

# **BM Technologies, Inc.**

Report on BM Technologies, Inc.'s Description of its Refund Management System and the Suitability of the Design and Operating Effectiveness of its Controls

For the period July 1, 2021 through September 30, 2022

**BM Technologies, Inc.**

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and on the Suitability of the Design and Operating Effectiveness of its Controls**

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**Section I.**  
**Independent Service Auditors' Report**  
**Provided by KPMG LLP**

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KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

## Independent Service Auditors' Report

Board of Directors of BM Technologies, Inc.:

### Scope

We have examined BM Technologies, Inc.'s ("BMTX") description of its system titled "BM Technologies, Inc.'s Description of its Refund Management System" for processing user entities' transactions throughout the period July 1, 2021 to September 30, 2022 (the Description) and the suitability of the design and operating effectiveness of the controls included in the Description to achieve the related control objectives stated in the Description, based on the criteria identified in "BM Technologies, Inc.'s Assertion" (the Assertion). The controls and control objectives included in the Description are those that management of BMTX believes are likely to be relevant to user entities' internal control over financial reporting, and the Description does not include those aspects of the Refund Management system (the System) that are not likely to be relevant to user entities' internal control over financial reporting.

BMTX uses the subservice organization identified in Section III to perform some of the services provided to user entities that are likely to be relevant to those user entities' internal control over financial reporting. The Description includes only the control objectives and related controls of BMTX and excludes the control objectives and related controls of the subservice organization. The Description also indicates that certain control objectives specified by BMTX can be achieved only if complementary subservice organization controls assumed in the design of BMTX's controls are suitably designed and operating effectively, along with the related controls at BMTX. Our examination did not extend to controls of 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 certain control objectives specified in the Description can be achieved only if complementary user entity controls assumed in the design of BMTX's controls are suitably designed and operating effectively, along with related controls at BMTX. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

### Service Organization's Responsibilities

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

### Service Auditors' Responsibilities

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



Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in the Assertion, the Description is fairly presented and the controls were suitably designed and operated effectively to achieve the related control objectives stated in the Description throughout the period July 1, 2021 to September 30, 2022. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

- performing procedures to obtain evidence about 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 the criteria in management's assertion
- 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
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

### **Service Auditors' Independence and Ethical Responsibilities**

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

### **Inherent Limitations**

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

### **Description of Tests of Controls**

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

### **Opinion**

In our opinion, in all material respects, based on the criteria described in BMTX's Assertion:

- the Description fairly presents the System that was designed and implemented throughout the period July 1, 2021 to September 30, 2022
- 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 July 1, 2021 to September 30, 2022, and the subservice organization and user entities applied the complementary controls assumed in the design of BMTX's controls throughout the period July 1, 2021 to September 30, 2022



- the controls operated effectively to provide reasonable assurance that the control objectives stated in the Description were achieved throughout the period July 1, 2021 to September 30, 2022 if complementary subservice organization controls and complementary user entity controls, assumed in the design of BMTX's controls, operated effectively throughout the period July 1, 2021 to September 30, 2022.

### **Restricted Use**

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of management of BMTX, user entities of BMTX's System during some or all of the period July 1, 2021 to September 30, 2022, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatement of user entities' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

Philadelphia, Pennsylvania  
December 16, 2022

**Section II.**  
**BM Technologies, Inc.'s Assertion**

We have prepared the accompanying description of BM Technologies, Inc.'s ("BMTX") refund management system titled "BM Technologies, Inc.'s Description of its Refund Management System" for processing user entities' transactions throughout the period July 1, 2021 to September 30, 2022 (the Description) for user entities of the refund management system (the System) during some or all of the period July 1, 2021 to September 30, 2022, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and user entities of the System themselves, when assessing the risks of material misstatement of user entities' financial statements.

BMTX uses the subservice organization identified in Section III to perform some of the services provided to user entities that are likely to be relevant to those user entities' internal control over financial reporting. The Description includes only the control objectives and related controls of BMTX and excludes the control objectives and related controls of the subservice organization. The Description also indicates that certain control objectives specified in the Description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively along with the related controls at BMTX. The Description does not extend to controls of the subservice organization.

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

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

- a) The Description fairly presents the System made available to user entities of the System during some or all of the period July 1, 2021 to September 30, 2022 for processing their transactions as it relates to controls that are likely to be relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the Description
  - i. presents how the System made available to user entities of the System was designed and implemented to process relevant user entity transactions, including, if applicable,
    - (1) the types of services provided, including, as appropriate, the classes of transactions processed;
    - (2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the System;
    - (3) the information used in the performance of the procedures, including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities;
    - (4) how the System captures and addresses significant events and conditions other than transactions;
    - (5) the process used to prepare reports and other information for user entities;
    - (6) services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them;



- (7) the specified control objectives and controls designed to achieve those objectives, including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls;
    - (8) other aspects of our control environment, risk assessment process, information and communication (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
  - ii. includes relevant details of changes to BMTX's System during the period covered by the Description.
  - iii. does not omit or distort information relevant to BMTX's System, while acknowledging that the Description is prepared to meet the common needs of a broad range of user entities of the System and their auditors, and may not, therefore, include every aspect of the System that each individual user entity of the System and its auditor may consider important in its own particular environment.
- b) The controls related to the control objectives stated in the Description were suitably designed and operated effectively throughout the period July 1, 2021 to September 30, 2022 to achieve those control objectives if subservice organizations and user entities applied the complementary controls assumed in the design of [Sample Service Organization]'s controls throughout the period July 1, 2021 to September 30, 2022. The criteria we used in making this assertion were that:
  - i. the risks that threaten the achievement of the control objectives stated in the Description have been identified by management of BMTX;
  - ii. the controls identified in the Description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the Description from being achieved; and
  - iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

**BM Technologies, Inc.**

**December 16, 2022**

**Section III.**  
**BM Technologies, Inc.'s Description of its**  
**Refund Management System**

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## Overview of Company and Services

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BMTX, Inc., a wholly owned subsidiary of BM Technologies, Inc. (“BMTX,” “service organization,” or “Company”), provides its Refund Management services to college and university clients. The Refund Management service is provided to customers under the “BankMobile Disbursements” product name. Through its affiliations with Partner Banks, BMTX offers deposit products and payment services to more than five million students on more than 750 college and university campuses.

### *Services Provided*

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The Refund Management service provides higher education institutions with a technology service for streamlining the refund disbursement process. Following the payment of their tuition and other school-related expenses, many disbursement recipients receive residual financial aid disbursements to cover non-academic education expenses (e.g. living costs, books, transportation).

Higher education institutions have typically processed these refund disbursements by preparing and distributing paper checks, which can be time-consuming and costly for institutions to issue and can delay the delivery of funds to disbursement recipients. After a higher education institution subscribes to the Refund Management service, the institution sends the full amount of each disbursement recipients’ refund to BMTX, which is then delivered in accordance with the disbursement recipient’s request. The Refund Management service is designed to disburse refunds in compliance with applicable federal regulations, which alleviates the administrative and regulatory burden on higher education institutions that is associated with the financial aid refund process. The Refund Management service also has a number of features that benefit disbursement recipients, including notifications via email or text message to alert recipients of incoming refunds.

### *Scope*

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This description addresses BMTX’s Refund Management system provided to user entities, which includes both operational and technology services but excludes other services provided by BMTX. The description does not extend to controls of the subservice organization.

# Relevant Aspects of the Control Environment, Risk Assessment Process, Monitoring, and Information and Communication

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This section provides information about the five interrelated components of internal control at BMTX, including BMTX's control environment, risk assessment process, monitoring activities, information and communications, and control activities.

BMTX's internal control components include controls that may have a pervasive effect on the service organization, specific processes, account balances, disclosures, classes of transactions, or applications. Some of the components of internal control have more of an effect at the entity level, while other components are primarily related to specific processes or applications.

## Control Environment

The control environment sets the tone of an organization, influencing the control awareness of the service organization. The control environment is embodied by the service organization's awareness of the need for controls and the emphasis given to the appropriate controls through management's actions supported by its policies, procedures, controls, and organizational structure.

BMTX's control environment represents the collective effect of various elements in establishing and enhancing the effectiveness of controls and mitigating business risks. It reflects the commitment of management, the Board of Directors ("Board"), and others to an effective framework of controls by emphasizing the importance of controls, policies and procedures, and organizational structure. The Company utilizes the 2013 internal control framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The following are the key elements of BMTX's control environment:

- Commitment to Integrity and Ethical Values
- Oversight Responsibilities by the Board of Directors and Committees
- Assignment of Authority and Responsibility
- Commitment of Competence
- Accountability
- Corporate Policies and Procedures

### ***Commitment to Integrity and Ethical Values***

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An environment that demands integrity and ethical values is critical to building and maintaining an effectively controlled organization. Similarly, the effectiveness of internal controls is rooted in the integrity and ethical values of the people who create, administer, and monitor them. BMTX has programs and policies designed to promote integrity and ethical values throughout the service

organization. Its policies cover areas such as standards of performance, integrity, professionalism, ethics, values, and conduct. These policies are published, incorporated into annual teammate training, and enforced. Periodically, BMTX's senior management team communicates the importance of these policies and ethical standards to team members through internal communication channels (e.g. annual training).

### ***Code of Ethics and Business Conduct***

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BMTX has adopted a Code of Ethics and Business Conduct ("Code"), which requires compliance with laws and regulations applicable to its business and sets standards critical to the success of the service. The full text is found on the BMTX website along with other governance documents. The Code addresses the following areas:

- Compliance with Laws and Regulations
- Conflicts of Interest
- Insider Trading
- Fair Dealing with customers, potential customers, competitors, suppliers, and other team members
- Gifts and Gratuities
- Confidentiality and Privacy
- Protection and Proper Use of Corporate Assets and Intellectual Property
- Integrity of Records, Accounts, and Disclosures
- Reporting Concerns Regarding Improper Accounting or Auditing Matters
- Candor in Dealing with Auditors, Examiners, and Legal Counsel
- Waivers of the Code
- Reporting and Compliance Procedures of the Code
- Diversity, Discrimination, and Harassment
- Administration of the Code

The Code is distributed to all new team members, officers, and directors, and redistributed annually to everyone subject to the Code. Additionally, the Code is periodically reviewed and revised as necessary, subsequently readopted by the Board as necessary, and reissued to all individuals subject to the Code. BMTX's General Counsel is responsible for supervision of and compliance with the Code policy.

### ***Whistleblower Hotline***

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BMTX has a confidential and anonymous whistleblower hotline through a third-party vendor. All team members have the responsibility to raise concerns about behavior that may violate the Code or any laws, rules, or regulations. Individuals may leave a voicemail in accordance with instructions on the BMTX intranet site or send a letter to the published addresses of the Chair of the Audit

Committee, General Counsel, and Team Member Services Director. The third-party vendor forwards all messages received on the hotline to the Audit Committee Chair and SVP Team Member Services.

### ***Oversight Responsibilities of the Board of Directors and Committees***

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BMTX has established a Board to oversee the Company. The Board has established three committees: the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee.

Each of these committees operates pursuant to written charters adopted by the Board.

#### ***Board of Directors***

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The Board oversees the business and affairs of BMTX. In carrying out its duties, the Board has a fiduciary responsibility to BMTX and its stockholders. BMTX's Board consists of seven members. Directors are elected to serve; the Board holds quarterly meetings and may hold other meetings as required.

#### ***Audit Committee***

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The Audit Committee assists in the Board's oversight of BMTX's accounting and financial reporting processes and the financial statement audit, compliance with legal and regulatory requirements, and the performance of BMTX's internal audit function. The Audit Committee preapproves audit and non-audit services provided to BMTX, whether provided by the principal auditor or other firms. The independent auditor reports directly to the Audit Committee, and the Audit Committee has responsibility for overseeing the work of the independent auditor. Formal reports of audit findings are prepared and submitted to BMTX's senior management and the Audit Committee.

The Audit Committee coordinates the Board's oversight of BMTX's effectiveness of internal control over financial reporting and operational areas, disclosure controls, and procedures. The Audit Committee has established, maintains, and oversees procedures for the receipt, retention, and treatment of complaints received from third parties regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters communicated by team members.

#### ***Compensation Committee***

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The Compensation Committee is charged the development and oversight of compensation for BMTX's executive officers. The Compensation Committee, which is appointed by the Board, and has responsibility over the compensation of the Company's executive officers and for incentive compensation, equity-based and pension plans.

#### ***Nominating and Corporate Governance Committee***

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The Nominating and Corporate Governance Committee (N&CG) is responsible for identifying and evaluating candidates for director positions and recommending the nomination of directors to the full Board. The N&CG assists the Board in reviewing and assessing the adequacy of BMTX's

corporate governance guidelines, personal codes of conduct, and related internal policies and guidelines. The N&CG also makes recommendations to the Board regarding non-management director compensation.

### ***Assignment of Authority and Responsibility***

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BMTX senior management is responsible for the assignment of responsibility and delegation of authority within BMTX. Employee responsibilities are communicated upon hire.

Formal organizational charts have been developed indicating the function and reporting lines at the Company. The service organization is hierarchical, which is conducive to control, and organized to provide segregation of key duties and functions.

### ***Commitment to Competence***

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BMTX's Team Member Services (TMS) oversees recruiting, hiring, compensation, dismissal, and other employee-relations matters. BMTX's objective is to hire team members with expertise in their area of responsibility and to provide them with the authority, resources, and responsibility to best perform their duties. BMTX encourages its managers to establish individual job responsibilities to best meet the objectives of its departments and to cross-train team members to provide flexibility. Each team member is hired based on the needs of the business. The candidates respond to job postings by sending their resumes to TMS and hiring managers review the resumes to identify qualified candidates. Formal interviews and reference checks are completed where appropriate, and candidates are informed of the expectations of their position prior to a formal job offer. Job offers are reviewed and approved by BMTX's senior management team, including a member of TMS.

BMTX utilizes a performance management system to evaluate team member performance; the results of this evaluation are communicated through a written performance review. The immediate supervisor or manager completes a performance review annually for each of his or her direct reports. The reviews are also reviewed and approved by the executive level responsible for the area. Any performance issues are communicated directly to the team member by the supervisor or manager in a timely manner. The supervisor or manager may take remedial or disciplinary action in response to a performance issue, a violation of the Code, or a departure from BMTX's approved policies and procedures. Verbal and written warnings are communicated to team members when appropriate. TMS is available to guide managers through the review and disciplinary process.

A Team Member Handbook and the Code outline the expectations of BMTX's team members. Promotions are based upon merit and the needs of the business. Compensation is competitive and reviewed periodically.

### ***Accountability***

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BMTX is comprised of the following organizational departments and teams dedicated to supporting the Refund Management service.

- *Banking Operations* – Responsible for the day-to-day operations related to the processing of disbursements into and out of BMTX-managed clearing accounts for higher education institutions and disbursement recipients.
- *Customer Service* – Responsible for assisting higher education institutions and disbursement recipients with questions and issues regarding refund disbursements and Vibe Checking and Savings Accounts.
- *Compliance* – Responsible for ensuring compliance with federal and state laws and regulations.
- *BankMobile Admin Support* – Responsible for supporting higher education institutions who use the Refund Management system, including processing incoming data files and addressing processing errors.
- *Implementation and Post-Implementation* – Responsible for the onboarding of new higher education institutions onto the Refund Management system and supporting configuration changes requested by existing clients.
- *IT Operations* – Responsible for the technical configuration, testing and ongoing support of the Refund Management system for higher education institutions as directed by the Implementation and Post-Implementation Support team.
- *Account Executives* – Responsible for establishing new relationships with higher education institutions and managing ongoing relationships with existing clients.
- *Product and Technology* – Responsible for programming and quality assurance over software changes and the IT infrastructure environment.
- *Marketing* – Responsible for direct communication with students about refund management, disclosures, and Vibe account features and benefits.
- *Applied Analytics* – Responsible for trend and metric analysis and reporting of student fees per the Department of Education guidance.
- *Service Delivery* – Responsible for documenting Production Change Requests (PCR) approvals via the Change Advisory Board and Production Change Request processes.

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### ***Corporate Policies and Procedures***

Corporate policies are maintained on SharePoint and updated to reflect changes as needed. In addition, BMTX management distributes revisions of TMS policies to team members.

BMTX maintains data confidentiality standards, which are communicated to team members to guide them in the proper handling and treatment of any confidential data that they encounter during the regular course of business. Confidential and sensitive documents are appropriately secured or destroyed.

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### ***Privacy Policy***

Senior management has an effective Privacy Policy for BMTX that is reviewed annually to establish a framework for protecting the personal information of BMTX deposit account customers. As part of its operations, BMTX compiles and maintains confidential information on potential,



current, and former customers. BMTX considers the proper handling of nonpublic personal customer data as one of its highest priorities and has developed internal controls and procedures to protect the privacy of this information. BMTX complies with federal and state laws and regulations affecting consumer privacy, including the Gramm-Leach-Bliley Act (GLBA), the Federal Reserve Board's Regulation P, privacy of consumer information, the Fair Credit Reporting Act, and the Right to Financial Privacy Act. BMTX team members are instructed to use, collect, and retain information on consumers only when there is an appropriate business purpose to do so. Additionally, BMTX provides its customers with privacy disclosures consistent with applicable federal and state laws. BMTX follows the provisions of the Privacy Policy Notice and will respond to customers inquiries regarding the Privacy Policy Notice in a timely manner.

Occasionally, BMTX enters into agreements with third-party service providers for services that are required to perform certain operations for BMTX. Some of these service providers may include data processing and check printing entities. As permitted by law, BMTX discloses necessary customer information to these service providers so they can perform contracted functions for BMTX. No information is permitted to be shared with any third party without prior authorization and a sufficient non-disclosure agreement. BMTX enters into non-disclosure agreements or engagement agreements with these service providers to ensure that these providers adhere to BMTX's standards of confidentiality, safeguard customer information, use the information for authorized purposes only, and adhere to applicable privacy laws and regulations.

At least annually, the Compliance Department performs compliance reviews to ensure BMTX complies with the Company's Privacy Policy. The results of these reviews are reported to the appropriate business line executives. If any findings related to this policy are reported, management of the affected business line provides a response, including corrective actions to be implemented within a specified time period to reestablish compliance with the policy. Additionally, the Internal Audit department conducts various compliance audits of GLBA, Regulation P, and other regulations to ensure the proper protection of customers' personal information.

## **Risk Assessment Process**

Management has placed into operation a risk assessment process to identify and manage risks that could affect BMTX's ability to provide services to higher education institutions. This process requires BMTX management to identify significant risks and to implement appropriate measures to mitigate identified risks to an acceptable level. BMTX management also meets regularly as a participant in the Operational and Technology Risk Committee (OTRC) to review risk areas and the OTRC provides periodic status reports to senior management and Internal Audit. Internal Audit is responsible for reporting any risk related to legal or regulatory matters to the Board.

As part of the risk assessment process, BMTX management takes into consideration its annually developed goals, which are designed to support BMTX's strategic vision. These goals are distributed throughout BMTX and posted internally. In addition, the goals are referred to throughout the year by members of the service organization to align department and individual goals with BMTX's plan. Aside from the annual goals, an annual financial plan is developed, which is approved by the Board. These plans are developed at the same time as other goals for the upcoming year. BMTX adjusts budgets and plans based on changes to the business and economic environment as needed.

BMTX frequently monitors external events and circumstances to assess their impact on the business and the ability of the service organization to achieve organizational objectives.

## Monitoring

BMTX management monitors the quality of internal controls as a normal part of business activities. Exceptions to normal activities are documented, reported, and resolved. Management meets at least monthly to discuss the results of operations. BMTX interacts with its vendors via phone, email, and utilized services to monitor service levels and compliance to BMTX's policies and vendor requirements.

BMTX performs monitoring of internal controls through reviews completed by Compliance and Internal Audit; banking, regulatory compliance, and information technology reviews completed by third parties contracted by BMTX management; and reviews completed by managers as part of ongoing operations. BMTX responds to internal and external auditor recommendations and tracks actions taken to address such recommendations so that changes are made when appropriate. The Audit Committee evaluates the Internal Audit department and its effectiveness at least annually.

### *Monitoring of the Subservice Organization*

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BMTX has a defined service provider selection and oversight process that includes periodic monitoring of performance against service-level agreements. Additionally, through the performance of the control activities described in Section IV, BMTX continuously monitors the subservice provider's adherence to policies and procedures. Business processes have been developed that allow for the identification of exceptions to standard procedures and processing practices. Through various exception reports, management reviews, and reconciliation controls, BMTX management is able to continually evaluate its subservice provider.

## Information and Communication

Goals are set at the department and manager level. Department goals are evaluated on an annual basis in conjunction with BMTX's annual plan and are also re-evaluated and updated as needed during the year if circumstances change.

Department goals are reviewed with executives or other members of the BMTX senior management team to help ensure that they are consistent with organizational objectives.

Management utilizes Townhalls, Microsoft Teams, Outlook, and TMS communications to update team members on changes that impact the service organization. Additional communication methods include organizational events, modifications to policies and procedures, Company meetings, monthly open executive meetings, and emails from executives to BMTX personnel on topics such as security, compliance, Company events or milestones.

## *System Overview*

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The Refund Management system is supported by an in-house developed application built on the following infrastructure components:

- Linux operating system servers for the application, database, web, and secure file transfer protocol (SFTP).
- Oracle® database management software, which stores transactions processed through the production environment.

## Control Objectives and Related Control Activities

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The service organization has developed a variety of policies and procedures, including related control activities, to help ensure that the service organization's objectives are carried out and that risks are mitigated. These control activities help ensure that services are administered in accordance with the service organization's policies and procedures.

Control activities are performed at a variety of levels throughout the service organization and at various stages during the relevant business process. Controls may be preventive or detective in nature and may encompass a range of manual and automated controls, including authorizations, reconciliations, and IT controls. Duties and responsibilities are allocated among personnel to ensure that a proper segregation of duties is maintained.

Control activities are the actions by which BMTX strives to achieve its business objectives. BMTX applies a risk-based approach across the service organization to select and develop control activities. Upon identification and evaluation of relevant risks, control activities are established to meet the overall objectives of the service organization.

BMTX evaluates the relationships between business processes and the use of technology to perform relevant processes and identify the dependencies on technology. Control activities are enforced through defined policies and procedures that articulate management's directives for BMTX team members.

BMTX has specified the control objectives and identified the controls that are designed to achieve the related control objectives below. Numerical cross-references are used to reference controls in Section III to the related control and testing in Section IV.

### ***Control Objective 1 – Change Management***

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***Controls provide reasonable assurance that changes to the application program and related data management systems are authorized, tested, approved, documented, and implemented to result in the complete, accurate, and timely processing and reporting of transactions and balances relevant to user entities' internal controls over financial reporting.***

BMTX team members address changes to application code, reports, and infrastructure (e.g. database, operating system servers, and network configuration) using the change management process that governs the Refund Management system. Changes to the Refund Management system are required to go through the Change Advisory Board (CAB) whereby each change is assigned a unique number (CRID) for tracking purposes. The list of CRIDs is maintained by the IT Change Manager who facilitates the CAB meetings.

### ***Application Change Management***

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BMTX management (i.e. authorized business or IT team members) reviews and approves each application update or change prior to release to production (1.1). Application changes, including production code releases, functional updates, and technical patches to the Refund Management service, follow a typical Software Development Lifecycle (SDLC). Changes are assigned to BMTX

Development team members for design and coding. Change requests are categorized and prioritized for development based on the significance of the change, the availability of resources, other ongoing projects, upcoming releases, etc. BMTX Quality Assurance team members test each product application update or change prior to release to production (1.2). The level of testing performed is dependent on the nature and extent of the change. BMTX management maintains environments separate from production for the completion of development and testing (1.3). Development team members do not have access to promote product application code changes to production (1.4).

### ***Direct Data Change Management***

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Direct data changes (also referred to by management as “Tech Escalation” or “Bulk Update” changes) are changes made to production data as a result of transaction processing errors identified by BMTX team members. Direct data changes are reserved for exception cases only. Technical support team members document direct data changes in a Ticket/Bug to track the details and approvals associated with the change. For large direct data changes, a peer review is performed by another member of the IT Department. After completion of the peer review, large direct data changes are further approved by IT management (1.5). Access to update production data through the underlying database is restricted to authorized IT team members who are responsible for supporting and resolving production data issues (1.6).

As noted in the “Data Transmission” section below, BMTX has configured the Refund Management service with data validation controls to detect and reject invalid data records (i.e. noncompliance with defined templates for data transmission files) sent by higher education institutions and internal service providers. Depending on the nature of the error, errors associated with financial aid refund disbursement data are resolved through the higher education institution taking action (e.g., resubmitting a file) or BMTX team members manually processing data files, or the direct data change process noted above.

### ***Control Objective 2 – Logical Access Security***

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***Controls provide reasonable assurance that logical access to the production environment, data, and systems resources relevant to user entities’ internal control over financial reporting is restricted to authorized and appropriate users and such users are restricted to performing authorized and appropriate actions.***

#### ***User Authentication***

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BMTX’s IT environment and key applications are governed by an information security policy. Access to the Refund Management system is restricted to authorized team members with a valid user ID and password (2.1). Password configurations are established for the production environment, including a combination of password length, change requirement, and complexity controls (2.2). Passwords are not to be shared with other team members and are required to follow criteria defined in the information security policy, except where system or application limitations exist. Employee access to BMTX’s IT environment is restricted to internal networks only.

### ***User Administration***

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BMTX has a formal process in place to manage access for personnel (i.e. employees and contractors). The BMTX TMS team is responsible for initiating the new user access process for personnel by submitting a new hire ticket to the FIS Single Point of Contact (SPOC). Additionally, TMS will request that the hiring manager complete a Technology Access Request (TAR) form, which is then returned to the SPOC for processing. The hiring manager is responsible for defining the employee's access rights to the Refund Management system based on job responsibilities (2.1). Access to the Refund Management system is restricted to authorized personnel with valid login IDs and passwords from approved IP addresses, such as internal network subnets. The SPOC and IT Operations team administer access according to the completed and approved TAR form.

BMTX has a formal process in place to remove access for terminated employees. TMS is responsible for initiating the termination process for BMTX personnel by submitting a termination ticket to the SPOC. Upon receipt of the termination ticket, the SPOC disables the terminated employee's access to the BMTX network and Refund Management system (2.4). If the terminated employee has additional access to the underlying Refund Management system IT environment, the SPOC will open tickets for the appropriate teams to disable the access. Furthermore, IT management monitors the terminations to ensure access has been removed properly.

### ***Review of Refund Management System User Access Permissions***

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BMTX management performs an annual review of user access rights to the Refund Management system to ensure user access remains appropriate. Application administrators perform any changes to user access based on management's review (2.3). The IT Operations team generates a report of users, their group membership, and the corresponding group access permissions to the Refund Management system and provides it to the Information Security team member, who distributes the list to business area owners (e.g. Customer Care, Banking, and Finance). Business area owners are responsible for reviewing the list of users with access to their respective areas to ensure that permissions are commensurate with each user's job responsibility. If changes are required, business area owners will file tickets with the SPOC to adjust the permissions of a group or to move individuals to different permission groups. The IT Operations team will perform the tracked adjustments. Adherence to the process is monitored by Information Security.

### ***Privileged Database Access***

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The Refund Management system utilizes Oracle database management software for storing transactions processed through the system. Privileged database access is restricted to appropriate members of the IT team (2.6). On an annual basis, the Information Security team reviews privileged database access for appropriateness (2.5). Requested modifications and updates to access are tracked by Information Security.

### ***Privileged Linux Operating System Access***

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The Refund Management system resides on Linux operating system servers. Privileged operating system access is restricted to appropriate members of the IT Operations team (2.7). BMTX has enabled activity logging for any instances where authorized users execute privileged commands or actions that require administrator privileges equivalent to root. Instances of inappropriate activity

are investigated and resolved. All access is controlled through Active Directory® (AD) and is included in an annual review of AD groups initiated by the Information Security team (2.5).

#### ***Privileged Windows Domain Access***

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Windows Domain access is managed using AD. Privileged Windows Domain access is restricted to appropriate members of the IT team (2.8). On an annual basis, the Information Security team reviews privileged Windows Domain access for appropriateness. Requested modifications and updates to access are tracked by Information Security (2.5).

#### ***Higher Education Institution and Disbursement Recipient Access***

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Each higher education institution designates a Security Officer who is responsible for creating, maintaining, and revoking higher education personnel user accounts to the Refund Management system for their institution. The BMTX Implementation team responsible for implementing Refund Management services provides a user account and initial password to the Security Officer. Distribution of additional user accounts and passwords to higher education institution users is the responsibility of the Security Officer. The Security Officer is also responsible for removing the access of inactive or terminated higher education institution users.

Once authenticated to the Refund Management system, authorized higher education institution personnel are restricted to viewing only data and processing transactions of their institution and have no access to view data or process transactions of other institutions (2.9). Similarly, disbursement recipients are restricted to viewing data and processing transactions within their personal account and have no access to view data or process transactions of other disbursement recipients (2.10).

#### ***Control Objective 3 – Data Transmission Error Handling***

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***Controls provide reasonable assurance that errors associated with the transmission of higher education institution data are identified and resolved completely and accurately.***

The Refund Management system is configured to perform data integrity (e.g. business rule) checks over the completeness and accuracy of refund and wire file data transmitted prior to processing. Higher education institutions are notified of relevant data integrity errors for investigation and resolution. Refund files failing these automated data integrity checks must be manually reviewed and approved by BMTX team members for processing to continue. The Refund Management system is configured to monitor receipt of higher education institution refund and wire files prior to disbursing funds to disbursement recipients. BMTX support personnel notify authorized higher education institution personnel of failed wire file transfers (e.g. unexpected amount, format and data integrity errors, or nonreceipt) for resolution (3.5).

After the Refund Management system performs required checks upon initial receipt of files, automated email notifications are delivered to, and ad hoc reports are made available for, authorized higher education institution personnel that detail the status of their refund file processing (e.g. successful import, errors occurred). The Refund Management system is configured to alert higher education institution personnel when the transmission of a Demographic or Refund file fails (3.1). Higher education institution personnel are responsible for monitoring the processing of

demographic (customer import) and refund files. The Refund Management system is configured to generate data transmission error reports, which are made available to authorized higher education institution personnel (3.3).

The Refund Management system is configured to notify BMTX team members when a wire transfer file fails. Errors related to wire files are monitored and resolved by BMTX team members (3.2). BMTX team members review records held for review (i.e. those wires not automatically processed through the system due to a system identified error) to make certain that data has been successfully processed and cleared through the system.

#### ***Control Objective 4 – Data Transmission Validation***

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***Controls provide reasonable assurance that data transmissions from higher education institutions are validated for completeness and accuracy.***

BMTX enables higher education institutions and internal service providers to transmit data files in a standard format to the Refund Management system for automated processing and disbursement of financial aid refunds.

There are three primary files involved in the processing of financial aid refund disbursements:

- *Demographic File* – This contains required disbursement recipient data (e.g. name, address, student identifier) that is uploaded to the Refund Management system prior to processing so that the system knows to whom to deliver the refunds.
- *Refund File* – This contains required financial aid refund data associated with each disbursement recipient (e.g. name, student identifier, dollar amount of refund to be received).
- *Financial Aid Wire File* – This contains required wire data for the higher education institution (e.g. clearing account number, dollar amount) sent from a banking institution.

The Refund Management system is configured to monitor the SFTP server for new files transferred into the designated higher education institution directories. During the implementation of a new higher education institution onto the Refund Management system, the Implementation team works with the higher education institution to define the field value specifications (e.g. required fields, order and format of the fields) that will be required for its Demographic and Refund files that are transmitted for processing through the Refund Management system. The Refund Management system is configured with a number of automated edit checks to review data transmitted to the system and make certain that the data complies with data-type and format requirements prior to disbursement processing (4.2). For example, each Refund file has a header row containing record count and dollar amount totals; if the header row does not match to the contents of the file, the file import is rejected by the system and automated processing stops. The Refund Management system is configured to reject data transmitted by higher education institutions that does not comply with the established format and data-type requirements. The Refund Management system is configured to verify the completeness of higher education institution data transmissions through confirmation of transmission batch totals. BMTX support personnel and higher education institutions are notified via automated notification of wire and refund errors for investigation and resolution (3.4 and 4.1).



### ***Reconciliation of Refund and Wire File***

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Following the receipt of a valid refund and wire file, the Refund Management system is configured to match refund and wire files received from the same higher education institution and compare the aggregate dollar amount of each file. The Refund Management system is configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy in a timely manner prior to processing (4.3, 5.2, 6.7, and 7.2). Refunds are not disbursed for automated processing unless matching refund and wire files are received from the same higher education institution on the same business day for the same aggregate dollar amount. The Refund Management system is configured to reject the processing of the higher education institution refund and wire file data if reconciliation errors are detected (5.3) and BMTX team members monitor and resolve refund and wire file reconciliation errors (i.e. instances where a matching refund and wire file are not received on the same business day).

### ***Control Objective 5 – Transaction Processing***

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***Controls provide reasonable assurance that higher education institution transactions are recorded completely and accurately, and that rejected transactions and errors are identified and resolved timely.***

#### ***Higher Education Institution Implementation***

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The Implementation team directs new higher education institutions through a standard onboarding process. The Implementation team works with IT Operations to establish the initial configuration of the institution on the Refund Management system. This includes testing of data transmissions between the higher education institution and the Refund Management system, establishing records and tables in the underlying BMTX database, testing user functionality, and institution-specific configuration of the Refund Management system.

The Implementation team conducts weekly status meetings to monitor the onboarding to completion. Progress, ongoing tasks, and issues are tracked in the status meetings. Management maintains and tracks new implementations through a “Project Turnover Document.” The Project Turnover document is used to document the completion of key milestones of the new implementation.

### ***Control Objective 6 – Refund Disbursement***

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***Controls provide reasonable assurance that refund disbursement batches received by BMTX from higher education institutions are processed completely, accurately, and timely.***

#### ***Disbursement of Refunds***

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The disbursement of financial aid refunds is a highly regulated process by the Education Department. These regulations can be found here:

- [2015-27145.pdf \(govinfo.gov\)](#)

Subsequent to the receipt of a valid refund and wire file with a matching dollar amount, the funds are placed in a Federal Deposit Insurance Corporation (FDIC) insured demand deposit account held in the school’s name for the benefit of its students. Once refunds have been disbursed according to

the recipient's preference, the funds are no longer in the name of the higher education institution and, at this point, are in the name of the disbursement recipient designated according to the refund file. The Refund Management system distributes the refund to the disbursement recipient based on the amounts defined in the refund file. If there is a recipient in the refund file without a corresponding record in the Refund Management system, the refund is held in a "Recipient Unknown" status. If the higher education institution does not correct the issue by providing updated disbursement recipient data through resubmission of a customer import file, the Refund Management system is configured to return the refund to the higher education institution within one day (6.10).

A refund associated with a valid disbursement recipient is delivered according to the method of disbursement selected by the disbursement recipient. BMTX provides two standard disbursement methods:

- *Vibe Checking Account* - Refunds are disbursed into a checking account powered by BMTX, with a corresponding Mastercard® debit card.
- *Automated Clearing House (ACH)* - Disbursement recipients receive an ACH transfer to an external bank account at the financial institution of their choice within the United States.

A small percentage of schools also have a third disbursement option available to students (paper check) and students that select this method receive a paper check via the U.S. mail. The Refund Management system is configured to record and disburse refunds based on the higher education institution refund and wire file data received and refund method selected by the disbursement recipient (5.4, 6.8, and 7.1).

Refunds are placed in a "Pending Instructions" status until the disbursement recipient logs into their Refund Management system profile and selects a disbursement method (6.9, 7.3, and 8.1). The Refund Management system is configured to issue a paper check (also known as an unidentified fund option [UFO] check) to the Title IV disbursement recipient within 21 days of the student being notified via email that they have a refund waiting (also known as direct payment), if the disbursement recipient does not select a disbursement method (7.4 and 8.2).

When a Title IV refund is disbursed to the recipient via ACH transfer or paper check, and the disbursement is returned undeliverable due to inaccurate disbursement recipient personal data (e.g. incorrect account information for ACH or incorrect mailing address for paper checks), the Refund Management system is configured to return the refund to the higher education institution within 35 days if no corrective action is taken by the disbursement recipient (6.1 and 8.3). If the disbursement recipient takes corrective action, a subsequent delivery of the refund is attempted. If the refund is again returned undeliverable, the disbursement recipient has another 35 days to take corrective action before the refund is returned to the higher education institution. If a refund is returned undeliverable no later than 210 days from the initial refund receipt date, the Refund Management system is configured to return the refund to the higher education institution (8.5).

For disbursement recipients who receive a paper check or a UFO check, the Refund Management system is configured to monitor the length of time that a check has been outstanding without being cashed. The Refund Management system is configured to cancel the check and return funds to higher education institutions when the check has been delivered to the disbursement recipient and

goes 90 or 180 days without being cashed, depending on the pre-defined number of days selected by the higher education institution (8.4).

### ***Refund Reversal***

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BMTX enables higher education institution personnel to reverse funds that have been delivered to a disbursement recipient via their Vibe Checking Account or disbursements that have not yet been delivered (i.e. Preference Inactive). For refunds that have been delivered to a disbursement recipient via the Vibe Checking Account, the Refund Management system is configured to prevent the reversal of financial aid refunds if the amount of the reversal exceeds the amount that is available in the disbursement recipient's account. Higher education institution-initiated disbursement reversal amounts are returned to the higher education institution only when sufficient funds remain available (6.2).

### ***Bank Ledger Reconciliation***

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BMTX's Accounting and Banking Operations team members perform the following reconciliations between the Refund Management system and the applicable bank ledger system:

- *Pending Account Reconciliation* - BMTX Accounting team members perform a weekly reconciliation of each higher education institution's clearing account for pending accounts, between the Refund Management system and the applicable bank ledger balance. BMTX support personnel identify and resolve any reconciling items (6.3).
- *ACH Reconciliation* - BMTX Banking Operations team members perform a daily reconciliation of each higher education institution's clearing account for ACH transfers between the Refund Management system and the applicable bank ledger balance. BMTX support personnel identify and resolve any reconciling items (6.4).
- *Paper Checks Reconciliation* - BMTX Accounting team members perform a daily reconciliation of each higher education institution's clearing account designated for paper checks between the Refund Management system and the applicable bank ledger balance. BMTX Banking Operations team members research any exceptions or reconciling items as applicable (6.5).

### ***Instant Issue Checks***

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BMTX provides higher education institution personnel with alternative methods for delivering financial aid refunds to disbursement recipients. In the event that a disbursement recipient requests that refunds be provided immediately, higher education institution personnel maintain a checkbook that BMTX provides to the higher education institution. Higher education institution personnel can issue an "Instant Check" so that refunds can be provided to the disbursement recipient on demand. Higher education institution personnel log in to the Refund Management system to manually process the Instant Check. The Refund Management system generates a confirmation code that must be printed on the check issued by the higher education institution. The Refund Management system is configured to prevent the issuance of Instant Checks to disbursement recipients after refunds have been delivered (6.6). Higher education administrator access to the Refund Management system is permission-based. The higher education institution Security Officer is

responsible for permitting appropriate personnel to have access to the Instant Issue Check function in the Refund Management system.

#### ***Control Objective 7 – Title IV Refund Disbursement***

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***Controls provide reasonable assurance that Title IV funds are disbursed to disbursement recipients accurately and timely based on receipt of the higher education institution refund and wire file.***

Financial aid refunds distributed from the government, classified as Title IV, are required to follow specific handling and distribution processes in accordance with federal regulations. To help make certain that transactions follow these Title IV standards, BMTX has configured the Refund Management system to handle each transaction according to Title IV standards. The processes noted above are applicable to both Title IV and non-Title IV refunds and assist higher education institutions in complying with Title IV requirements. Non-Title IV timelines can be configured longer, with the exception of the default check. BMTX does not issue default checks for non-Title IV refunds.

#### ***Control Objective 8 – Title IV Undelivered Disbursement***

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***Controls provide reasonable assurance that Title IV funds for undeliverable checks, ACH transactions, and stale checks are returned to higher education institutions completely, accurately, and timely.***

BMTX has controls designed and implemented in the Refund Management system to ensure undeliverable disbursements are processed in accordance with Title IV requirements. These controls are part of the normal refund disbursements process previously described, including:

- Paper checks are delivered to recipients within 21 days when the disbursement recipient does not select a refund delivery method (8.2).
- Funds are returned to the higher education institution within 35 days due to inaccurate disbursement recipient personal data (8.3).
- Checks delivered to the recipient that have not been cashed within 90 to 180 days (as selected by the higher education institution) are cancelled (8.4).
- Funds are returned to higher education institutions no later than 210 days of the initial refund receipt date when funds cannot be delivered to disbursement recipients (8.5).

## Complementary Subservice Organization Controls

BMTX’s controls relating to its Refund Management system cover only a portion of the overall internal control for each user entity of BMTX. It is not feasible for the control objectives relating to the Refund Management system to be solely achieved by BMTX. Certain control objectives specified in the description can be achieved only if Complementary Subservice Organization Controls (CSOCs) contemplated in the design of BMTX’s controls are suitably designed and operating effectively, along with controls at BMTX. Therefore, each user entity’s internal control over financial reporting should be evaluated in conjunction with BMTX’s controls and the related tests and results described in this report, taking into account the related CSOCs expected to be implemented and operating effectively at the subservice organizations, as described below.

Number	CSOCs	Applicable Control Objectives	Key Monitoring Activities
<b>Fidelity National Information Services Inc.:</b> Provides disbursement management (ACH and check processing), bank ledger application services, and data center and network operation services.			
1.	FIS is responsible for maintaining controls to provide reasonable assurance that client transactions, including ACH and check processing for refund disbursement to the refund recipients, are processed and recorded timely, accurately and completely.	CO6, CO7, CO8	<ul style="list-style-type: none"> <li>Review SOC 1, SOC 2, and other attestation reports.</li> <li>Review output reports.</li> </ul>
2.	FIS is responsible for maintaining logical security over the servers and other hardware devices on which the BMTX data resides.	CO2	<ul style="list-style-type: none"> <li>Hold periodic discussions with the subservice organization.</li> </ul>
3.	FIS is responsible for maintenance and system administration associated with systems on which the Refund Management system resides.	CO1	<ul style="list-style-type: none"> <li>Monitor subservice organization SLA performance</li> <li>Perform other vendor management activities, including completion of subservice organization assessment questionnaires on at least an annual basis.</li> </ul>

## Complementary User Entity Controls

BMTX's controls relating to its Refund Management system cover only a portion of the overall internal control for each user entity of BMTX. It is not feasible for the control objectives relating to the Refund Management system to be solely achieved by BMTX. Certain control objectives specified in the description can be achieved only if Complementary User Entity Controls (CUECs) contemplated in the design of BMTX's controls are suitably designed and operating effectively, along with controls at BMTX. Therefore, each user entity's internal control over financial reporting should be evaluated in conjunction with BMTX's controls and the related tests and results described in this report, taking into account the related CUECs identified below, where applicable. In order for user entities to rely on the controls reported on herein, each user entity must evaluate its own internal control structure to determine whether identified CUECs have been implemented and are operating effectively.

Number	CUECs	Applicable Control Objective
1	User entities should have controls in place and operating effectively for identifying and communicating to BMTX the authorized users in their respective organizations who are authorized to communicate changes requested by the higher education institutions.	CO1
2	User entities should have controls in place and operating effectively to ensure that only authorized higher education institution personnel have access rights to provision user IDs to their employee users of the Refund Management system.	CO2
3	User entities should have controls in place and operating effectively to ensure that Refund Management system login IDs and passwords are not shared between users.	CO2
4	User entities should have controls in place and operating effectively to ensure that Refund Management system login IDs for higher education institution personnel are de-provisioned after notification of termination of employment with the higher education institution.	CO2
5	User entities should have controls in place and operating effectively to ensure that Refund Management system login IDs for higher education institution personnel are reviewed for appropriateness on a periodic basis.	CO2
6	User entities should have controls in place and operating effectively to ensure that changes or modifications to the access rights of higher education institution user personnel are reviewed and approved by institution personnel.	CO2

Number	CUECs	Applicable Control Objective
7	User entities should have controls in place and operating effectively for restricting access to higher education institution computer resources with access to the Refund Management system.	CO2
8	User entities should have controls in place and operating effectively to ensure demographic, refund, and wire data file transfers to BMTX's SFTP server are monitored and issues are resolved.	CO3
9	User entities should have controls in place and operating effectively for identifying, communicating, and resolving production processing incidents at their institutions.	CO3, CO4
10	User entities should have controls in place and operating effectively for providing BMTX with updated information when higher education institution data does not comply with the file data-type and format requirements.	CO4
11	User entities should have controls in place and operating effectively for training higher education institution (or client) personnel on the responsible and appropriate use of the Refund Management system.	CO4
12	User entities should have controls in place and operating effectively for providing BMTX with all data necessary to perform the services, including, without limitation, disbursement recipient data, refund data, card data, wire data, and any other such data needed to perform the services.	CO5
13	User entities should have controls in place and operating effectively for providing BMTX with complete, accurate, and valid disbursement recipient, card, refund, and wire data input files in a timely manner.	CO5
14	User entities should have controls in place and operating effectively for retaining records in accordance with applicable laws and regulations.	CO5
15	User entities should have controls in place and operating effectively for providing BMTX Implementation team personnel with complete and accurate information during product implementation.	CO5
16	User entities should have controls in place and operating effectively for monitoring changes in disbursement recipient eligibility.	CO5
17	User entities should have controls in place and operating effectively for monitoring the processing of import and refund files.	CO6

Number	CUECs	Applicable Control Objective
18	User entities should have controls in place and operating effectively for monitoring wire funds provided to BMTX for which corresponding disbursement recipient information has not been provided.	CO6
19	User entities should have controls in place and operating effectively for communicating policies and procedures related to the appropriate processing of Instant Checks.	CO6
20	User entities should have controls in place and operating effectively for selecting product application options that are in alignment with Title IV regulations.	CO7
21	User entities should have controls in place and operating effectively for complying with Title IV requirements when BMTX returns funds to the higher education institution.	CO8



**Section IV.**  
**BM Technologies, Inc.'s Control Objectives**  
**and Related Controls, and KPMG LLP's**  
**Tests of Controls and Results of Tests**

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## **Completeness and Accuracy of Information**

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With respect to testing procedures performed by KPMG LLP that are documented within this section, when using information produced by BMTX, which includes, but is not limited to, management's reports used in the performance of controls and population listings generated to test controls, KPMG LLP evaluated whether the information was sufficiently reliable, including, as necessary, obtaining evidence about the completeness and accuracy of reports and listings.

## Control Objective 1 – Change Management

**Controls provide reasonable assurance that changes to the application program and related data management systems are authorized, tested, approved, documented, and implemented to result in the complete, accurate, and timely processing and reporting of transactions and balances relevant to user entities' internal controls over financial reporting.**

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
1.1	BMTX business or IT management reviews and approves each application update or change prior to release to production.	For a selection of program changes, inspected management's change management documentation and determined that each change was authorized, reviewed, and approved by business or IT management prior to release to production.	No exceptions noted.
1.2	BMTX management tests each product application update or change prior to release to production.	For a selection of program changes, inspected management's change management documentation and determined that each change was tested prior to release to production.	No exceptions noted.
1.3	BMTX management maintains environments separate from production for the completion of development and testing activities.	Observed production and nonproduction environments and noted that separate environments existed for production and nonproduction.  Inspected the version numbers of the production and test environments and determined that the test environment mirrored the production environment.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
1.4	Development personnel do not have access to promote product application code changes to production.	Inspected production system access lists and determined that development personnel were restricted from promoting product and application code changes to production.	No exceptions noted.
1.5	Technical support personnel create a ticket when a direct data change is required to track the details and approvals associated with the change. For each direct data change, a peer review is performed by another member of the Engineering team, which serves as approval by IT management.	For a selection of direct data changes, inspected management's change management documentation and determined that each direct data change was peer reviewed by another member of the Engineering team and properly approved in a timely manner.	No exceptions noted.
1.6	Access to update production data through the underlying database is restricted to authorized IT team members who are responsible for supporting and resolving production data issues.	Inspected the system-generated list of database administrators and determined that, for all users with access to update production data through the underlying database, access was restricted to appropriate members of the IT team who are responsible for supporting and resolving production data issues.	No exceptions noted.

## Control Objective 2 – Logical Access Security

Controls provide reasonable assurance that logical access to the production environment, data, and systems resources relevant to user entities' internal control over financial reporting is restricted to authorized and appropriate users and such users are restricted to performing authorized and appropriate actions.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
2.1	Access to the Refund Management system is restricted to authorized personnel with valid login IDs and passwords. The hiring manager is responsible for defining the employee's access rights to the Refund Management system based on job responsibilities.	Inspected the Refund Management user access listing and active employee listing and determined that access was restricted to authorized personnel with valid login IDs and passwords.	No exceptions noted.
		For a selection of new hires, inspected documented access approval forms and a system-generated listing of active users and determined that access was appropriately approved and commensurate with the access requested.	No exceptions noted.
		For a selection of employee promotions and transfers, inspected documented access approval forms and a system-generated listing of active users and determined that access was appropriately approved and commensurate with the access requested.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
2.2	Password configurations are established for the production environment, including a combination of password length, change requirement, and complexity controls.	Inspected the password configurations for the production environment and determined that password configurations were established and included a combination of password length, change requirement, and complexity settings.	No exceptions noted.
2.3	BMTX management performs an annual review of user access rights to the Refund Management system to ensure user access remains appropriate. Application administrators perform any changes to user access based on management's review.	Inspected the annual review of user access rights and system-generated active user listings and determined that management performed a review of user access rights for the appropriateness and modifications had been completed as requested.	No exceptions noted.
2.4	TMS is responsible for initiating the termination process for internal BMTX personnel by submitting a termination ticket to the SPOC to remove user access to the Refund Management system.	For a selection of terminated employees, inspected termination notifications and system-generated active user listings and determined that termination notifications were sent upon initiation of termination and that the users' access was appropriately removed or disabled in a timely manner.	No exceptions noted.
2.5	On an annual basis, the Information Security team reviews privileged access to databases, the Windows Domain, and operating system for appropriateness.	Inspected the annual review of privileged access to databases, the Windows Domain, and operating systems and determined that the VP of Production Systems or the Director of Database Administration reviewed the access for appropriateness, and no access modifications were required.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
2.6	Privileged database access is restricted to appropriate members of the IT team.	Inspected the system-generated list of database administrators and their assigned roles, and an active employee listing with job titles, and determined that access was restricted to appropriate members of the IT team.	No exceptions noted.
2.7	Privileged operating system access is restricted to appropriate members of the IT team.	Inspected the system-generated list of Linux administrators and their assigned roles, and an active employee listing with job titles, and determined that access was restricted to appropriate members of the IT team.	No exceptions noted.
2.8	Privileged Windows Domain access is restricted to appropriate members of the IT team.	Inspected the system-generated list of Windows Domain administrators, and an active employee listing with job titles, and determined that administrative access was restricted to appropriate members of the IT team.	No exceptions noted.
2.9	The Refund Management system is configured to restrict higher education institution access to only their respective transactions and data.	Inspected the access of a selected higher education institution user in a test environment and determined that access granted to higher education institutions was restricted to their own transactions and data.	No exceptions noted.
2.10	The Refund Management system is configured to restrict disbursement recipient access only to the respective disbursement recipient's transactions and data.	Inspected the access of a selected disbursement recipient in a test environment and determined that access granted to disbursement recipients was restricted to their own transactions and data.	No exceptions noted.

## Control Objective 3 – Data Transmission Error Handling

Controls provide reasonable assurance that errors associated with the transmission of higher education institution data are identified and resolved completely and accurately.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
3.1	The Refund Management system is configured to alert higher education institution personnel when the transmission of a refund or customer import file fails.	Inspected system screenshots and determined that the Refund Management system was configured to alert higher education institution personnel when a transmission of a refund or customer import file failed.	No exceptions noted.
		Observed a transmission failure in a test environment and noted that the Refund Management system notified higher education institutions when the transmission of a refund file failed.	No exceptions noted.
		Observed a customer import file failure in a test environment and noted that the Refund Management system notified higher education institutions when the transfer of a customer import file failed.	No exceptions noted.



Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
3.2	The Refund Management system is configured to notify BMTX personnel when the transfer of a wire fails. Failures are identified and resolved by BMTX personnel completely and accurately.	Inspected system screenshots and determined that the Refund Management system was configured to notify BMTX personnel when a transfer of a wire failed.	No exceptions noted.
		Observed a failed wire transfer in a test environment and noted that the Refund Management system notified BMTX personnel when the transfer of a wire file failed.	No exceptions noted.
		For a selection of failed wires, inspected evidence of problem identification and resolution and determined that failed wire transfers were identified and resolved by BMTX support personnel completely, accurately, and timely.	No exceptions noted.
3.3	The Refund Management system is configured to generate data transmission error reports that are made available to higher education institution personnel.	Inspected system screenshots and determined that the Refund Management system was configured to generate data transmission error reports to higher education institution personnel when data transmissions errors occur.	No exceptions noted.
		Observed a refund disbursement transaction with an error in a test environment and noted that the Refund Management system generated a data transmission error report to higher education institution personnel when a data transmission error occurred.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
3.4	The Refund Management system is configured to verify the completeness of higher education institution wire and refund file transmissions by confirming batch totals. BMTX support personnel and higher education institutions are notified via automated notification of wire and refund errors, respectively, for investigation and resolution.	Inspected system screenshots and determined that the Refund Management system was configured to reconcile transmission batch totals to validate the completeness and accuracy of data transmissions from higher education institutions.	No exceptions noted.
		Observed the transmission of a wire transfer file in a test environment and noted that the Refund Management system confirmed batch totals and, when batch totals did not reconcile, notified BMTX personnel.	No exceptions noted.
		For a selection of wire file transmissions, inspected evidence and determined that the Refund Management system reconciled the batch totals or notified BMTX support personnel of the error, and errors were resolved completely, accurately, and timely.	No exceptions noted.
		Observed the transmission of a refund file in a test environment and noted that the Refund Management system confirmed batch totals and, when batch totals did not reconcile, notified higher education institutions in a timely manner.	No exceptions noted.
		For a selection of refund file transmissions, inspected evidence and determined that the Refund Management system reconciled the batch totals or notified the higher education institution personnel when the refund file batch totals did not reconcile.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
3.5	The Refund Management system is configured to monitor the receipt of higher education institution refund and wire files prior to disbursing funds to disbursement recipients. BMTX support personnel notify authorized higher education institution personnel of failed wire file transfers for resolution.	Inspected system screenshots and determined that the Refund Management system was configured to monitor the receipt of higher education institution refund and wire files prior to disbursing funds to disbursement recipients.	No exceptions noted.
		For a selection of refunds, inspected evidence and determined that the Refund Management system successfully received the respective wire transfer file prior to disbursing funds to the disbursement recipients or notified BMTX support personnel of the error, and errors were resolved completely, accurately, and timely.	No exceptions noted.

## Control Objective 4 – Data Transmission Validation

Controls provide reasonable assurance that data transmissions from higher education institutions are validated for completeness and accuracy.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
4.1	The Refund Management system is configured to verify the completeness of higher education institution wire and refund file transmissions by confirming batch totals. BMTX support personnel and higher education institutions are notified via automated notification of wire and refund errors, respectively, for investigation and resolution.	Inspected system screenshots and determined that the Refund Management system was configured to reconcile transmission batch totals to validate the completeness and accuracy of data transmissions from higher education institutions.	No exceptions noted.
		Observed the transmission of a wire transfer file in a test environment and noted that the Refund Management system confirmed batch totals and, when batch totals did not reconcile, notified BMTX personnel.	No exceptions noted.
		For a selection of wire file transmissions, inspected evidence and determined that the Refund Management system reconciled the batch totals or notified BMTX support personnel of the error, and errors were resolved completely, accurately, and timely.	No exceptions noted.
		Observed the transmission of a refund file in a test environment and noted that the Refund Management system confirmed batch totals and, when batch totals did not reconcile, notified higher education institutions in a timely manner.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
		For a selection of refund file transmissions, inspected evidence and determined that the Refund Management system reconciled the batch totals or notified the higher education institution personnel when the refund file batch totals did not reconcile.	No exceptions noted.
4.2	The Refund Management system is configured with a number of automated edit checks to review data transmitted to the Refund Management system and ensure that the data complies with data-type and format requirements prior to disbursement processing.	Inspected system screenshots and determined that the Refund Management system was configured with automated edit checks to review data transmitted to the Refund Management system and validate the data complied with data-type and format requirements prior to disbursement processing.	No exceptions noted.
		Observed a selection of test refund disbursement transactions in a test environment and noted that the Refund Management system rejected refund and wire file transfers when the files did not meet automated edit checks, including format and data-type requirements.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
4.3	The Refund Management system is configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy prior to disbursement. Refund and wire file reconciliation errors are monitored and resolved by BMTX support personnel in a timely manner.	Inspected system screenshots and determined that the Refund Management system was configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy prior to the disbursement of refunds.	No exceptions noted.
		Observed the transmission of a refund and wire transfer file in a test environment and noted that the Refund Management system reconciled refund and wire file data for higher education institutions for completeness and accuracy prior to disbursement, or notified BMTX personnel when the refund and wire file data did not reconcile.	No exceptions noted.
		For a selection of wire file transmissions, inspected evidence and determined that the Refund Management system reconciled the wire transfer file data for higher education institutions prior to disbursing funds to the disbursement recipient, or notified BMTX support personnel of the error and errors were resolved completely, accurately, and timely.	No exceptions noted.
		For a selection of refunds, inspected evidence and determined that the Refund Management system reconciled refund file data for higher education institutions prior to disbursing funds to the disbursement recipients, or notified BMTX support personnel of the error and errors were resolved completely, accurately, and timely.	No exceptions noted.

## Control Objective 5 – Transaction Processing

Controls provide reasonable assurance that higher education institution transactions are recorded completely and accurately, and that rejected transactions and errors are identified and resolved timely.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
5.1	The BMTX Implementation team monitors new higher education institution implementations.	For a selection of implementations, inspected implementation evidence and determined that new higher education institution implementations were monitored by BMTX Project Management personnel.	No exceptions noted.
5.2	The Refund Management system is configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy prior to disbursement. Refund and wire file reconciliation errors are monitored and resolved by BMTX support personnel in a timely manner.	Inspected system screenshots and determined that the Refund Management system was configured to reconcile refund and wire file data for higher education institutions for completeness and accuracy prior to the disbursement of refunds.	No exceptions noted.
		Observed the transmission of a refund and wire transfer file in a test environment and noted that the Refund Management system reconciled refund and wire file data for each higher education institution for completeness and accuracy prior to disbursement, or notified BMTX personnel when the refund and wire file data did not reconcile.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
		For a selection of wire file transmissions, inspected evidence and determined that the Refund Management system reconciled the wire transfer file data for higher education institutions prior to disbursing funds to the disbursement recipient or notified BMTX support personnel of the error, and errors were resolved completely, accurately, and timely.	No exceptions noted.
		For a selection of refunds, inspected evidence and determined that the Refund Management system reconciled refund file data for higher education institutions prior to disbursing funds to the disbursement recipients or notified BMTX support personnel of the error, and errors were resolved completely, accurately, and timely.	No exceptions noted.
5.3	The Refund Management system is configured to reject the processing of the higher education institution refund and wire file data if reconciliation errors are detected.	Inspected system screenshots and determined that the Refund Management system was configured to reject the processing of the higher education refund and wire file data if reconciliation errors were detected.	No exceptions noted.
		Observed the processing of refund and wire transfer file data in a test environment and noted that the Refund Management system rejected refund and wire file data and prevented further processing if reconciliation errors were detected.	No exceptions noted.



Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
5.4	The Refund Management system is configured to record and disburse refunds based on the higher education institution refund and wire file data received and the refund method selected by the disbursement recipient.	Inspected system screenshots and determined that the Refund Management system was configured to record and disburse higher education institution refunds based on the higher education institution refund and wire file data received, and the refund delivery method selected by the disbursement recipient.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system recorded and disbursed funds based on the refund and wire file data received from the higher education institution and the delivery method selected by the disbursement recipient.	No exceptions noted.
		For a selection of refund disbursement transactions, inspected the evidence of disbursement and determined that the Refund Management system disbursed the refund to the recipient in a timely manner based on the selected disbursement delivery method.	No exceptions noted.

## Control Objective 6 – Refund Disbursement

Controls provide reasonable assurance that refund disbursement batches received by BMTX from higher education institutions are processed completely, accurately, and timely.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
6.1	Funds that are undeliverable due to inaccurate disbursement recipient data are returned to the higher education institution if the disbursement recipient does not take action within 35 days.	Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system returned undeliverable funds to higher education institutions accurately, completely, and timely if the disbursement recipients did not take action within 35 days.	No exceptions noted.
6.2	Refund disbursement reversal amounts initiated by higher education institutions are returned to the higher education institution when funds remain available.	Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system returned the higher education institution-initiated refund disbursement reversal amounts accurately, completely, and timely when funds remained available.	No exceptions noted.
6.3	BMTX Accounting team members perform a weekly reconciliation between the Refund Management system and the applicable bank ledger balance for each higher education institution's clearing account for pending accounts. BMTX support personnel identify and resolve any reconciling items.	For a selection of weeks, inspected the account reconciliations between the Refund Management system and the applicable bank ledger balance for each higher education institution's clearing account for pending accounts and determined that the reconciliations were completed accurately and timely.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
		For a selection of weeks, inspected the bank ledger reconciliations and determined that BMTX support personnel identified and resolved reconciling items in a timely manner.	No exceptions noted.
6.4	BMTX Banking Operations team members perform a daily reconciliation between the Refund Management system and the applicable bank ledger balance for each higher education institution's clearing account for ACH transfers. BMTX support personnel identify and resolve any reconciling items.	For a selection of business days, inspected the ACH transfer reconciliations between the Refund Management system and the applicable bank ledger balance for each higher education institution's clearing account for ACH transfers and determined that the reconciliations were completed accurately and timely.	No exceptions noted.
		For a selection of business days, inspected the ACH transfer reconciliations and determined that BMTX support personnel identified and resolved reconciling items in a timely manner.	No exceptions noted.
6.5	BMTX Accounting team members perform a daily reconciliation between the Refund Management system and the applicable bank ledger balance for each higher education institution's clearing account designated for paper checks. BMTX Banking Operations team researches any exceptions or reconciling items as applicable.	For a selection of business days, inspected the paper check reconciliations between the Refund Management system and the applicable bank ledger balance for each higher education institution's clearing account designated for paper checks and determined that the reconciliations were completed accurately and timely.	No exceptions noted.
		For a selection of business days, inspected the paper check reconciliations and determined that BMTX support personnel identified and resolved reconciling items in a timely manner.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
6.6	The Refund Management system is configured to prevent the issuance of Instant Checks to disbursement recipients after refunds have been delivered.	Inspected system screenshots and determined that the Refund Management system was configured to prevent the issuance of Instant Checks to disbursement recipients after refunds have been delivered.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in in a test environment and noted that the Refund Management system prevented the issuance of Instant Checks to disbursement recipients after refunds have been delivered.	No exceptions noted.
6.7	The Refund Management system is configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy prior to disbursement. Refund and wire file reconciliation errors are monitored and resolved by BMTX support personnel in a timely manner.	Inspected system screenshots and determined that the Refund Management system was configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy prior to the disbursement of refunds.	No exceptions noted.
		Observed the transmission of a refund and wire transfer file in a test environment and noted that the Refund Management system reconciled refund and wire file data for higher education institutions for completeness and accuracy prior to disbursement or notified BMTX personnel when the refund and wire file data did not reconcile.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
		For a selection of wire file transmissions, inspected evidence and determined that the Refund Management system reconciled the wire transfer file data for higher education institutions prior to disbursing funds to the disbursement recipient or notified BMTX support personnel of the error, and errors were resolved completely, accurately, and timely.	No exceptions noted.
		For a selection of refunds, inspected evidence and determined that the Refund Management system reconciled refund file data for higher education institutions prior to disbursing funds to the disbursement recipients or notified BMTX support personnel of the error, and errors were resolved completely, accurately, and timely.	No exceptions noted.
6.8	The Refund Management system is configured to record and disburse refunds based on the higher education institution refund and wire file data received and the refund method selected by the disbursement recipient.	Inspected system screenshots and determined that the Refund Management system was configured to record and disburse higher education institution refunds based on the higher education institution refund and wire file data received and refund delivery method selected by the disbursement recipient.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in in a test environment and noted that the Refund Management system recorded and disbursed funds based on the refund and wire file data received from the higher education institution and the delivery method selected by the disbursement recipient.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
		For a selection of refund disbursement transactions, inspected the evidence of disbursement and determined that the Refund Management system disbursed the refund to the recipient in a timely manner based on the selected disbursement delivery method.	No exceptions noted.
6.9	Refunds are placed in a "Pending Instructions" status until the disbursement recipient logs into their Refund Management system profile and selects a disbursement method.	Inspected system screenshots and determined that the Refund Management system was configured to assign the refund disbursement a "Pending Instructions" status until a refund delivery method was designated by the disbursement recipient.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system was configured to place refunds without a refund delivery method designated by the recipient in a "Pending Instructions" status.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
6.10	The Refund Management system distributes the refund to the disbursement recipient based on the amounts defined in the refund file. If there is a disbursement recipient in the refund file without a corresponding record in the Refund Management system, the refund is held in a "Recipient Unknown" status. If the higher education institution does not correct the issue by resubmitting a customer import file with updated disbursement recipient data, the Refund Management system is configured to return the funds to the higher education institution within one day.	Inspected system screenshots and determined that the Refund Management system was configured to hold refunds for a disbursement recipient without a corresponding record in the Refund Management system and assign the refund a "Recipient Unknown" status.	No exceptions noted.
		Inspected system screenshots and determined that the Refund Management system was configured to return the funds to the higher education institution within one day if the higher education institution did not correct the issue by resubmitting a customer import file with updated disbursement recipient data.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that a refund for a disbursement recipient without a corresponding record in the Refund Management system was held in a "Recipient Unknown" status and, if the issue was not resolved by the higher education institution within one day, the funds were returned.	No exceptions noted.

## Control Objective 7 – Title IV Refund Disbursement

**Controls provide reasonable assurance that Title IV funds are disbursed to disbursement recipients accurately and timely based on receipt of the higher education institution refund and wire file.**

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
7.1	The Refund Management system is configured to record and disburse refunds based on the higher education institution refund and wire file data received and the refund method selected by the disbursement recipient.	Inspected system screenshots and determined that the Refund Management system was configured to record and disburse higher education institution refunds based on the higher education institution refund and wire file data received and the refund delivery method selected by the disbursement recipient.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system recorded and disbursed funds based on the refund and wire file data received from the higher education institution and the delivery method selected by the disbursement recipient.	No exceptions noted.
		For a selection of refund disbursement transactions, inspected the evidence of disbursement and determined that the Refund Management system disbursed the refund to the recipient in a timely manner based on the selected disbursement delivery method.	No exceptions noted.



Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
7.2	The Refund Management system is configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy prior to the disbursement of Title IV funds. Refund and wire file reconciliation errors are monitored and resolved by BMTX support personnel in a timely manner.	Inspected system screenshots and determined that the Refund Management system was configured to reconcile refund and wire file data for each higher education institution for completeness and accuracy prior to the disbursement of refunds.	No exceptions noted.
		Observed the transmission of a refund and wire transfer file in a test environment and noted that the Refund Management system reconciled refund and wire file data for higher education institutions for completeness and accuracy prior to disbursement, or notified BMTX personnel when the refund and wire file data did not reconcile.	No exceptions noted.
		For a selection of wire file transmissions, inspected evidence and determined that the Refund Management system reconciled the wire transfer file data for higher education institutions prior to disbursing funds to the disbursement recipient, or notified BMTX support personnel of the error and errors were resolved completely, accurately, and timely.	No exceptions noted.
		For a selection of refunds, inspected evidence and determined that the Refund Management system reconciled refund file data for higher education institutions prior to disbursing funds to the disbursement recipients, or notified BMTX support personnel of the error and errors were resolved completely, accurately, and timely.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
7.3	Refunds are placed in a “Pending Instructions” status until the disbursement recipient logs into their Refund Management system profile and selects a disbursement method.	Inspected system screenshots and determined that the Refund Management system was configured to assign the refund disbursement a “Pending Instructions” status until a refund delivery method was designated by the disbursement recipient.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system was configured to place refunds without a refund delivery method designated by the recipient in a “Pending Instructions” status.	No exceptions noted.
7.4	The Refund Management system is configured to deliver Title IV funds to the disbursement recipient via paper check within 21 days when the disbursement recipient does not select a refund delivery method.	Inspected system screenshots and determined that the Refund Management system was configured to deliver Title IV funds to the disbursement recipient via paper check within 21 days when the disbursement recipient did not select a refund delivery method.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that refunds were issued to the disbursement recipient via paper check within 21 days of the funds being made available to the disbursement recipient if no refund delivery method was selected.	No exceptions noted.

## Control Objective 8 – Title IV Undelivered Disbursement

Controls provide reasonable assurance that Title IV funds for undeliverable checks, ACH transactions, and stale checks are returned to higher education institutions completely, accurately, and timely.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
8.1	Refunds are placed in a “Pending Instructions” status until the disbursement recipient logs into their Refund Management system profile and selects a disbursement method.	Inspected system screenshots and determined that the Refund Management system was configured to assign the refund disbursement a “Pending Instructions” status until a refund delivery method was designated by the disbursement recipient.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system was configured to place refunds without a refund delivery method designated by the recipient in a “Pending Instructions” status.	No exceptions noted.
8.2	The Refund Management system is configured to deliver Title IV funds to the disbursement recipient via paper check within 21 days when the disbursement recipient does not select a refund delivery method.	Inspected system screenshots and determined that the Refund Management system was configured to deliver Title IV funds to the disbursement recipient via paper check within 21 days when the disbursement recipient did not select a refund delivery method.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
		Observed the processing of a transaction for a selected recipient in a test environment and noted that refunds were issued to the disbursement recipient via paper check within 21 days of the funds being made available to the disbursement recipient if no refund delivery method was selected.	No exceptions noted.
8.3	Title IV funds that are undeliverable due to inaccurate disbursement recipient data are returned to the higher education institution if the disbursement recipient does not take action within 35 days.	Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system returned undeliverable funds to higher education institutions accurately, completely, and timely if the disbursement recipient did not take action within 35 days.	No exceptions noted.
8.4	The Refund Management system is configured to return Title IV funds to higher education institutions when the check has been delivered to the disbursement recipient and goes 90 or 180 days without being cashed, depending on the predefined number of days selected by the higher education institution.	Inspected system screenshots and determined that the Refund Management system was configured to return Title IV funds to higher education institutions when the check had been delivered to the disbursement recipient and gone 90 or 180 days without being cashed, depending on predefined selection by the higher education institution.	No exceptions noted.

Ref. #	Controls Specified by BM Technologies, Inc.	Testing Performed by KPMG LLP	Results of Tests
		Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system returned Title IV funds to higher education institutions when the check had been delivered to the disbursement recipient and went 90 or 180 days without being cashed, depending on the predefined number of days as selected by the higher education institution.	No exceptions noted.
8.5	The Refund Management system is configured to return Title IV funds to higher education institutions no later than 210 days from the initial refund receipt date when funds cannot be delivered to disbursement recipients.	Inspected system screenshots and determined that the Refund Management system was configured to return Title IV funds to higher education institutions no later than 210 days from the initial refund receipt date when funds cannot be delivered to disbursement recipients.	No exceptions noted.
		Observed the processing of a transaction for a selected recipient in a test environment and noted that the Refund Management system returned Title IV funds to higher education institutions no later than 210 days from the initial refund receipt date when funds cannot be delivered to disbursement recipients.	No exceptions noted.