



TimeClock Plus, LLC

System and Organization Controls Report (SOC 3)

Independent Report of the Controls to meet the criteria for the Security, Availability, and Confidentiality categories for the period of January 1, 2020 through December 31, 2020.



KirkpatrickPrice

4235 Hillsboro Pike
Suite 300
Nashville, TN 37215

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ASSERTION OF TIMECLOCK PLUS, LLC MANAGEMENT

ASSERTION OF TIMECLOCK PLUS, LLC MANAGEMENT

We are responsible for designing, implementing, operating, and maintaining effective controls within TimeClock Plus, LLC's Workforce management solution services system (system) throughout the period January 1, 2020, to December 31, 2020, to provide reasonable assurance that TimeClock Plus, LLC's service commitments and system requirements relevant to Security, Availability, and Confidentiality were achieved. Our description of the boundaries of the system is presented in section A 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 January 1, 2020, to December 31, 2020, to provide reasonable assurance that TimeClock Plus, LLC's service commitments and system requirements were achieved based on the trust services criteria relevant to Security, Availability, and Confidentiality (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*). TimeClock Plus, LLC's 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 B.

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 January 1, 2020, to December 31, 2020, to provide reasonable assurance that TimeClock Plus, LLC's service commitments and system requirements were achieved based on the applicable trust services criteria.

INDEPENDENT SERVICE AUDITOR'S REPORT

INDEPENDENT SERVICE AUDITOR'S REPORT

Eric Thurston
Chief Executive Officer
TimeClock Plus, LLC
1 TimeClock Drive
San Angelo, Texas 76904

Scope

We have examined TimeClock Plus, LLC's accompanying assertion titled "Assertion of TimeClock Plus, LLC Management" (assertion) that the controls within TimeClock Plus, LLC's Workforce management solution services system (system) were effective throughout the period January 1, 2020, to December 31, 2020, to provide reasonable assurance that TimeClock Plus, LLC's service commitments and system requirements were achieved based on the trust services criteria relevant to Security, Availability, and Confidentiality (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*).

Service Organization's Responsibilities

TimeClock Plus, LLC is responsible for its service commitment and system requirements and for designing, implementing, and operating effective controls within the system to provide reasonable assurance that TimeClock Plus, LLC's service commitments and system requirements were achieved. TimeClock Plus, LLC has also provided the accompanying assertion about the effectiveness of controls within the system. When preparing its assertion, TimeClock Plus, LLC is responsible for selecting, and identifying in its assertion, the applicable trust services 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 TimeClock Plus, LLC's 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 TimeClock Plus, LLC's 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 TimeClock Plus, LLC's Workforce management solution services system were effective throughout the period January 1, 2020, to December 31, 2020, to provide reasonable assurance that TimeClock Plus, LLC's service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.



Joseph Kirkpatrick
CPA, CISSP, CGEIT, CISA, CRISC, QSA
4235 Hillsboro Pike, Suite 300
Nashville, TN 37215

March 22, 2021

TIMECLOCK PLUS, LLC'S DESCRIPTION OF ITS WORKFORCE MANAGEMENT SOLUTION SERVICES SYSTEM

SECTION A:
**TIMECLOCK PLUS, LLC'S DESCRIPTION OF THE BOUNDARIES OF ITS WORKFORCE
MANAGEMENT SOLUTION SERVICES SYSTEM**

Services Provided

For the past 30 years, TimeClock Plus® (TCP) has provided robust time and attendance solutions to its customers, offering innovative timekeeping systems to control labor cost and efficiently manage attendance policies. The organization's employee time management systems are available in many configurations to meet the diverse needs of organizations across the country.

TCP's core service is providing a cloud-based, time and attendance platform that can import a variety of data types, including but not limited to personally identifiable information (PII) and biometric data. The organization provides Apple and Android based smart phone applications for their customers to input time and attendance data and access TCP reporting, and the organization also manufactures legacy time clock appliances. The TCP webpage has linked pages for contacting technical support, accessing the TCP knowledgebase, seeing TimeClock Plus system availability status, and taking webinar trainings.

Infrastructure

The organization implements administrative controls associated with the systems inventory. TCP maintains a systems inventory and all systems in the Amazon Web Services (AWS) production environment are tracked in real time by AWS-provided tools; all physical systems are tracked manually. Network diagrams are maintained for the various TCP networks and updated any time there are significant changes.

Software

TCP maintains a critical software inventory. All software in the AWS production environment is tracked in real time by AWS-provided tools.

People

TCP has a hierarchical structure with defined reporting lines that are outlined in the organization's organization chart. The Chief Executive Officer (CEO)/President oversees the entire organization and reports to the board of directors, which provides oversight and guidance to the organization. Members of executive leadership lead each department within the organization and report up to the CEO.

Data

TCP handles a variety of data types related to calculating and reporting time and attendance information. The following pieces of data are transmitted, processed, or stored by the organization: username, password, first name, last name, address, email, phone number, job title, employee ID, taxpayer ID, gender, date of birth, hire date, termination date, language preference, payroll classification, employment classification, pay rates, work schedules, employment contracts, and personal activity data. Personal activity data may include clock-in time, clock-out

time, clock-in location, clock-out location, leave requests, including vacation, sick, and other third-party defined leave reasons, leave accruals, Family and Medical Leave Act (FMLA) cases, hours worked, trade union membership, and biometric data.

The organization is subject to its own Data Retention Policy, which addresses relevant legal and regulatory data retention requirements, including GDPR. TCP secures information involved in application service transactions using encryption, the web application firewall (WAF), and coding best practices. TCP OnDemand web service has deployed an Imperva WAF solution, which is configured to detect and block malicious traffic based on Open Web Application Security Project (OWASP) best practice guidelines. The application development team uses web application coding practices intended to block critical and high-risk attack vectors, such as cross-site scripting (XSS), injection, sensitive data exposure, misrouting, unauthorized message alteration, unauthorized disclosure, unauthorized message duplication, and replay attacks.

Processes and Procedures

Management has developed and communicated procedures to guide the provision of the organization's services. Changes to procedures are performed annually and authorized by management. These procedures cover the following key security life cycle areas:

- Data classification
- Categorization of information
- Assessment of the business impact resulting from proposed security approaches
- Selection, documentation, and implementation of security controls
- Authorization, changes to, and termination of information system access
- Monitoring security controls
- Management of access and roles
- Maintenance and support of the security system and necessary backup and offline storage
- Incident response
- Maintenance of restricted access to system configurations, user functionality, master passwords, powerful utilities, and security devices

SECTION B:

PRINCIPAL SERVICE COMMITMENTS AND SYSTEM REQUIREMENTS

Regulatory Commitments

TCP is impacted by regulatory measures including Equal Employment Opportunity Commission (EEOC), US Labor Department, Texas employee labor practices, and privacy laws, such as General Data Protection Regulation (GDPR), Biometric Information Privacy Act (BIPA), and CCPA California Consumer Privacy Act (CCPA).

The organization addresses these regulations within its policies and employee training programs. Employees are required to participate in annual IT security re-certification training that includes privacy and GDPR regulations.

Contractual Commitments

TCP executes contracts with clients that detail the scope of services the organization is contracted to provide to each client. The organization's core services include providing a cloud-based, comprehensive workforce time and attendance platform. The OnDemand platform is customizable for customers to integrate a wide variety of data types related to calculating and reporting time and attendance information, and the organization continues to sell mechanical TimeClock appliances and provide professional services for customers with unique time and attendance data-capture and reporting requirements.

System Design

TCP designs its workforce management solution services system to meet its regulatory and contractual commitments. These commitments are based on the services that TCP provides to its clients, the laws and regulations that govern the provision of those services, and the financial, operational, and compliance requirements that TCP has established for its services. TCP establishes operational requirements in its system design that support the achievement of its regulatory and contractual commitments. These requirements are communicated in TCP's system policies and procedures, system design documentation, and contracts with clients.