

Understanding Service Organization Controls and SSAE 16

SOC reporting from the outside auditor perspective

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What is the AICPA?



- Founded in 1887, the AICPA represents the CPA profession nationally regarding rule-making and standard-setting, and serves as an advocate before legislative bodies, public interest groups and other professional organizations.
- The AICPA has more than 400,000 members in 145 countries, including CPAs in business and industry, public accounting, government, education, student affiliates and international associates.
- Highly recognizable certification with members often providing assurance services that users of accounting information look for.

Service Organizations & Third Party Outsourcing

- Common in today's business environment for companies to outsource certain duties/tasks/functions to third parties that specialize
 - Data center
 - Payroll processing
 - Call center
- Risks of the service organization become risks of its users
- User organizations desire confidence in vendors / partners

Alphabet Soup – Acronyms Are Everywhere

- SAS 70 – Statement on Auditing Standards
- SSAE 16 – Statement on Standards on Attestation Engagements
- SOC – Service Organization Control
- COBIT – Control Objectives for Information and related Technology
- ISACA – Information Systems Audit and Control Association

SOC 2 - Trust Service Principles (TSP)

Confidentiality

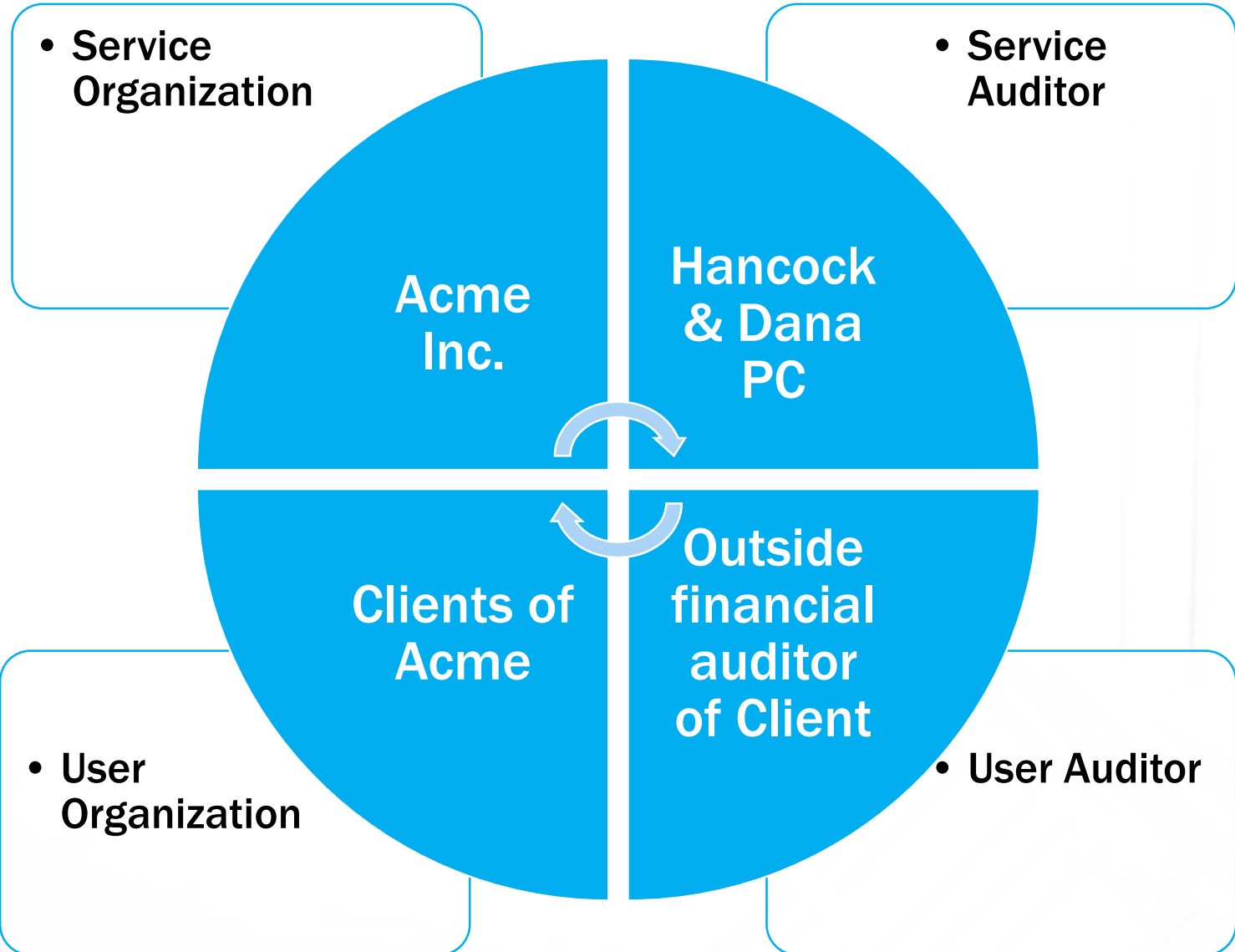
Availability

Processing
Integrity

Privacy

Security

Identifying Parties to an SSAE 16 Engagement



Service Organization Goals

- A 'learn and improve' state of mind is the best approach.
- Gain outsider perspective from a trusted advisor.
- Foster a culture of continuous improvement in an organization, by knowing that annual exams need to be passed successfully.
- Keep documentation of processes and procedures current (manuals, flowcharts, graphs, etc.)

What Does the Future Hold?

- External assessments of service organizations will continue to rise stemming from government oversight and customer demands.
- Possible completion of assessments done parallel to each other to gain efficiencies benefitting service organizations.
- Companies are carving out entire job descriptions to assign staff to oversee external assessments.