

SOC Examination Services

A System and Organization Controls (SOC) audit is an examination performed by an independent public accounting firm.

If your organization provides outsourced services to other businesses, chances are you'll be requested to demonstrate that you maintain a sound environment of internal control over the transactional data you manage or systems you host on their behalf. The Association of International Certified Public Accountants (AICPA) has created multiple reporting options to enable you to demonstrate transparency to your customers and prospects.

The primary objective of a SOC audit is to provide transparency related to a service organization's internal control structure, and to provide assurance regarding the design and operating effectiveness of the controls that are in place.

A SOC audit is not a certification. There is no pass/fail rating that comes with an SOC audit; rather the output is a published audit report that includes any control exceptions or failures.

Which SOC Report is Right for You?

Weaver's SOC reporting services provides your customers confidence that you have the proper internal control structure to protect their information. All SOC examinations must conform to SSAE No. 18, Attestation Standards: Clarification and Recodification. The standard offers five different reporting options that are available for management. Weaver can help your organization by identifying which one is best suited for your services:

SOC 1 examinations focus on evaluating internal controls over financial reporting related to the outsourced service offering. This information can be crucial for your customers who have to comply with laws and regulations such as the Sarbanes-Oxley Act of 2002, FDICIA, or FFIEC. The boundaries of the scope are determined by (a) the types of services delivered to customers and (b) the risks that are pertinent to users of these services.

- ▶ **SOC 1, Type 1 reports** are intended to provide auditors with information about the design of controls at a service organization as of a specific date.
- ▶ **SOC 1, Type 2 reports** are intended to provide information about the design of controls at a service organization and the results of tests of effectiveness for a coverage period (no less than 6 months).

SOC 1

Standard: SSAE No. 18

Purpose: Report on controls related to financial reporting

Report Types: Type 1 or Type 2

Usage: Audit of financial statements

Audience: Restricted use, intended for management, user entities and user auditors

SOC 2 examinations focus on evaluating compliance with prescribed requirements – for example contract compliance, HIPAA, and more commonly, the Trust Services Principles (TSPs). The examination can provide transparency over your internal controls as it relates to security, availability, processing integrity, confidentiality and privacy.

- ▶ **SOC 2, Type 1 reports** are intended to provide auditors with information about the design of controls at a service organization as of a specific date.
- ▶ **SOC 2, Type 2 reports** are intended to provide information about the design of controls at a service organization and the results of tests of effectiveness for a coverage period (no less than 6 months).

SOC 3 reports cover the same scope as SOC 2, Type 2 reports but are intended for general public consumption and may be posted on your company’s website. Common uses for SOC 3 reports include marketing and vendor due diligence.

What Are the Next Steps?

1. Determine whether the outsourced services you provide to customers supports their financial reporting processes or decision (SOC 1), or whether they are operational in nature (SOC 2).
2. Determine the purpose of the audit – to provide a snapshot of your internal control structure (Type 1), or to enable reliance on your controls over a period of time (Type 2).

If this is your first time performing an SOC audit, we highly encourage performing a **Readiness Assessment**. Through our readiness assessment procedures, we educate management about internal controls, risk and control identification and determine the best strategy for management to be successful in their audit process.

Not sure which SOC report is right for you?

Take our short SOC quiz to determine what type of SOC report is best for you.

weaver.com/soc-quiz

SOC 2

Standard: SSAE No. 18

Purpose: Report on controls related to compliance or operations

Report Types: Type 1 or Type 2

Usage: Governance, risk or compliance programs; due diligence

Audience: Generally restricted to management, user entities or regulators

SOC 3

Standard: SSAE No. 18

Purpose: Report on controls related to compliance or operations

Report Types: Type 2

Usage: Marketing and instilling public confidence

Audience: Public