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
- Service Auditor
- User Organization
- User Auditor

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Clients of Acme

Outside financial auditor of Client
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.