



VALUE PAYMENT SYSTEMS, LLC - PAYMENT PROCESSING SYSTEM
SYSTEM AND ORGANIZATION CONTROLS (SOC) 3 REPORT
TRUST SERVICES CRITERIA: SECURITY & AVAILABILITY
FOR THE PERIOD FEBRUARY 1, 2020 TO JANUARY 31, 2021

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Section I: Assertion of Value Payment Systems LLC's Management

We are responsible for designing, implementing, operating, and maintaining effective controls within Value Payment Systems' Payment Processing System (system) throughout the period February 1, 2020 to January 31, 2021 to provide reasonable assurance that Value Payment Systems' service commitments and system requirements relevant to security and availability were achieved. Our description of the boundaries of the system is presented in Section III and identifies the aspects of the system covered by our assertion.

We have performed an evaluation of the effectiveness of the controls within the system throughout the period February 1, 2020 to January 31, 2021 to provide reasonable assurance that Value Payment Systems' service commitments and system requirements were achieved based on the trust services criteria relevant to security and availability (applicable trust services criteria) set forth in TSP section 100, *2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Criteria*). Value Payment Systems' objectives for the system in applying the applicable trust services criteria are embodied in its service commitments and system requirements relevant to the applicable trust services criteria. The principal service commitments and system requirements related to the applicable trust services criteria are presented in Section IV.

Value Payment Systems uses subservice organizations to provide infrastructure services. The description indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Value Payment Systems, to achieve Value Payment Systems' service commitments and system requirements based on the applicable trust services criteria. The description presents Value Payment Systems' controls, the applicable trust services criteria, and the types of complementary subservice organization controls assumed in the design of Value Payment Systems' controls. The description does not disclose the actual controls at the subservice organizations.

The description indicates that complementary user entity controls that are suitably designed and operating effectively are necessary, along with controls at Value Payment Systems, to achieve Value Payment Systems' service commitments and system requirements based on the applicable trust services criteria. The description presents Value Payment Systems' controls, the applicable trust services criteria, and the complementary user entity controls assumed in the design of Value Payment Systems' controls.

There are inherent limitations in any system of internal control, including the possibility of human error and the circumvention of controls. Because of these inherent limitations, a service organization may achieve reasonable, but not absolute, assurance that its service commitments and system requirements are achieved. We assert that the controls within the system were effective throughout the period February 1, 2020 to January 31, 2021 to provide reasonable assurance that Value Payment Systems' service commitments and system requirements were achieved based on the applicable trust services criteria.

Richard Stierwalt
Value Payment Systems | General Manager

Section II: Independent Service Auditor's Report

To: Value Payment Systems Management

155 Franklin Road Suite 330
Brentwood, Tennessee 37027

Scope

We have examined Value Payment Systems' accompanying assertion titled "Assertion of Value Payment Systems LLC's Management" (assertion) that the controls within Value Payment Systems Payment Processing System (system) were effective throughout the period February 1, 2020 to January 31, 2021, to provide reasonable assurance that Value Payment Systems' service commitments and system requirements were achieved based on the trust services criteria relevant to security and availability (applicable trust services criteria) set forth in TSP section 100, *2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Criteria*).

Value Payment Systems uses subservice organizations to provide infrastructure services. The description indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Value Payment Systems, to achieve Value Payment Systems' service commitments and system requirements based on the applicable trust services criteria. The description presents Value Payment Systems' controls, the applicable trust services criteria, and the types of complementary subservice organization controls assumed in the design of Value Payment Systems' controls. The description does not disclose the actual controls at the subservice organization. Our examination did not include the services provided by the subservice organization, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The description indicates that complementary user entity controls that are suitably designed and operating effectively are necessary, along with controls at Value Payment Systems, to achieve Value Payment Systems' service commitments and system requirements based on the applicable trust services criteria. The description presents Value Payment Systems' controls, the applicable trust services criteria, and the complementary user entity controls assumed in the design of Value Payment Systems' controls. Our examination did not include such complementary user entity controls and we have not evaluated the suitability of the design or operating effectiveness of such controls.

Service Organization's Responsibilities

Value Payment Systems is responsible for its service commitments and system requirements and for designing, implementing, and operating effective controls within the system to provide reasonable assurance that Value Payment Systems' service commitments and system requirements were achieved. Value Payment Systems has also provided the accompanying assertion about the effectiveness of controls within the system. When preparing its assertion, Value Payment Systems is responsible for selecting, and identifying in its assertion, the applicable trust service criteria and for having a reasonable basis for its assertion by performing an assessment of the effectiveness of the controls within the system.

Service Auditor's Responsibilities

Our responsibility is to express an opinion, based on our examination, on whether management's assertion that controls within the system were effective throughout the period to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Our examination was conducted in accordance with attestation standards established by the American

Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination included:

- Obtaining an understanding of the system and the service organization's service commitments and system requirements
- Assessing the risks that controls were not effective to achieve Value Payment Systems' service commitments and system requirements based on the applicable trust services criteria
- Performing procedures to obtain evidence about whether controls within the system were effective to achieve Value Payment Systems' service commitments and system requirements based on the applicable trust services criteria

Our examination also included performing such other procedures as we considered necessary in the circumstances.

Inherent Limitations

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls.

Because of their nature, controls may not always operate effectively to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Also, the projection to the future of any conclusions about the effectiveness of controls is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, management's assertion that the controls within Value Payment Systems' Payment Processing System were effective throughout the period February 1, 2020 to January 31, 2021, to provide reasonable assurance that Value Payment Systems' service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

ProNaight CPA, LLC

ProNaight CPA, LLC | Nashville, TN
March 26, 2021

Section III: Description of the Payment Processing System Boundaries

Services Provided

Value Payment Systems, a wholly owned subsidiary of Government Brands Holdings, provides payment processing services throughout the United States. Value Payment Systems was founded in 2008 to provide electronic payments services. The Payment Processing System enables management of the following:

- **Electronic Payments**
 - Point of Sale (POS): onsite payments made through standalone or integrated terminals
 - Voice: payments made through Interactive Voice Response (IVR) prompts or a live agent
 - Website: payments made through web sites that can be customized for each client

Components of the System Used to Provide the Services

Infrastructure

The following provides a summary of key infrastructure used by Value Payment Systems to support the Payment Processing System:

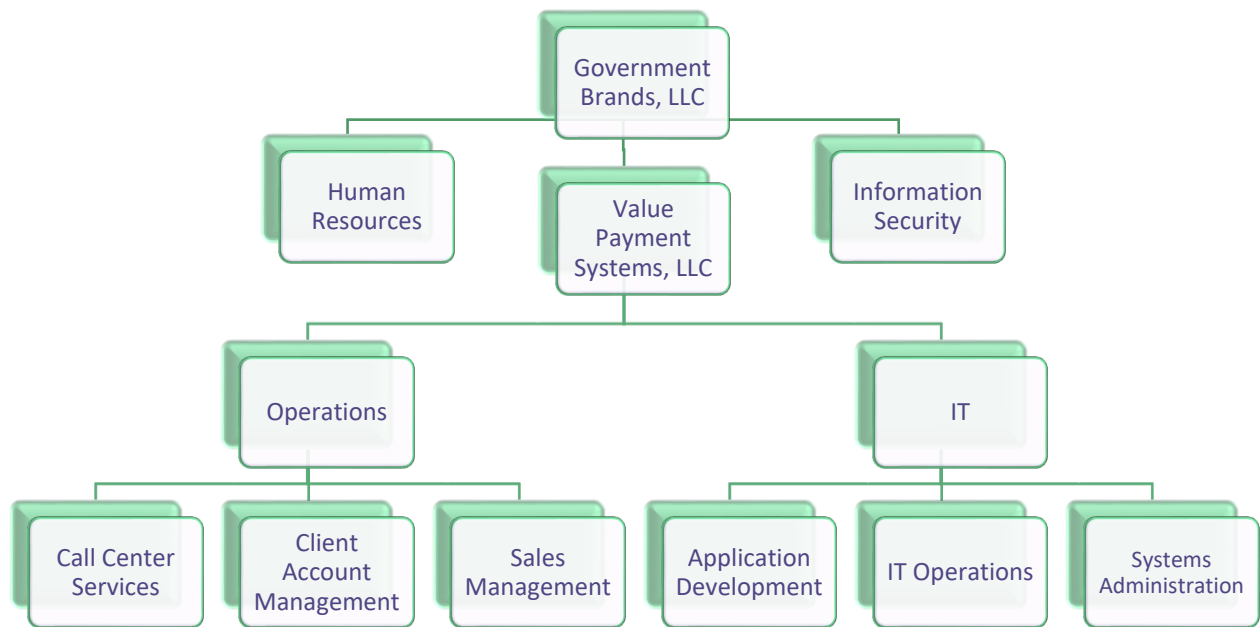
- **Platforms/Operating Systems:** Amazon Web Services (AWS) is used to host electronic payment processing infrastructure. Microsoft Windows Server is used for internal servers, including servers hosted in AWS or on-premise.
- **Databases:** Microsoft SQL Server is used for the electronic payment system backend.
- **End-User Devices:** Employees use company-issued laptops and workstations to perform responsibilities, including supporting clients, client's customers, and related systems.
- **Human Resources:** Paylocity Talent is used to support employee onboarding, termination, and performance management processes.
- **Security Awareness Training System:** KnowBe4 Enterprise Security Awareness Training Program is used to administer employee security awareness training.
- **Risk Assessment:** Ballast Risk Assessment is used to facilitate the information security risk assessment process.
- **Process Workflow:** Atlassian Jira is used for IT process workflow management, including for access provisioning, access deprovisioning, and system development.
- **Security Systems:** Microsoft Active Directory (AD) is used for network identity. Cisco AMP for Endpoints is used as an anti-malware solution for end-user devices and servers. Fortinet FortiGate is used for firewall and intrusion prevention system (IPS) management. Lenel OnGuard is used to manage physical access at corporate facilities. Qualys Cloud Platform is used for vulnerability management.
- **Systems Development:** GitHub is used for the payment processing system code repository.
- **System Availability:** Paessler PRTG is used for system infrastructure and services monitoring.

Software

The following provides a summary of key systems used by Value Payment Systems within the Payment Processing System:

- **Electronic Payment Sites:** PayLocalGov (PLG) is used as the platform for electronic payment sites. The sites are internally developed and generally unique to each client.
- **Supporting Tools:** Boarding Tool is used for onboarding clients into the payment platform. Customer Service (CS) Tool is used for managing customer service. Reporting Tool is used for various standard and custom reporting.

People



Government Brands, LLC is the holding entity of Value Payment Systems and provides support to Value Payment Systems in the following functional areas:

- **Human Resources:** Responsibilities of this area includes employee onboarding, termination, and performance management.
- **Information Security:** Responsibilities of this area includes the information security program and information security awareness.

Value Payment Systems has a staff of approximately 30 employees organized in the following functional areas:

- **Operations:** Responsibilities of this area includes call center services, client account management, and sales management. These individuals primarily use the Payment Processing System to support clients.
- **IT (Information Technology):** Responsibilities of this area includes application development, IT operations, and systems administration. These individuals support the Payment Processing System to ensure general security and availability of the system.

Data

Data used within the Payment Processing System includes the following:

- **Client Bank Account Information:** is obtained from client during initial onboarding of the client and updated as the client deems necessary. This data is used for making payments to and receiving payments from the client.
- **Client's Customer's Payment Information:** obtained from client's customers during payment transactions. This data is generally used for receiving payment from customers, including payments through client point-of-sale interaction or through the client's payment website.

Third Parties

Third parties used within the Payment Processing System includes the following:

- **Human Resources:** Insperty is used as the employee background screening vendor.

Subservice Organizations

Value Payment Systems utilizes the subservice organizations listed in the tables below in performing certain aspects of its services. The expected subservice organization controls are listed below.

Subservice Organization	Nature of Services	Applicable Trust Services Categories	Complementary Subservice Organization Controls
AWS	Responsible for providing production systems hosting services, which includes environmental security, infrastructure availability, and physical security.	CC6.0 Logical and Physical Access Controls CC7.0 System Operations CC8.0 Change Management CC9.0 Risk Mitigation A1.0 Availability	The subservice organization is responsible for designing and implementing controls over production systems hosting services related to logical access, physical access, system security, vulnerability management, incident management, change management, business continuity, third party management, and capacity management.
Flexential	Responsible for providing production systems hosting services, which includes environmental security, infrastructure availability, and physical security.	CC6.0 Logical and Physical Access Controls CC7.0 System Operations CC8.0 Change Management CC9.0 Risk Mitigation A1.0 Availability	The subservice organization is responsible for designing and implementing controls over production systems hosting services related to logical access, physical access, system security, vulnerability management, incident management, change management, business continuity, third party management, and capacity management.

Processes and Procedures

Management has developed and communicated processes and procedures to ensure the security and availability of the Payment Processing System. These processes and procedures cover the following key life cycle areas:

- **Corporate Governance:** includes independent oversight, standard of conduct, responsibilities, internal communication, external communication, data governance, issue remediation, and policy/procedure review
- **Human Resources:** includes employee onboarding and performance evaluation
- **Risk Management:** includes risk assessment and risk management
- **Business Continuity:** includes the disaster recovery plan and data backup testing
- **Incident Management:** includes the incident response plan and the incident response process
- **Third Party Management:** includes vendor management and oversight
- **System Access:** includes system authentication, access provisioning, access deprovisioning, and access review
- **Physical Access:** includes access provisioning, access deprovisioning, and access review
- **Security Systems Management:** includes management of the firewall system, IPS, anti-malware system, and vulnerability scanning system
- **System Change Management:** includes testing, approval, and production validation of developed system changes
- **System Monitoring:** includes monitoring network infrastructure and services

User Entity Controls

The control activities performed by Value Payment Systems cover only a portion of the overall internal control structure of Value Payment Systems' user organizations. Therefore, each customer's internal control structure must be evaluated in conjunction with Value Payment Systems' controls over the Payment Processing System. Value Payment Systems' controls over the Payment Processing System were designed with the understanding that certain user organization controls were in place and operating effectively.

Applicable Trust Services Categories	Complementary User Entity Controls
CC6.0 Logical and Physical Access Controls	User entities are responsible for designing and implementing controls over data transmission, such as encrypting sensitive data.
	User entities are responsible for designing and implementing controls over logical access, such as user identification and authentication.
	User entities are responsible for designing and implementing controls over physical access, such as restricting access to secure areas or sensitive files.
	User entities are responsible for designing and implementing controls over sensitive data records disposal, such as storage media sanitization.
	User entities are responsible for designing and implementing controls over system security, such as network protection with a firewall or scanning systems with anti-malware software.
CC7.0 System Operations	User entities are responsible for designing and implementing controls over system breach response, such as providing notification of any suspected breach or breach.

Section IV: Principal Service Commitments and System Requirements

Value Payment Systems designs its processes and procedures related to the Payment Processing System to meet its objectives for its services. Those objectives are based on the service commitments that Value Payment Systems makes to user entities, the laws and regulations that govern the services provided, and the financial, operational, and compliance requirements that Value Payment Systems has established for the services. The services of Value Payment Systems are subject to the security standard of the Payment Card Industry Data Security Standard (PCI DSS).

Value Payment Systems establishes operational requirements that support the achievement of security commitments, relevant laws and regulations, and other system requirements. Such requirements are communicated in Value Payment Systems' system policies and procedures and system design documentation. Information security policies define an organization-wide approach to how systems and data are protected.