aicpa.org/SOC

SOC REPORTS 2012

EVOLUTION OF SAS 70 TO SOC REPORTS

See how AICPA Statement on Auditing Standards No. 70, *Service Organizations*, evolved in response to the marketplace to become a family of SERVICE ORGANIZATION CONTROL REPORTS℠.

Service Organization
An entity that processes information or handles business transactions on behalf of its customers (user entities)

Service Auditor
A CPA who reports on controls at a service organization

User Entity
The company that outsources its business processes to a service organization

User Auditor
A CPA who audits the financial statements of an entity that uses a service organization to process transactions that affect its financial statements

SOC

SAS 70 Issued, *April 1992*

AICPA Auditing Standards Board issues SAS No. 70, *Service Organizations*. The SAS provides guidance to CPAs reporting on a service organization's controls relevant to user entities' financial reporting and also to user auditors.

Service organization marketplace evolves, outsourcing increases and cloud computing enters the scene. SAS 70 misapplied to audits of controls over subject matter other than financial reporting.

TRANSITION

Auditing Standards Revision Project, *2004*

ASB launches Clarity Project, redrafting all auditing standards to make them easier to understand, read and apply as well as to converge them with standards of the International Auditing and Assurance Standards Board. In response to the needs of user entities and service organizations and the IAASB's standards for service auditors, ASB splits SAS 70 into two standards. The guidance for user auditors remains an auditing standard; the guidance for service auditors becomes an attestation standard.

SSAE 16 Arrives, *April 2010*

SAS 70's guidance for service auditors reporting on controls at a service organization relevant to a customer's internal control over financial reporting is moved to Statement on Standards for Attestation Engagements No. 16, *Reporting on Controls at a Service Organization*. An SSAE No.16 engagement results in a SOC 1℠ report.

SOC 2℠ Service Launched, *June 2011*

Attestation guide released to provide guidance on a new attestation engagement resulting in a SOC 2℠ report on a service organization's controls related to security, availability or processing integrity of a system, or the confidentiality and privacy of the information processed by that system. The SAS 70 guide is revised to reflect guidance for service auditors in SSAE 16.

User Auditor SAS Effective, *December 2012*

A new auditing standard, *Audit Considerations Relating to an Entity Using a Service Organization*, establishes requirements for user auditors. The standard is effective for calendar year-end 2012 audits.

What's the Purpose of Each Report?

SOC 1℠ Report: To give the auditor of a user entity's financial statements information about controls at a service organization that may be relevant to a user entity's internal control over financial reporting. A Type 2 SOC 1 report includes a detailed description of tests of controls performed by the CPA and results of the tests.

SOC 2℠ Report: To give management of a service organization, user entities and others a report about controls at a service organization relevant to the security, availability or processing integrity of the service organization's system, or the confidentiality and privacy of the data processed by that system. A Type 2 SOC 2 report includes a detailed description of tests of controls performed by the CPA and results of the tests.

SOC 3℠ Report: To give users and interested parties a report about controls at the service organization related to security, availability, processing integrity, confidentiality or privacy. SOC 3 reports are a short-form report (i.e., no description of tests of controls and results) and may be used in a service organization's marketing efforts.

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