluate work performance against job requirements to ensure competence and compliance with the code of conduct and other behavioral guidelines outlined in the Employee Handbook.

Vendor Controls

Control Objective: *Controls provide reasonable assurance that relationships with vendors who receive, process, store, or have access to confidential data are supported by contractual agreements and maintain internal controls appropriate for the environment.*

Relationships with outside any outside service provider/vendor who can access, view, store, receive, or process confidential data are supported by the appropriate contractual agreements. In addition, controls that are determined by the service provider/vendor to be the responsibility of the client user organization are reviewed by L&E management and implemented as applicable.

Policy Statements, Standards, Guidelines & Operational Procedures

Organizational values and behavioral standards are communicated to all personnel through various agreements and policy statements including an Employee Handbook. Standards have been implemented to guide all employee behavior and conduct. Management is committed to conducting business in accordance with the highest ethical standards.

Other Considerations

Regulatory Compliance

L&E is not required to directly comply with any specific regulations, however, L&E works with all customers to ensure that all relevant and pertinent regulatory requirements are met.

Insurance Coverage

L& E carries insurance appropriate to the operations of the organization.

Risk Assessment Process

Risk assessment is the process of identifying and analyzing relevant risk which would prevent L&E from achieving its operational, financial and compliance objectives. L&E assesses and manages risk that could affect the ability to provide reliable services to its clients. Business-level objectives are in place and procedures have been implemented to assess the key risks affecting achievement of those objectives. The Executive Officers meet monthly to monitor business activities and analyze their impact on L&E.

Internal Controls Monitoring

Monitoring is the process that assesses the quality of the internal control process over a period of time. Management and supervisory personnel are responsible for monitoring the quality of internal control performance as a routine part of their activities. To assist in this monitoring, L&E has developed comprehensive and summary management reports that monitor the operational processes. Ongoing monitoring occurs in the course of operations and includes regular management and supervisory activities, and other actions personnel take in performing their duties. Additionally, management is responsive to auditor recommendations as a means of strengthening internal controls. Management monitors other activities through the use of strategic plans and budgets.

Information and Communication

Description of Computerized Information Management Systems

L&E uses several Microsoft Windows based software tools and applications for document composition and address certification. The products have been designed for high volume printing environments and are well known in the digital printing industry. L&E has software support contracts in place with each of the software companies for applications that are determined to be critical for print and mail services.

The software tools are used for address verification and certifications required in the mailing industry. Software tools are also used in the graphic design of forms and fonts. Document composition and design may also be done with software to create the look and feel of a document.

Description of Transaction Processing

Client Relationship(s)

Control Objective: *Controls provide reasonable assurance that contractual agreements between L&E Meridian and clients are appropriately executed and contain details specific to terms of the services provided and non-disclosure of data*

Overview

The Account Services function is the primary point of contact for clients. Clients have the option of contacting L&E via telephone, email or coming directly to L&E offices Monday through Friday from 9 a.m. to 6 p.m. The Account Managers are available to address customer's questions, customer's change requests, and/or any concern pertaining to an existing project or customer account.

Agreed-Upon Services

L&E establishes client relationships in a variety of ways. Clients have a Statement of Work, Purchase Order/Instructions or signed Contract Agreement that specifies the scope of work being performed as well as the pricing structure that will be used for the work.

Service Management

Account Managers utilize a customized, internal L&E online intranet system to manage customer projects, change requests, and internal processes and functions through the job process. Each business day an online production schedule is reviewed by all Account Managers and Department Managers to assess current projects and upcoming projects to stay on schedule and meet project deadlines.

Warehouse Inventory

Control Objective: *Controls provide reasonable assurance that incoming raw materials are inventoried and entered into a warehouse system. This includes inventory of purchased by clients and stored at L&E and inventory purchased by L&E on behalf of clients that is also stored at L&E.*

L&E has implemented warehouse inventory controls to maintain an accurate inventory system to support client requirements. Information specific to client and in-house material is maintained within the L&E online Warehouse Inventory System. This Warehouse System was created by the Research & Development Department within L&E. The Warehouse System maintains inventory that is either purchased by clients and stored at L&E or purchased by L&E on behalf of clients and also stored at L&E including corresponding storage locations within the warehouse.

Storage locations may be assigned based on type of material, type of client and project schedule. Information available from this system is used to support physical inventory activities that occur on a daily basis.

On a daily basis the warehouse staff physically verifies that counts of all incoming materials is accurate by comparing the packing slip, to the actual material received. Any exceptions require warehouse staff to contact an Account Manager to resolve the exception. In addition, a sample of 100 sheets is pulled from all incoming materials to be used for setups and sent to Account Services. Upon request, the Account Manager may request the warehouse to verify weights and thicknesses.

In response to production pull requests, inventory is delivered to the appropriate staging area based on a request that originates from the online inventory system pull request information. This request is initiated by the Account Manager or Mailshop staff. Operations & Mailshop personnel are responsible for retrieving inventory from the staging area and moving it to the production area for printing or mailshop processing. After the job is complete, Operations and Mailshop personnel are responsible for performing Overaging procedure steps to account for the left-over inventory.

Once the stocked is overaged it is then returned to the Warehouse, where the unused inventory is verified, a storage location is assigned and the inventory information is entered into the online inventory system.

Physical inventory counts are performed on a regular basis for specified clients. An inventory report can be accessed by the Account Manager at any time through the online inventory system to forward to the client. A physical inventory can also be requested at any time for all clients.

Print Controls

Control Objective: *Controls provide reasonable assurance that print jobs are complete and accurate.*

Print controls have been implemented to provide reasonable assurance that print jobs are complete and accurate. L&E has implemented controls in the laser printing operation which allow the printing process to meet strict guidelines.

Standard Controls

Standard controls include:

- Verify correct version of stock is loaded, review and match against setup and review runsheet.
- Fan through all stock before placing in machine to ensure quality and proper direction.
- Verify the position and print of laser copy and match to setup sample.
- Verify the data file loaded matches file listed on runsheet.
- Verify input counts match the runsheet.
- Inspect print quality, looking for faint print, smudges, and verify alignment. Fan through stock to check for blanks. All poor quality pieces must be shredded.

- Verify that sequence numbers when present are consecutive.
- If a job has a MICR line, a sample is either sent to the Bank for scanline approval or run through the MICR reader to verify MICR print.
- Operator will fan through each stack to confirm all material is oriented correctly after printing.
- When applicable, Operator will fan through each stack to confirm that the top of the 3 of 9 or 2D barcode line up from page to page.

When job is complete, the operator verifies that the image count on the accounting sheet matches the expected count on the runsheet. If counts do not match, the Operations Manager notifies the Account Manager of the discrepancy and the Account Manager submits a request for a recovery file to Data Services. .

Document Controls

Control Objective: *Controls provide reasonable assurance that documents are accurately assembled prior to packaging and distribution.*

Document controls have been implemented to provide reasonable assurance that documents are accurately assembled prior to packaging, distribution and mailing.

Some of L&E's inserting machines are equipped with computerized sheet feeder technology to read 3 of 9 or 2D barcodes and validate that the document has a certain number of pages (and that all are present) and that it is a certain numbered document in a sequential set. If either sequential check fails, the machine stops and prompts the operator to intervene and correct the issue. For inserting; 3 of 9 or 2D barcode driven output is always run from the highest record number to the lowest to control integrity of sequence number audits done throughout the run. For inserting machines that do not have the camera recognition capability, operators follow all quality control checks and fill out all quality checklists through-out the mailshop process – from insertion samples, inserting and postage method.

Print jobs involving sensitive negotiable items that have been deemed unsatisfactory either due to unsatisfactory print standards or client quality requirements are immediately shredded. Onsite shredding is performed by an L&E employee, either Laser Print Operations operator or manager. The operator or manager performing the shredding indicates on the job's QC checklist that shredding did occur.

Distribution Controls

Control Objective: *Controls provide reasonable assurance that distribution of documents are accurate and in the correct package for both manual and automated delivery.*

Distribution controls are intended to provide reasonable assurance that the distribution of printed documents is accurate and in the correct packaging for both manual and automated delivery. Job instructions are read thoroughly and completely to determine what material item numbers will be used for the job. Operations and Mailshop staff is trained in performing a wide range of checks and balances to confirm accuracy in the document assembly and distribution processes. L&E equipment is designed to monitor and track each document, reporting and logging any error detected. Equipment log and report total document counts.

Setups

Live setups are inspected to ensure that they match the material staged at the machine. Runsheets/Mailshop P.O. and setups are checked for pull requests and material removed from the output to verify against the list. Loadmarker and runsheet/P.O.s are all verified against each other. Instructions on the runsheet are followed for the proper disposition of this material.

Postage Meter

Postage meter date is set to the date specified in the Account Manager's purchase order presented to the Mailshop Department. If there is no date or if the job is mailing earlier than requested, the date is set to match when the completed job will be presented to the post office. At the end of the job, the client's postage balance and activity of postage can be viewed and recorded for invoicing from the online Postage Log.

Postage Billing

A postage recap for each job is accessed from the online Postage Log. Clients maintain a postage account with L&E and postage is deducted from the account as it is used. Invoices provide a recap of the postage billed along with the balance remaining in the clients postage account. The postage account is maintained in the online Postage Log to ensure accuracy of the account balance.

Detective Controls

Detection checks and "double and miss" settings are performed at the beginning of every job to confirm the machine is detecting double feeds correctly. In addition, envelopes are checked for proper sealing at least two to five times per tray based on tray size. Meters are checked for imprint clarity and completeness at least three times every tray.

The sequence (or record) number is checked on every single piece by the camera recognition system. This system makes sure that each piece of mail is accounted for and that there are no double feeds or missing pieces of mail.

A handful of mail is fanned at least one time per tray to inspect for presence of a postmark and that the address is showing through the window. In addition, correct presence of meter imprint and address in envelope window is verified. In the event an error is detected by the L&E inserting equipment, an error message is reported and the operations staff can resolve the issue.

Preventative Controls

Negotiable items are secured at all times prior to submission to L&E's in-plant post office area and loaded onto the USPS postal trailer. The USPS postal trailer is picked up every day by a USPS postal tractor trailer.

General Computer Controls

Service Management

Control Objective: *Controls provide reasonable assurance that events impacting services are detected and reported and escalated appropriately based on the severity of the event.*

L&E has two key business areas available to receive and log any request for service, questions or error resolution. The IT Help Desk is available to address technical issues from internal users. The Account Services Department is available to address any service related issues from customers. Processes and controls related to client issues are described in the Account Services segment of this report.

The IT Help Desk function is staffed onsite from 9 a.m. to 6:00 p.m. Monday through Friday during normal L&E business hours. The IT Help desk is available to address L&E issues related to the applications and IT infrastructure.

IT utilizes the Intranet "Help Desk" for maintaining a list of all work orders including the estimated date due, description of the issue or request, user who submitted the request, technician assigned, priority, status, and miscellaneous comments. L&E employees have the ability to request IT support by submitting a request utilizing the online Intranet "Help Desk" or creating an e-mail to the "Help Desk" Group.

If a request is sent via email, the Manager of IT will submit the request using the online Intranet "Help Desk" feature. Once a request has been submitted through the Intranet "Help Desk", an email is sent to the "L&E Meridian" Group notifying them of the request. The Manager will review the request and assign/change who should work on the request with a priority based on the level of severity and impact to business operations. The IT Help Desk communicates with users regarding the status of reported issues. Issues that cannot be resolved within the requested time period are discussed with the VP of Data Services. Once the request has been completed, IT will mark the request as such and an email will be sent out to the "L&E Meridian" group notifying them.

Systems Development and Maintenance

Control Objective: *Controls provide reasonable assurance that application systems used to support printing and mailing services are properly administered including development and maintenance.*

Application systems that are developed internally such as production programs and job control statements are designed, implemented and maintained in accordance with management's specific or general authorization based on structured software development procedures.

Environments

L&E establishes a non-production environment to allow for testing of Laser Print & Mail programs prior to implementation in the production environment. These environments also exist for L&E Laser Programmers to develop and test customer specific applications. Access to each environment is controlled by username and password and limited to specific employees based on business need.

Testing

Program testing occurs in an environment segregated from production. The L&E standard software development cycle includes generating sample output when possible for the Account Manager & customer to review and approve before application moves to production. In certain cases where the customer cannot provide final data, test data or chooses not to review in-process samples, L&E may alter the standard process to meet the needs of that client.

Data Management

Control Objective: *Controls provide reasonable assurance that client data is normalized and reconciled for completeness. Client data is protected during transit and retained securely based on terms mutually agreed to by L&E and clients.*

L&E has implemented controls related to the transfer of data to provide reasonable assurance that data exchanged with external organizations is via a secure connection and that reconciliation and balancing activities ensure completeness. More specifically, L&E provides customers with FTP server access, and provides encryption solutions to meet customer data transmission requirements.

Initial Setup Request

L&E Account Manager coordinates a discussion between the L&E customer and L&E IT in defining the security requirements of each customer. This discussion occurs at the time L&E begins working with a new customer or prospect. Once the FTP security needs of that customer are defined, the Account Manager requests a new FTP access account be created for that customer. This is accomplished by the Account Manager submitting an "FTP Request Form" to L&E IT. This form contains customer name and defines which security options are required by that customer.

Test and Acceptance

After the "FTP Request Form" has been submitted to L&E IT, IT will install and test the new FTP account as defined on the "FTP Request Form". Once L&E IT confirms the new FTP account is configured as requested, IT will notify the Account Manager that the FTP site is now ready for the customer to review and begin

testing. FTP servers are protected with a firewall and access is limited to authorized users that have been issued a unique username and password. Once logged on to the L&E FTP server, clients can access only the data in their assigned storage space.

As soon as the client posts a file on the FTP server, the Statements Group will receive an email alert from the monitoring system that such an action has taken place. L&E will work with each customer in determining specific reconciliation controls the customer requires L&E to perform on FTP transmitted files to verify completeness. The purpose is to confirm the successful FTP transmission of client data to L&E. Examples may include: page count verification, file size verification, file name verification, file date verification or other verification controls mutually agreed upon. Account Services will document via emails any required reconciliation rules or procedures L&E must follow in determining accurate delivery and reconciliation of client transmitted files sent to L&E.

Incoming client data which has been automated for production printing is retained for the period of time outlined in the contractual agreement and then purged after the service has been completed and quality control measures have been achieved. In the event a client requires longer data retention period or archive services from L&E, these requirements would be outlined in the Statement of Work or Purchase Order. L&E does provide long term data archive solutions to those clients requesting these services.

Client jobs which have been automated retain their processed data files (data which has been composed and made "Print Ready") for no more than 90 days.

Data Storage & Backup

Control Objective: *Controls provide reasonable assurance that data is backed up on a scheduled basis with backup media stored for an appropriate time period at an off-site storage location. In addition, backup media is tested on a periodic basis for data to be restored in the event of a system failure.*

L&E has implemented controls to provide reasonable assurance that data is backed up on a scheduled basis, backup media is stored for an appropriate retention period at an off-site storage location and back up media is readable including the ability to recover data from the backup media in the event of a system failure. Production Server backups are performed on a scheduled basis and include both data and application programs. Backup media is rotated on a periodic basis to minimize the dependency on a limited number of tapes. Backup media is retained for a period of time that is in alignment with L&E's retention guidelines.

Off-site Storage

Backup removable disks are transported to a secure off-site storage location. Only a select number of individuals are authorized to request media to be retrieved from the off-site storage location.

Inventory Management

An inventory of backup media is maintained including date of backup; backup media name; and logged-out date to determine location of backup media (i.e. onsite or offsite)

Periodic Testing

Data backup removable disks are tested on a periodic basis for readability and recoverability

Server Administration

Control Objective: *Controls provide reasonable assurance that production servers are appropriately configured and patched to prevent unauthorized access, modification, damage or use with all activity logged and available for review by management.*

L&E has implemented controls to provide reasonable assurance that all servers necessary to support the L&E production operation are available and monitored for performance, capacity and errors. In addition, ensure operating systems, utilities, and anti-virus software is supported, maintained and functioning in accordance with management's general or specific authorization.

Server Microsoft™ Windows Operating System is installed on all production data servers. L&E Management has "hardened" the Windows operating system beyond the default configuration.

Administrator Access

Administration of Windows servers is limited to a select number of individuals. Those individuals are assigned usernames with administrator rights. Access to the Windows operating system requires the use of passwords with strong password management policies technically enforced by the system.

Patching / Updates

Patching and updating of the Windows operating system occurs on a periodic basis when patches become available and have been reviewed by management.

Logging / Monitoring

Logging on the Windows servers has been enabled with activity reviewed on an exception basis. Windows server capacity and performance is monitored on an ongoing basis by automated tools to identify any issues prior to server failure.

Windows Server Anti-Virus Software

L&E has installed anti-virus software on all Windows servers; pattern files are updated daily when new updates are available. Updates are then automatically pushed to the clients upon login.

Network Administration

Control Objective: *Controls provide reasonable assurance that data networks and security devices are appropriately configured and patched to prevent unauthorized internal/external access, modification, damage or use with all activity logged and available for review by management.*

Network security controls have been implemented to provide reasonable assurance that access to the Internet and external access points are properly secured by firewall(s) and intrusion detection/prevention systems and those devices are monitored and tested on a periodic basis. A VPN connection can be used in a disaster situation that would render the facility unusable. Vendor access to the network is prohibited unless prior approval is obtained from L&E management.

Firewall

L&E provides a firewall protected DMZ environment for all external access points. Firewalls manage access between the public network and internal systems to mitigate the threat of unauthorized external access. L&E firewalls are tested on a periodic basis by an independent third-party which is not involved in the installation or configuration. Testing is done to confirm the firewalls are working correctly, and the appropriate security practices are implemented.

Incoming traffic is filtered by a Cisco ASA firewall which is actively monitored for denial of service and other attacks, and will generate a notification to administrators if certain events are logged. IP traffic is limited to only the ports and IP addresses that have been allowed by IT. This enables L&E to monitor for unauthorized intrusion and potential attacks, and take appropriate action.

L&E's websites are using SSL 2048-bit extended verification certificates from Network Solutions. All communications or data transfers with the online database are encrypted and secure. A penetration test is performed on a quarterly basis on the network to assess any possible vulnerability.

Intrusion Detection System

L&E has implemented an Intrusion Detection System (IDS) to detect unauthorized access attempts. The IDS is monitored on an ongoing basis to identify any security issues or suspicious network traffic. Reports that record unsuccessful attempts to gain access (during the business day and after hours) to the switches, firewall, routers, telecommunications systems, IDS and other network hardware are reviewed on a periodic basis.

Monitoring

L&E IT staff has implemented Windows event monitoring software on business critical servers. The software is designed to monitor and report problems or errors which may be detected.

Technical Infrastructure Change Management Controls

Technical infrastructure change management controls have been implemented to provide reasonable assurance that changes to existing network equipment, servers, and operating systems are properly authorized and tested prior to implementation. In addition, changes to existing databases and applications are authorized, tested, and approved prior to implementing in a production environment.

L&E has a documented change control policy that outlines network system change requirements and procedures. L&E maintains both a Production and Test environment to allow for adequate testing of network equipment, servers, and operating systems prior to implementation in the Production environment. Structured procedures are followed for changes to the network system to ensure only authorized and approved changes are implemented.

Workstation Administration

Control Objective: *Controls provide reasonable assurance that L&E workstations are appropriately configured and patched to prevent unauthorized access, modification, damage or use.*

Desktop and laptop computers used by employees of L&E are configured based on a standard build that is outlined in L&E workstation guidelines. The configuration includes automatic timeout for inactivity after a specified period of time. Workstations do not have local administrator privileges enabled unless a valid technical requirement or business need is approved by management. Workstations are also protected by anti-virus software with definition files updated as they become available from the vendor.

Logical Access

Control Objective: *Controls provide reasonable assurance that administration of user accounts appropriately manages logical access to networks, servers, operating systems, system utilities, databases, applications and data based on the principle of least privilege including provisioning, deprovisioning, periodic validation and authentication to the domain.*

Provisioning Process

The user provisioning process is supported by structured procedures that include documented approvals and evidence of task completion. More specifically, the addition of new user accounts is supported by documented authorization including approvals, group/role assignment, date of activation, etc.

Authentication

Standard users are assigned a unique username and require a password to authenticate to the Active Directory server. Multi-user access accounts require approval by the VP of Data Services and are limited to a specific department application or role.

Password Controls

Password controls are technically enforced for length and change frequency. User accounts are locked after a limited number of unsuccessful attempts and remain locked for a specified period of time or until reset by internal technology staff.

User Account Termination

HR notifies IT department of all voluntary and involuntary employee terminations verbally or by email. In the event of an unplanned termination, HR provides immediate verbal notice to IT department and will follow up with the termination checklist for completion by IT department.

Periodic Validation

On a periodic basis, a list of active employees is compared to Active Directory and application users to identify any discrepancies.

Physical Environment Security

Physical Security Administration

Control Objective: *Controls provide reasonable assurance that physical access to facilities and restricted areas within facilities including data centers and server rooms is appropriately restricted and monitored by management. In addition, administration of physical access mechanisms is appropriate for the organization including provisioning and deprovisioning processes.*

Building

Facility Access

Granting access to the facility or restricted areas within the facility managed by HR and/or senior management. Access to the facility after hours is controlled with only a limited number of employees authorized by management to enter the building. Visitors that require access to the building are required to sign a log sheet, wear a visitors badge and be escorted by an L&E employee.

Access within Facility

Access to restricted areas within the facility is controlled with only a limited number of employees authorized by management to enter the area. In addition, access to the computer room within the data center is protected by a key code access system. Access to areas where telecommunications equipment is secured with access authorized for only a limited number of employees/vendors.

Off-site Storage

Access to off-site storage facilities are limited to authorized personnel.

Detective and Preventive Devices

Security cameras have been installed at each entrance of the building, Warehouse, Mailshop, the Laser Printing Operations room and computer server room. Recording of camera images is maintained for an appropriate time period that is in alignment with the retention policy. This level of security camera coverage is in alignment with the need to monitor activity within the facility.

Facility Environment Administration

Control Objective: *Controls provide reasonable assurance that facilities and areas within the facility where technology assets are located (data centers/server rooms/telecom closets) are environmentally controlled for power and temperature.*

Power

A UPS has been installed to provide temporary power for all critical servers, networking equipment, and telecommunications equipment.

Temperature

L&E has monitoring tools in place if temperatures exceed defined threshold.

Fire

A sprinkler system is in place within general areas of the building and within the server room. In addition, there are fire extinguishers in locations throughout the office as required by local fire code and tested annually by the local fire department.

Subservice Organizations

L&E has established relationships with the following subservice organizations (vendors) in support of print and mail services.

Business Partner	Functional Responsibility
Dataprise, Inc.	L&E has partnered with Dataprise, Inc. in Rockville, Maryland to provide a co-location data center. Dataprise on-site and off-site remote help desk services are used to support a wide variety of L&E technologies including desktops, servers, applications, connectivity and network infrastructure in addition to providing general technical consulting and advisory services. Dataprise provides services to L&E for network operations on a 24 hour basis 365 days per year.
Rackspace US, Inc.	L&E has partnered with Rackspace US, Inc. in Ashburn, Virginia to provide a co-location data center. Rackspace provides a security controlled floor space, computer racking, Internet connectivity and a managed computer room environment including heating, cooling, and power. Rackspace provides services to L&E for network operations on a 24 hour basis 365 days per year. Rackspace has a SOC2 - Type 2 report that is available to L&E.

As previously stated, processes and controls performed by external business partners are excluded from the scope of this assurance engagement.

Complementary User Entity Controls

The controls described within this section are the responsibility of client user organizations and should be in operation to complement the controls of L&E. Each client user organization must evaluate its own control environment to determine if the following controls are in place and operating effectively. Accordingly, this list does not purport to be and is not a complete listing of the controls that provide a basis for the assertions underlying the financial statements of clients.

With these limitations in mind, the following user control considerations have been presented to assist the user organization in addressing certain control issues that are considered to be an integral part of the entire control environment under which their data is processed. User organizations are responsible for the development, implementation, documentation, review and modification of appropriate internal control procedures to confirm that data processed by L&E is performed completely, accurately and in a timely manner. Some of the controls which user organizations are responsible for include, but are not limited to the following:

- Sending data files via a secure connection.
- Encrypting data files that cannot be transmitted via a secure connection
- Communicating and reporting total document and page counts which is an important control step confirming each document is accounted for.
- Communicating and reporting file names transmitted to L&E.
- Communicating and reporting any mailing counts and /or postage costs.
- Communicating and reporting any counts or detail that can be used as a "checks and balances" measure in confirming accuracy. L&E will work with each client in determining what options exist and how the communication will be performed. These business rules will be documented as part of the purchase order/client instructions.

For customers obtaining the on-line database service, controls should be in place to provide reasonable assurance that:

- Employees are assigned access based upon their job responsibilities. In addition, control procedures should be established to determine that changes in personnel and/or job responsibilities will result in timely security revisions.
- The Authorization System Reports are regularly reviewed to determine that access is appropriately designated.
- The Authorization System is restricted to authorized personnel.
- L&E Meridian is notified immediately of any change that you make to the users who have access to the system and/or their role.
- Customers regularly review the back office run log report to determine that all dial-ups were authorized and performed by authorized personnel.
- Security access is monitored and action to follow up on any unauthorized dial-up or application access is known to be the customer's responsibility.

For all customers, controls should be in place to provide reasonable assurance that:

- When providing data in any format, especially if a federally regulated financial institution, all data is encrypted.
- Information provided to L&E Meridian is sent in an encrypted format to ensure confidentiality and the password to decode is sent separately.
- Back-up of all data files, report files, and programs resident on your in-house system that is used to communicate with L&E Meridian is appropriate. Back-up procedures should be in place to safeguard such media from intentional or unintentional changes or damage.
- Output is reviewed by appropriate participant personnel for completeness and accuracy.
- Invoices for service are reviewed by appropriate client personnel for completeness and accuracy, are reconciled to the instructions provided, and balanced to your organization's item count.

Clients and their auditors should be aware of these control segments when establishing their own internal control and audit procedures. These items represent only a portion of the control procedures at a client user location, user auditors should exercise judgment in assessing the overall control environment.

IV. Independent Service Auditors' Description of Tests of Controls and Results

Overview

The identified control activities are solely the responsibility of the management of L&E Meridian. The control activities listed in the first column, Control Activities Specific by L&E Meridian, have been identified by L&E Meridian and are based on the accompanying description of relevant controls provided by L&E Meridian.

Testing of Control Activities

Our tests of operating effectiveness of controls included such tests as we 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 May 1, 2015 to October 31, 2015. Our tests of operating effectiveness of controls were designed to cover the period from May 1, 2015 to October 31, 2015, for each of the controls listed in the matrix in Section IV, which are designed to achieve the specified control objectives. In selecting particular tests of the operating effectiveness of controls, we considered (a) the nature of the controls being tested, (b) the types and competence of available evidential matter, and (c) the control objectives to be achieved.

Tests performed of the operating effectiveness of controls detailed in the matrix in Section IV are described below:

Test Type	Description
Inquiry	Made inquiries of appropriate L&E Meridian Services personnel to obtain information or corroborating evidence of the control.
Observation	Observed that a specific control exists, is appropriate and operating as intended.
Inspection	Inspected documents and reports indicating performance of the control. This includes, among other things: <ul style="list-style-type: none"> • Inspection of reconciliations and management reports. • Examining documents or records of performance such as the existence of initials or signatures.
Re-performance	Re-performed the control or processing application of the control to ensure the accuracy of their operation.

Results of Testing Performed

Unless otherwise described, the results of testing of controls did not identify relevant exceptions.

ORGANIZATION MANAGEMENT CONTROLS		
Control Domain	Control Segment	Number
Organization Management	Personnel Controls	1.0
Control Objective(s)		
Controls provide reasonable assurance that personnel employed by the organization are qualified to perform responsibilities outlined in position descriptions. Employee hiring is based on structured processes that include background investigations and role-based training. In addition, separation procedures have been established to support both voluntary resignations and involuntary terminations.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Organization Structure		
1.01 Roles have been established that have responsibilities specific to each functional business area with an emphasis on segregation of duties.	Inspected the organization chart to determine that reporting relationships did not represent a segregation of duty conflict. Inspected a sample of role descriptions selected from a list of employees to determine that duties are appropriately segregated.	No Exceptions Noted
Position Description(s)		
1.02 Formal role descriptions are established and maintained for each position associated with print and mailing services including definition of position purpose, areas of accountability, education, knowledge, experience, skill requirements and reporting structure.	Inspected a sample of role descriptions selected from a list of employees to determine that the document identified the position purpose, areas of accountability, education, knowledge, experience, skill requirements and reporting structure.	No Exceptions Noted
Candidate Screening		
1.03 Background checks are performed on prospective employees as a condition of employment and include criminal history.	Inspected evidence of background checks for a sample of new hires selected from a list of new hires during the reporting period to determine that criminal history was analyzed as a condition of employment.	No Exceptions Noted
Employee Hiring		
1.04 Prospective employees that are extended offers of employment with L&E must sign an employment letter.	Inspected employment letters for a sample of new hires selected from a list new employees hired during the reporting period to determine that the documents had been signed.	No Exceptions Noted
1.05 Employees are also required to sign an L&E Safe Harbor Principle Privacy Policy	Inspected L&E Safe Harbor Principle Privacy Policy for a sample of new hires selected from a list of new employees hired during the reporting period to determine that the documents had been signed.	No Exceptions Noted

ORGANIZATION MANAGEMENT CONTROLS		
Control Domain	Control Segment	Number
Organization Management	Personnel Controls	1.0
Control Objective(s)		
Controls provide reasonable assurance that personnel employed by the organization are qualified to perform responsibilities outlined in position descriptions. Employee hiring is based on structured processes that include background investigations and role-based training. In addition, separation procedures have been established to support both voluntary resignations and involuntary terminations.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Employee Separation		
1.06 HR is responsible for disabling Swipe access into the building and completing the physical security section of the termination checklist.	Inspected documentation for a selection of separated employees from a list of all employees separated during the reporting period to determine if Swipe access had been disabled on the employee's last day of employment.	No Exceptions Noted
1.07 IT is responsible for reviewing the IT section of the termination checklist and disabling/deleting data systems access and email account if applicable.	Inspected documentation for a selection of separated employees from a list of all employees separated during the reporting period to determine if logical access had been disabled on the employee's last day of employment.	No Exceptions Noted

ORGANIZATION MANAGEMENT CONTROLS		
Control Domain	Control Segment	Number
Organization Management	Vendor Controls	2.0
Control Objective(s)		
Controls provide reasonable assurance that relationships with vendors who receive, process, store, or have access to confidential data are supported by contractual agreements and maintain internal controls appropriate for the environment.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
2.01 Relationships with outside service providers/vendors who access/view/store/receive/process confidential data are supported by contractual arrangements.	Obtained and reviewed a listing of all vendors with access to sensitive/confidential data at L&E. Inspected signed vendor contractual agreement for a selection of vendor(s) made from listing of all vendors with access to sensitive/confidential information.	No Exceptions Noted
2.02 User Entity Controls specified within a Service Organization Controls (SOC) report are reviewed by management responsible for the relationship to determine which controls must be implemented to maintain a secure environment.	Inquired of management to determine management reviewed the Complementary User Entity Controls section of SOC report(s). Inquired of management to determine applicable controls had been implemented.	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Client Relationship(s)	3.0
Control Objective(s)		
Controls provide reasonable assurance that contractual agreements between L&E Meridian and clients are appropriately executed and contain details specific to terms of the services provided and non-disclosure of data		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Agreed-Upon Services		
3.01 Clients have a Statement of Work, Purchase Order/Instructions or signed Contract Agreement that specifies the scope of work being performed as well as the pricing structure that will be used for the work	Inquired of management to determine that new work being performed by L&E Meridian is based on a Statement of Work, Purchase Order/Instructions or signed Agreement	No new client relationships during the reporting period.
Service Management		
3.02 Each business day an online production schedule is reviewed by all Account Managers and Department Managers to assess current projects and upcoming projects to stay on schedule and meet project deadlines.	Observed the production schedule process to determine Account Managers and Department Managers review the online production schedule and use it as a basis to make decisions about current and upcoming projects. Obtained and reviewed current copy of the production schedule to determine it contains specific details, instructions and dates pertaining to the jobs in queue to be processed.	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Warehouse Inventory	4.0
Control Objective(s)		
Controls provide reasonable assurance that incoming raw materials are inventoried and entered into a warehouse system. This includes inventory of purchased by clients and stored at L&E and inventory purchased by L&E on behalf of clients that is also stored at L&E.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Warehouse Controls		
4.01 On a daily basis the warehouse staff physically verifies that counts of all incoming materials is accurate by comparing the packing slip, to the actual material received.	<p>Observed warehouse staff physically verifying incoming material counts by comparing the packing slip to the actual material received in the inventory receiving areas.</p> <p>Observed process of warehouse staff, entering quantities received into inventory and producing a load marker receipt and attaching it to the inventory skid received.</p> <p>Inspected a sample of the packing slips selected from dates during the period to determine that the full and corrected order had been received.</p>	No Exceptions Noted
4.02 Any exceptions require warehouse staff to contact an Account Manager to resolve the exception	<p>Observed the delivery exception process with the warehouse personnel and VP of Data Services.</p> <p>Inspected form used by warehouse receiving staff personnel to ensure the delivery driver signs-off on the goods delivered and agrees to the quantity delivered. The driver must sign-off regardless of whether or not there is an exception based on the quantity ordered versus the quantity delivered.</p> <p>Inquired of management to determine the driver must sign a delivery log representing the time and date the driver arrived to drop off the goods.</p>	No Exceptions Noted
4.03 A sample of 100 sheets is pulled from all incoming materials to be used for setups and sent to Account Services.	<p>Observed a sample of 100 sheets being pulled from incoming materials and determined that it was sent to Account Services.</p> <p>Observed facilities personnel create specific instructions for setups to ensure dimensions and configurations of the product are correct and accurate.</p>	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Warehouse Inventory	4.0
Control Objective(s)		
Controls provide reasonable assurance that incoming raw materials are inventoried and entered into a warehouse system. This includes inventory of purchased by clients and stored at L&E and inventory purchased by L&E on behalf of clients that is also stored at L&E.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
4.04 In response to production pull requests, inventory is delivered to the appropriate staging area based on a request that originates from the online inventory system pull request information. This request is initiated by the Account Manager or Mailshop staff. Operations & Mailshop personnel are responsible for retrieving inventory from the staging area and moving it to the production area for printing or mailshop processing.	<p>Observed the production pull request process and obtained listing of all production pull requests made and processed from 05/01/15 to 10/31/15.</p> <p>As production pull requests are system workflow driven and processed on a daily basis, CLA requested documentation and observed four (4) production pull requests while onsite during fieldwork testing to observe production pulls in real time.</p> <p>Inspected the production pull requests obtained to determine that they originated from the Account Manager of Mailshop staff, that the correct inventory was retrieved from the staging area, and moved to the production area.</p>	No Exceptions Noted
4.05 After the job is complete, Operations and Mailshop personnel are responsible for performing Overaging procedure steps to account for the left-over inventory. Once the stocked is overaged it is then returned to the Warehouse, where the unused inventory is verified, a storage location is assigned and the inventory information is entered into the online inventory system.	<p>Observed the overage inventory process relating to inventory not used in connection with the production pull requests for the mailshop and operations personnel.</p> <p>Confirmed through inspection that each production pull request sampled in 4.04 had a load marker sheet attached to it. Noted that each load marker sheet has a specific section in which operations personnel sign off on amount of production pull quantity used versus what amount is considered unused and an "overage"</p> <p>Observed the overaging procedure steps and process for returning overage inventory to the warehouse out of production. Noted that each overage quantity is re-assigned to the initial load marker receipt and then re-entered into inventory.</p> <p>Inspected four (4) load marker receipts corresponding to the production pull and walked them through the overage process discussed above.</p>	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Warehouse Inventory	4.0
Control Objective(s)		
Controls provide reasonable assurance that incoming raw materials are inventoried and entered into a warehouse system. This includes inventory of purchased by clients and stored at L&E and inventory purchased by L&E on behalf of clients that is also stored at L&E.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
4.06 Physical inventory counts are performed on a regular basis for specified clients. An inventory report can be accessed by the Account Manager at any time through the online inventory system to forward to the client. A physical inventory can also be requested at any time for all clients.	Observed the inventory report pull request process with management noting a client will periodically request inventory figure documentation from L&E. Obtained and inspected email documentation of inventory report requested and inventory report provided. Obtained and inspected email from L&E to client to determine response was provided to client appropriately.	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Print Controls	5.0
Control Objective(s)		
Controls provide reasonable assurance that print jobs are complete and accurate.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
5.01 Print controls have been implemented to provide reasonable assurance that print jobs are complete and accurate	Observed print operators using standard controls to determine that print jobs were complete and accurate. Standard controls observed included : <ul style="list-style-type: none"> • Verification of the position of the printed laser copy to the setup sample, • Physical inspection of print quality, • Input count to run sheet comparison, • Review of appropriate sequencing of numbering for print jobs • Operator fanning through stacks of completed material to ensure correct orientation. 	No Exceptions Noted
5.02 When job is complete, the operator verifies that the image count on the accounting sheet matches the expected count on the runsheet. If counts do not match, the Operations Manager notifies the Account Manager of the discrepancy and the Account Manager submits a request for a recovery file to Data Services.	Observed the operator comparing the accounting sheet to the runsheet for a sample of jobs. Inspected a request for a recovery file to determine that the request was made and the file recovered.	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Document Controls	6.0
Control Objective(s)		
Controls provide reasonable assurance that documents are accurately assembled prior to packaging and distribution		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
6.01 Some of L&E's inserting machines are equipped with computerized sheet feeder technology to read 3 of 9 or 2D barcodes and validate that the document has a certain number of pages (and that all are present) and that it is a certain numbered document in a sequential set. If either sequential check fails, the machine stops and prompts the operator to intervene and correct the issue.	Observed the machine operator using the computerized sheet feeder machine to process a mail order. Inspected the machine noting it utilizes an installed camera to read the 2D barcodes on each page of the papers being fed through the machine. Observed the machine reading the pages and logging an entry for each page number fed on the machine interface screen. Each page pertaining to one mailing may have the same bar code; however, the machine detects which page of the mailing is being read (page 2 of 3 for example). Confirmed with the operator of the machine that it will stop if there is a feed error.	No Exceptions Noted
6.02 For inserting machines that do not have the camera recognition capability, operators follow all quality control checks and fill out all quality checklists throughout the mailshop process – from insertion samples, inserting and postage method.	Observed the quality control checklist process being performed at the end stages of the insertion and mailing process. Reviewed checklist completed by the quality control technician noting a requirement of date and signature to ensure record of quality control procedures is kept. Inspected a sample of quality checklists to determine that all checks had been performed on the job selected, including insertion samples, inserting, and postage method.	No Exceptions Noted
6.03 Print jobs involving sensitive negotiable items that have been deemed unsatisfactory either due to unsatisfactory print standards or client quality requirements are immediately shredded.	Observed a print job process requiring rework due to sub-standard print quality discovered as part of the quality control process. Observed the account representative, print processing and mail shop personnel review the unsatisfactory product and utilize it as a guide to ensure the setup on the revised corrected print job was appropriate. Inspected the mail shop, print processing and account representative areas and noted the presence of shred bins. Observed the mail shop personnel discard the sub-standard print product into the secure shred bins.	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Distribution Controls	7.0
Control Objective(s)		
Controls provide reasonable assurance that distribution of documents are accurate and in the correct package for both manual and automated delivery.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Setups		
7.01 Live setups are inspected to ensure that they match the material staged at the machine.	Observed print operators to determine that they are matching live setups to the material staged at the machine. Observed operators pulling out stock material for documents to be processed. Operators review the material for size, shape and dimension to ensure the specifications of the documents to be delivered for customers matches the specifications of the stock material to be used.	No Exceptions Noted
7.02 Run-sheets/Mailshop P.O. and setups are checked for pull requests and material removed from the output to verify against the list. Instructions on the run-sheet are followed for the proper disposition of this material.	Observed print operators pulling material from the output to determine that materials are verified against the Run-sheets/Mailshop P.O.s, and that instructions on the run-sheet are followed for disposition of the pulled materials. Observed mailshop PO process with mailshop supervisor. Observed incoming PO to mailshop and review of incoming PO by mailshop supervisor prior to executing the pull request.	No Exceptions Noted
7.03 Load-marker and run-sheet/P.O.s are all verified against each other	Observed print operator to determine that they are verifying Loadmarker and run-sheet/P.O.s against each other.	No Exceptions Noted
Postage Meter		
7.04 Postage meter date is set to the date specified in the Account Manager's purchase order presented to the Mailshop Department. If there is no date or if the job is mailing earlier than requested, the date is set to match when the completed job will be presented to the post office.	Observed print operator to determine that the postage date is being set according to the Account Manager's purchase order, or the date the completed job will be presented to the post office. Observed the print operator reviewing the purchase order while processing the job.	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Distribution Controls	7.0
Control Objective(s)		
Controls provide reasonable assurance that distribution of documents are accurate and in the correct package for both manual and automated delivery.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
7.05 At the end of the job, the client's postage balance and activity of postage can be viewed and recorded for invoicing from the online Postage Log,	Observed print operator to determine that client's postage balance and activity of postage can be viewed from the online Postage Log. Inspected copies of the Postage Log reconciliations for selected clients to determine that reconciliations are available if requested, and that they match the online information in the Postage Log. Obtained and reviewed screenshots from the online postage system and verified that complete client postage details can be viewed and agreed to the reconciliations and billing.	No Exceptions Noted
Postage Billing		
7.06 A postage recap for each job is accessed from the online Postage Log.	Observed print operator to determine that client's postage balance and activity of postage can be viewed from the online Postage Log. Observed screenshots from the online postage system displaying postage recap.	No Exceptions Noted
7.07 Postage reconciliations provide a recap of the postage billed along with the balance remaining in the client's postage account. Reconciliations are maintained separate from billing. The postage account is maintained in the online Postage Log to ensure accuracy of the account balance.	Inspected copies of Postage Log Reconciliations for selected clients to determine that reconciliations are available if requested, and that they match the online information in the Postage Log.	No Exceptions Noted
Error Detection		
7.08 Detection checks and "double and miss" settings are performed on an as needed basis to confirm the machine is detecting double feeds correctly.	Observed the detection check process based on walk through of the operations processing of mail feed jobs. Observed the machinery and operator in process to determine detection checks were occurring as expected.	No Exceptions Noted

BUSINESS PROCESS CONTROLS		
Control Domain	Control Segment	Number
Business Process Controls	Distribution Controls	7.0
Control Objective(s)		
Controls provide reasonable assurance that distribution of documents are accurate and in the correct package for both manual and automated delivery.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
7.09 Envelopes are checked for proper sealing at least one time per tray.	Observed the detection process based on walk through of the operations processing of envelop insertion and mailing. Observed the machinery and operator in process to determine envelopes are checked for proper sealing.	No Exceptions Noted
7.10 Meters are checked for imprint clarity and completeness at least once every tray.	Observed the detection process based on walk through of operations process of batch processing. Observed machinery and operator in process to determine meters are checked for imprint clarity and completeness.	No Exceptions Noted
7.11 The sequence (or record) number is checked at least one piece per tray against the meter counter and second counter to make sure that each piece of mail is accounted for and that there are no double feeds or missing pieces of mail.	Observed the verification process based on walk through of operations conducting batch processing. Observed machinery and operator in process to determine the sequence number is checked at least one piece per tray.	No Exceptions Noted
7.12 Every third handful of mail is fanned at least one time per tray to inspect for presence of a postmark and that the address is showing through the window. In addition, correct presence of meter imprint and address in envelope window is verified.	Observed the postmark verification process based on walk through of operations conducting batch processing. Observed machinery and operator in process to determine every third handful is fanned for the presence of a postmark.	No Exceptions Noted
7.13 In the event an error is detected by the L&E inserting equipment, an error message is reported and the operations staff can resolve the issue.	Inquired of management to determine the standard process for error detection performed by the L&E inserting equipment has been established and error messages would be generated to identify issues for operations staff to resolve.	No instances of errors during the observation of operations personnel conducting mail processing activities.
7.14 Negotiable items are secured at all times prior to submission to L&E's in-plant post office area and loaded onto the USPS postal trailer.	Observed negotiable items to determine that they were secured at all times prior to submission to L&E in-plant post office area.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
General Computer Controls	Service Management	8.0
Control Objective(s)		
Controls provide reasonable assurance that events impacting services are detected and reported and escalated appropriately based on the severity of the event.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
8.01 IT utilizes the Intranet "Help Desk" for maintaining a list of all work orders including the estimated date due, description of the issue or request, user who submitted the request, technician assigned, priority, status, and miscellaneous comments. L&E employees have the ability to request IT support by submitting a request utilizing the online Intranet "Help Desk" or creating an e-mail to the "Help Desk" group.	Inspected a sample of Help Desk work orders to determine that they include estimated date due, description of the issue or request, user who submitted the request, technician assigned, priority, status, and miscellaneous comments.	No Exceptions Noted
8.02 Once a request has been submitted through the Intranet "Help Desk", an email is sent to the "L&E Meridian" Group notifying them of the request. The Manager will review the request and assign/change who should work on the request with a priority based on the level of severity and impact to business operations. The IT Help Desk communicates with users regarding the status of reported issues. Once the request has been completed, IT will mark the request as such and an email will be sent out to the "L&E Meridian" group notifying them.	Inspected a sample of Help Desk work orders to determine that the Help desk communicated with users regarding the status of reported issues, and that completed requests were marked as such and an e-mail was sent to the L&E Meridian group as notification.	No Exceptions Noted
8.03 Issues that cannot be resolved within the requested time period are discussed with the VP of Data Services.	Inspected a sample of Help Desk work order to determine that issues which could not be resolved in the requested time period were discussed with the VP of Data Services.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Systems Administration	Systems Development and Maintenance	9.0
Control Objective(s)		
Controls provide reasonable assurance that applications systems used to support printing and mailing services are properly administered including development and maintenance.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Environments		
9.01 L&E establishes a non-production environment to allow for testing of Laser Print & Mail programs prior to implementation in the production environment. These environments also exist for L&E Laser Programmers to develop and test customer specific applications.	Inquired of VP of Data Services to determine that non-production environments are created by developers for testing Laser Print & Mail programs prior to implementation in the production environment.	No Exceptions Noted
9.02 Access to each environment is controlled by username and password and limited to specific employees based on business need and management approval.	Inquired of VP of Data Services to determine that access to the non-production environment requires the user authorized by management to enter valid Active Directory credentials.	No Exceptions Noted
Testing		
9.03 Program testing occurs in an environment segregated from production	Inspected a sample of testing documentation selected from a list of all completed projects to determine that testing had occurred in a non-production environment.	No Exceptions Noted
9.04 The L&E standard software development cycle includes generating sample output when possible for the Account Manager & customer to review and approve before application moves to production. In certain cases where the customer cannot provide final data, test data or chooses not to review in-process samples, L&E may alter the standard process to meet the needs of that client.	Inspected a sample of generated output from a non-production environment to determine that it was reviewed by the Account Manager and customer before it was moved to production.	No Exceptions Noted No non-standard process testing occurred during the reporting period.

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Data Administration	Data Management	10.0
Control Objective(s)		
Controls provide reasonable assurance that client data is normalized and reconciled for completeness. Client data is protected during transit and retained securely based on terms mutually agreed to by L&E and clients.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Initial Setup Request		
10.01 The Account Manager requests a new FTP access account be created for a new customer. This is accomplished by the Account Manager submitting an "FTP Request Form" to L&E IT. This form contains customer name and defines which security options are required by that customer.	Inspected a sample of FTP Request Forms to determine that they contain the customer name and selected security options	No Exceptions Noted No FTP requests were received during the reporting period.
Test and Acceptance		
10.02 IT will install and test the new FTP account as defined on the "FTP Request Form".	Inquired of VP of Data Services to determine IT will install and test the new FTP account as defined on the "FTP Request Form".	No FTP requests were received during the reporting period.
10.03 As soon as the client posts a file on the FTP server, the Statements Group will receive an email alert from the monitoring system that such an action has taken place.	Inspected examples of email alerts to determine that the Statements Group is being notified of FTP activities.	No Exceptions Noted
10.04 Client jobs which have been automated retain their processed data files (data which has been composed and made "Print Ready") for no more than 90 days.	Selected a sample of clients from a list of all clients and inspected their client file directory to determine that no data older than 90 days was kept in the client data files.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Data Administration	Data Storage & Backup	11.0
Control Objective(s)		
Controls provide reasonable assurance that data is backed up on a scheduled basis with backup media stored for an appropriate time period at an off-site storage location. In addition, backup media is tested on a periodic basis for data to be restored in the event of a system failure.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Off-site Storage		
11.01 Backup removable disks are transported to a secure off-site storage location.	Observed backup tapes being transported to the off-site storage location.	No Exceptions Noted
11.02 Only a select number of individuals are authorized to request media to be retrieved from the off-site storage location.	Inspected the list of individuals who are authorized to request media be retrieved from the off-site storage location to determine that it is limited to individuals authorized by the VP of Data Services.	No Exceptions Noted
Inventory Management		
11.03 An inventory of backup media is maintained including date of backup; backup media name; and logged-out date to determine location of backup media (i.e. onsite or offsite)	Obtained and inspected the daily backup log and inventory listing of backup media to determine that it included the date of the backup, backup media name, and logged-out date (if off-site.)	No Exceptions Noted
Periodic Testing		
11.04 Data backup removable disks are tested on a periodic basis for readability and recoverability	Inspected evidence of backup tape testing to determine that testing was performed and that tapes are readable and data was recoverable.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Technical Infrastructure	Server Administration	12.0
Control Objective(s)		
Controls provide reasonable assurance that production servers are appropriately configured and patched to prevent unauthorized access, modification, damage or use with all activity logged and available for review by management.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
General		
12.01 The Microsoft Windows TM Operating System has been "hardened" beyond the default configuration.	Inquired of VP of Data Services to determine that default account passwords are changed, and that GPO settings for user access, user lockout, and server event logging are set at the time of Windows server install. Inspected the GPO settings for user access, user lockout, and server event logging are set at the time of Windows server install to determine the system had been configured beyond the default.	No Exceptions Noted
Administrator Access		
12.02 Administration of Windows servers is limited to a select number of individuals. Those individuals are assigned usernames with administrator rights.	Obtained and inspected system generated documentation to determine that only individuals authorized by management are assigned usernames with administrator rights.	No Exceptions Noted
12.03 Access to the Windows operating system requires the use of passwords with strong password management policies technically enforced by the system.	Inspected a copy of the Windows GPO to determine that password complexity settings are set to require strong passwords.	No Exceptions Noted
Patching/Updates		
12.04 Patching and updating of the Windows operating system occurs on a periodic basis when patches become available and have been reviewed by management.	Inspected server patching process documentation to determine that patches are received and applied successfully. Inspected work papers for patch application to determine that patches were reviewed by management.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Technical Infrastructure	Server Administration	12.0
Control Objective(s)		
Controls provide reasonable assurance that production servers are appropriately configured and patched to prevent unauthorized access, modification, damage or use with all activity logged and available for review by management.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Logging/Monitoring		
12.05 Logging on the Windows servers has been enabled with activity reviewed periodically.	<p>Inspected the Default Domain Controller Policy to determine that server event logging is in effect.</p> <p>Inspected a screen snapshot of the Group Policy Management tree to determine that the SERVERS group is controlled by the Default Domain Controller.</p> <p>Inspected an example of e-mail notifications for server exception events to determine that logging and alerting for server exception events is occurring as expected.</p>	No Exceptions Noted
12.06 Windows server capacity and performance is monitored on an ongoing basis by automated tools to identify any issues prior to failure.	Inspected screen snapshots of the server monitoring tool to determine that server performance and capacity monitoring are occurring as expected.	No Exceptions Noted
Windows Server Anti-Virus Software		
12.07 L&E has installed anti-virus software on all Windows servers; pattern files are updated daily when new updates are available. Updates are then automatically pushed to the clients upon login.	<p>Inspected screen snapshot of anti-virus central management console to determine that anti-virus is installed on the workstations.</p> <p>Inspected anti-virus central management console report to determine that pattern files are up to date.</p>	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Technical Infrastructure	Network Administration	13.0
Control Objective(s)		
Controls provide reasonable assurance that data networks and security devices are appropriately configured and patched to prevent unauthorized internal/external access, modification, damage or use, with all activity logged and available for review by management.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Firewall		
13.01 L&E firewalls are tested on a periodic basis by an independent third-party which is not involved in the installation or configuration. Testing is done to confirm the firewalls are working correctly, and the appropriate security practices are implemented.	Inspected documentation from third party to determine that firewalls were tested on a periodic basis, and that firewalls are working correctly and that the appropriate security practices are implemented.	No Exceptions Noted
13.02 Incoming traffic is monitored for denial of service and other attacks, and will generate a notification to administrators if certain events are logged.	Inspected a sample of event notifications to determine that incoming traffic is monitored for DOS and other events, and that a notification is generated and sent to administrator when an event is logged. Inspected system setup to determine that all e-mail notifications for events are routed to the Help Desk shared mailbox account. Inspected Logging process documentation to determine that logging, log review, and event notification are scheduled and performed.	No Exceptions Noted
13.03 IP traffic is limited to only the ports and IP addresses allowed by IT.	Inspected setup documentation to determine that IP traffic is limited only to the ports and IP addresses allowed by IT.	No Exceptions Noted
13.04 A internal vulnerability test is performed on a quarterly basis on the network to assess any possible vulnerability.	Inspected vulnerability test documentation to determine that tests were performed on a quarterly basis and that any possible vulnerability is identified.	No Exceptions Noted
Intrusion Detection System		
13.05 Reports that record unsuccessful attempts to gain access (during the business day and after hours) to the switches, firewall, routers, telecommunications systems, IDS and other network hardware are reviewed on a periodic basis.	Inspected reports from the IDS to determine that reports are being generated. Inquired of the IT Manager about IDS report review to determine that it is occurring on a periodic basis and that action is taken as needed based on information gathered in the reports.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Technical Infrastructure	Network Administration	13.0
Control Objective(s)		
Controls provide reasonable assurance that data networks and security devices are appropriately configured and patched to prevent unauthorized internal/external access, modification, damage or use, with all activity logged and available for review by management.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Monitoring		
13.06 L&E IT staff has implemented Windows event monitoring software on business critical servers to monitor and report problems or errors which may be detected.	Inspected the Windows event monitoring software setups to determine that event monitoring is active and reporting problems or errors. Inquired of IT Manager to determine the process for being notified when WEM reports a problem or event, and what action is taken based on that report.	No Exceptions Noted
Technical Infrastructure Change Management Controls		
13.07 Technical infrastructure change management controls have been implemented to provide reasonable assurance that changes to existing network equipment, servers, and operating systems are properly authorized and tested prior to implementation.	Inspected a sample of network equipment, server, and operating system changes from a total population of all changes to determine that changes are properly authorized and tested prior to implementation.	No Exceptions Noted
13.08 Changes to existing databases and applications are authorized, tested, and approved prior to implementing in a production environment.	Inquired of the VP of Data Services to determine changes to existing databases and applications are authorized, tested, and approved prior to implementing in a production environment.	No database or application changes occurred during the reporting period.

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Technical Infrastructure	Workstation Administration	14.0
Control Objective(s)		
Controls provide reasonable assurance that L&E workstations are appropriately configured and patched to prevent unauthorized access, modification, damage or use.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
14.01 Desktop and laptop computers used by employees of L&E are configured based on a standard build that is outlined in L&E workstation guidelines. The configuration includes automatic timeout for inactivity after a specified period of time.	Inspected a copy of the standard build outlined in the L&E workstation guidelines to determine that a standard build exists and that it includes an automatic timeout for inactivity after a specified period of time.	No Exceptions Noted
14.02 Workstations do not have local administrator privileges enabled unless a valid technical requirement or business need is approved by management.	Inspected a request for local administrator privileges to determine that the request was granted based on valid technical requirement or business need and was approved by management.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Logical Access	User Account Administration	15.0
Control Objective(s)		
Controls provide reasonable assurance that administration of user accounts appropriately manages logical access to networks, servers, operating systems, system utilities, databases, applications and data based on the principle of least privilege including provisioning, deprovisioning, periodic validation and authentication to the domain.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Provisioning Process		
15.01 The user provisioning process is supported by structured procedures that include documented approvals and evidence of task completion, including documented authorization of approvals, group/role assignment, date of activation, etc.	Inspected a sample of new hires selected from a list of all persons hired during the reporting period to determine that the user provisioning process was documented and included approvals, evidence of task completion, documented authorization or approvals, group/role assignment, and date of activation.	No Exceptions Noted
Authentication		
15.02 Standard users are assigned a unique username and require a password to authenticate to the Active Directory server.	Inspected a list of Active Directory users to determine that all users have a unique username, Inspected the AD GPO settings to determine that all user accounts require a password.	No Exceptions Noted
15.03 Multi-user access accounts require approval by the VP of Data Services and are limited to a specific department application or role.	Inspected multi-user account requests received during the reporting period to determine that they were approved by the VP of Data Services and that they were limited to a specific department application or role.	No Exceptions Noted
Password Controls		
15.04 Password controls are technically enforced for length and change frequency. User accounts are locked after a limited number of unsuccessful attempts and remain locked for a specified period of time or until reset by internal technology staff.	Inspected the AD GPO settings to determine that password complexity is enforced for length and change frequency, that user accounts are locked after a limited number of unsuccessful attempts and that they remain locked for a specified period of time or until reset by internal technology staff.	No Exceptions Noted
User Account Termination		
15.05 HR notifies IT department of all voluntary and involuntary employee terminations verbally or by email. In the event of an unplanned termination, HR provides immediate verbal notice to IT department and will follow up with the termination checklist for completion by IT department.	Inspected a sample of terminated employees selected from a list of all employees separated during the reporting period to determine that IT was notified of their termination verbally or by email.	No Exceptions Noted

GENERAL COMPUTER CONTROLS		
Control Domain	Control Segment	Number
Logical Access	User Account Administration	15.0
Control Objective(s)		
Controls provide reasonable assurance that administration of user accounts appropriately manages logical access to networks, servers, operating systems, system utilities, databases, applications and data based on the principle of least privilege including provisioning, deprovisioning, periodic validation and authentication to the domain.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Periodic Validation		
15.06 On a periodic basis, a list of active employees is compared to Active Directory and application users to identify any discrepancies.	Inspected evidence of periodic review of active employees in Active Directory to determine that review is performed periodically and the any discrepancies are identified and resolved.	No Exceptions Noted

PHYSICAL ENVIRONMENT CONTROLS		
Control Domain	Control Segment	Number
Physical Environment	Physical Security	16.0
Control Objective(s)		
Controls provide reasonable assurance that physical access to facilities and restricted areas within facilities including data centers and server rooms is appropriately restricted and monitored by management. In addition, administration of physical access mechanisms is appropriate for the organization including provisioning and deprovisioning processes		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Facility Access		
16.01 Granting access to the facility or restricted areas within the facility is supported by documented procedures that require supervisor/manager approval.	Inspected a sample of facility access requests from a list of all employees to determine that they are documented and show evidence of supervisor/manager approval.	No Exceptions Noted
16.02 Access to the facility after hours is controlled with only a limited number of employees authorized by management to enter the building.	Inspected a list of staff members who have access to the facility after hours to determine they have been approved by management.	No Exceptions Noted
16.03 Visitors that require access to the building are required to sign a log sheet, wear a visitors badge and be escorted by an L&E employee.	Inspected the visitor log to determine that visitors are required to sign the log sheet. Observed visitors being given a wearable visitor badge for use while in the facility. Observed visitors being escorted by an L&E employee while in the facility.	No Exceptions Noted
Access within Facility		
16.04 Access to restricted areas within the facility is controlled with only a limited number of employees authorized by management to enter the area.	Inspected a list of employees who have access to restricted areas within the facility to determine that the number of employees with such access is limited to individuals authorized by management.	No Exceptions Noted
16.05 Access to the computer room within the data center is protected by a key code access system.	Inspected a sample of facility access requests to determine that they are documented and show evidence of supervisor/manager approval.	No Exceptions Noted
16.06 Access to areas where telecommunications equipment is secured with access authorized for only a limited number of employees/vendors.	Inspected a list of employees/vendors who have access to telecommunications area to determine that the number of employees/vendors with such access is limited.	No Exceptions Noted
Off-site Storage		
16.07 Access to off-site storage facilities are limited to authorized personnel.	Inspected a list of employees who have access to off-site storage facilities to determine that the number of employees with such access is limited.	No Exceptions Noted

PHYSICAL ENVIRONMENT CONTROLS		
Control Domain	Control Segment	Number
Physical Environment	Physical Security	16.0
Control Objective(s)		
Controls provide reasonable assurance that physical access to facilities and restricted areas within facilities including data centers and server rooms is appropriately restricted and monitored by management. In addition, administration of physical access mechanisms is appropriate for the organization including provisioning and deprovisioning processes		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Detective and Preventive Devices		
16.08 Recording of camera images is maintained for an appropriate time period that is in alignment with the retention policy.	Inspected a log of camera images to determine that images are maintained for the appropriate time period as required by the retention policy.	No Exceptions Noted

PHYSICAL ENVIRONMENT CONTROLS		
Control Domain	Control Segment	Number
Physical Environment	Facility Environment Controls	17.0
Control Objective(s)		
Controls provide reasonable assurance that facilities and areas within the facility where technology assets are located (data centers/server rooms/telecom closets) are environmentally controlled for power and temperature.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Power		
17.01 A UPS has been installed to provide temporary power for all critical servers, networking equipment, and telecommunications equipment.	<p>Observed the multiple UPS units connected to each server rack contained within the locked server room to determine that it in place as described.</p> <p>Observed configuration of the UPS device to determine that hold time is adequate for alternate power source to take over in the event of an extended power failure.</p> <p>Obtained and reviewed UPS event notification email received by the help desk responsible for monitoring the device.</p>	No Exceptions Noted

PHYSICAL ENVIRONMENT CONTROLS		
Control Domain	Control Segment	Number
Physical Environment	Facility Environment Controls	17.0
Control Objective(s)		
Controls provide reasonable assurance that facilities and areas within the facility where technology assets are located (data centers/server rooms/telecom closets) are environmentally controlled for power and temperature.		
Control Activity Specified by L&E Meridian	Test(s) of Controls Performed by CliftonLarsonAllen LLP	Results Of Test(s)
Temperature		
17.02 L&E has monitoring tools in place if temperatures exceed defined threshold.	<p>Inquired of management to determine the temperature monitoring and thresholds, as well as how staff are notified if thresholds are exceeded is currently in place.</p> <p>Observed temperature monitoring sensors within the data center, server room, and telecom closet.</p> <p>Obtained and reviewed temperature sensor monitoring event notification email received by the help desk responsible for monitoring the device.</p>	No Exceptions Noted
Fire		
17.03 A sprinkler system is in place within general areas of the building and within the server room.	<p>Observed sprinkler heads in server room as well as multiple other areas of the facility including offices, conference rooms, and hallways.</p> <p>Inspected sprinkler inspection and test certification documents to determine that they were current within the past year.</p>	No Exceptions Noted
17.04 There are fire extinguishers in locations throughout the office as required by local fire code and tested annually by the local fire department.	<p>Observed fire extinguishers in the data center, server room, and telecom closet.</p> <p>Inspected annual test documentation to determine that testing was performed successfully and within the past year.</p>	No Exceptions Noted