

# SOC 1 Reporting Services

As a service provider, obtaining an annual assessment of internal controls over your key services demonstrates your commitment to meeting not only regulatory mandates, but also meeting your clients' requirements and expectations. Your clients and prospects need to be confident that your organization provides services meeting their internal control needs over relevant financial reporting considerations. An independent assessment of your organization's controls achieved through annual assessments can provide the proper assurances to your clients of sound control environments and security practices.

SOC 1 engagements are detailed examinations of the internal controls of a service organization. The examination typically covers both business process and information technology controls related to services provided. There are two types of SOC 1 examination reports.

- ▶ **Type 1 reports** are intended to provide auditors with information about the design of controls at a service organization as of a specific date.
- ▶ **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).

## Who should consider a SOC 1, Type 1 Examination?

- ▶ Your organization needs a SOC 1 report of any type to be delivered in a relatively short amount of time. Often, the need is related to fulfilling an RFP or contractual requirement.
- ▶ Your organization is not contractually required to have an examination performed and is considering the examination purely for marketing purposes.
- ▶ Your organization is required to undergo a SOC 1 examination, but the type of examination is not specified, and the service organization believes that its user organizations are likely to accept a Type 1 report.

## Who should consider a SOC 1, Type 2 Examination?

- ▶ Your organization provides a service that has a direct and/or significant impact on the financial reporting controls of its clients.
- ▶ Your organization is contractually obligated to provide a Type 2 report to its clients.
- ▶ Your organization provides significant services to publicly traded companies that fall within the purview of these customers' Sarbanes-Oxley (SOX) compliance efforts.

# SOC Readiness Assessment

---

Weaver typically begins a new SOC project by performing a **Readiness Assessment**. The purpose of this assessment includes:

- ▶ Validate the scope of the outsourced services to be included in the SOC examination
- ▶ Identifying the aspects of the system, and supporting processes, that are potentially relevant to your customers' (user entities') internal controls, including:
  - Whether the services relate to internal controls over financial reporting (ICFR) → SOC 1
  - Whether the services really relate to operational risks (e.g., security, availability of the system) → SOC 2
- ▶ Identify financial reporting risks that are relevant for the examination
- ▶ Identify control activities expected to be in place to fulfill the necessary requirements of the examination
- ▶ Determine whether you will have subservice providers included or carved-out of the audit

Deliverables for the readiness assessment include a confirmed scope for the audit, including the required control activities that management must have in place. If any control gaps or issues are identified during the readiness, management will have an opportunity to remediate before the reporting period begins.

**For more information contact:**

Neha Patel, CPA, CISA  
Partner, IT Advisory Services  
neha.patel@weaver.com  
972.448.9804

Brian Thomas, CISA, CISSP, QSA  
Partner, IT Advisory Services  
brian.thomas@weaver.com  
832.320.3280