SSAE 16 EXAM STANDARDS

MACPAGE SETS THE STANDARDS FOR THOROUGH, PROFESSIONAL SOC EXAMINATIONS.

Let's face it; nobody would endure the hassle and expense of a SOC exam voluntarily. But since it needs to be done, you might as well do it right. We understand how important a thorough and professional audit can be to the success of your business. Sure, there's a lot of newbie's out there providing "drive-by" examinations, but we deliver the true-hands-on expertise and insights that only comes from years of actual work in the field. We do the work on-site and deliver a complete report that you can sign with total confidence.

We know your time is much too valuable to wrestle with the ever-evolving IT environment and complex regulations, and there's too much riding on the outcome to cut corners. Fill out the **free consultation request** today, and see why Macpage is the gold standard rating in the field... and find out why that is so important to you and the well-being of your business.

MACPAGE STANDARD SERVICES

	MACPAGE	OTHERS
Free Consultation	♦	
Customized Budget to Serve Small and Large Clients	♦	♦
Proven Three-Step Process (Readiness Assessment)	♦	
Engagement Director On-Site	♦	
Facilitate Identification of Control Objectives	♦	Developed by client
Develop Description of Controls	♦	Developed by client
Develop Draft Report	♦	Developed by client
Provide Weekly Status Updates	♦	
Continuous Communication/Accessibility During Engagement	♦	
Scheduled Report Issuance Date within 6 weeks	♦	
On-going Advice at No Extra Fee	♦	
Customized Services for Each Client	♦	

SOC FIRST TIMERS

READINESS ASSESSMENT

The first-year SOC examination process can be an overwhelming task for a service provider. Companies required to have a SOC examination, but unsure if their internal control environment is ready for the audit will benefit from our Readiness Assessment. Readiness Assessments can minimize the unknowns of a SOC examination, help familiarize clients with the SOC examination process, and provide an opportunity to improve internal controls and processes prior to receiving their first opinion.

COLLABORATION THROUGH COMMUNICATION

Having a team of experienced professionals to assist clients through the process for the first time will make a drastic difference. The hands-on approach of Macpage opens lines of communication during the examination, and makes the first time experience as simple and worry free as possible. The continuous communication before, during and after the engagement is equally as important.

Macpage offers access to the entire engagement team to clients continuously throughout the process. The regularly scheduled client check-in meetings also address questions, concerns, or improvement opportunities that may arise.

SWITCHING TO MACPAGE

CONTINUOUS COMMUNICATION

Throughout the industry, we often have heard clients mention, "once the auditors leave our office, our audit falls into a big, black hole." Clients may not be aware of the activities that occur after leaving the field in order to issue an audit report.

Scheduled weekly status updates beginning with the engagement planning and continuing through issuance of the final report helps increase communication and manage expectations. Continuous communication outside of the engagement can be equally as important.

Macpage makes the engagement Director and the engagement Manager's cell phone number available to clients, and regularly scheduled client check-in meetings help address information security-related questions, concerns, and opportunities.

QUICK REPORT ISSUANCE

Macpage issues client reports within six weeks of performing audit fieldwork.

ADDITIONAL CONSIDERATIONS

- We have seen a trend of service providers who have not had a SOC exam losing clients to their competitors who have had one. Don't lose your valued clients by not having a SOC exam.
- Mitigate against potential losses from information security risks that you weren't aware you had.
- We regularly see issues in security vulnerabilities that customers were not aware of or had not been monitoring.
- Saves you from having your clients audit your environment themselves.
- We deliver the internal awareness of what your controls are, and provide an overview of the control structure and tests that each control.
- More and more clients are demanding more transparency from their providers. We deliver insight into the operations and the internal controls that are in place.
- Stay abreast - or surpass industry expectations and regulations - clients in certain industries expect you to have a SOC exam.
- Opportunities to increase efficiencies are often noted and provided as additional feedback through the management letter.

THE SSAE 16/SOC 1 TYPE 1 EXAM

ALSO KNOWN AS THE "INDEPENDENT SERVICE AUDITOR'S REPORT ON A DESCRIPTION OF A SERVICE ORGANIZATION'S SYSTEM AND THE SUITABILITY OF THE DESIGN OF CONTROLS"

SSAE 16/SOC 1 TYPE 1 EXAM

The AICPA standard that supersedes the "SAS 70 Audit" standard as of June 15, 2011. Also called an "assessment" or "audit", it provides independent, third-party verification of management's assertion that a service organization's policies and procedures were correctly designed at a point in time to achieve specified control objectives.

The Type 1 report that results from the exam provides a service organization's clients and their auditors' information about the controls that are in place that may be relevant to the user organization's internal controls with regard to financial reporting. A user organization's auditor may use the Type 1 report and other relevant information to gain a better grasp of its internal controls to plan a financial audit.

WHEN TO CONSIDER A TYPE 1 EXAM

- A report is required for delivery in a short period of time to fulfill a contractual or Request For Proposal (RFP) requirement,
- The service organization believes that the user organization will accept a Type 1 report as a road map for obtaining an SSAE 16 Type 2 assessment, or,
- Cost is the main determinant in choosing the type of audit.

AUDIT SCOPE

The SSAE 16 attestation standard does not stipulate specific controls for examination. Each audit is therefore customized to the specific requirements of the service organization, and requires examination of controls specific to its services, as well as the IT controls, regulatory and contract requirements that sustain these services.

Accordingly, the service organization's definition of its control objectives, as well as the supporting control activities that permit it to meet its specified control objectives, determine the scope of the assessment.

The auditor examines controls to determine whether:

- The control system descriptions are accurately depicted by management and whether the design of the controls is suitable;
- The system descriptions prepared by management represent accurately all relevant aspects of the controls that are operational as of the report date; and,
- The design of the controls provided reasonable assurance that upon satisfactory compliance of the controls, the specified control objectives will be achieved.

DELIVERABLES

- A hard copy and an electronic copy of the audit report
- A report for internal use only containing detailed management recommendations noted as a result of the audit

TYPE 1 REPORT CONTENTS

Auditor's Opinion letter, also called the "Independent Service Auditor's Report"

Descriptions of the controls and services provided by the organization that cover:

- Management's assertion
- General and application controls
- Risk assessment process
- Information and communication system overview
- Monitoring procedures
- Control environment

User control considerations, so the user organization will be aware of the controls that it is accountable for as a user of the services

Other relevant information supplied by the service organization's management, e.g., feedback regarding the service auditor's report.

THE SSAE 16/SOC 1 TYPE 2 EXAM

ALSO KNOWN AS THE "TYPE 2 SERVICE AUDITOR'S REPORT" OR "INDEPENDENT SERVICE AUDITOR'S REPORT ON DESCRIPTION OF A SERVICE ORGANIZATION'S SYSTEM AND THE SUITABILITY OF THE DESIGN AND OPERATING EFFECTIVENESS OF CONTROLS"

The SSAE 16/SOC 1 Type 2 Exam provides independent, third-party verification of management's assertion that a service organization's policies and procedures were correctly designed and were operating effectively enough throughout the period (typically 6 to 12 months) in order to achieve the specified control objectives.

Normally requested by the service organization's clients and their auditors, the Type 2 report that results from the exam is considered the standard for using an independent auditor's (the service auditor) work as a replacement for conducting first-hand testing in relation to financial audits or Sarbanes-Oxley compliance.

SERVICE ORGANIZATION CANDIDATES

- Those that render services with a direct or considerable impact on clients' financial reporting,
- Those contractually bound to provide a Type 2 report to clients,
- Those without an internal audit department that wish to use the Type 2 report as part of an alternative for auditing their operational and IT controls, or,
- Those with publicly listed corporate clients that adhere to Sarbanes-Oxley compliance initiatives.

AUDIT SCOPE

The SSAE 16/SOC 1 standard does not provide for a specified set of controls that must be scrutinized during examination. Each audit is therefore customized to the specific requirements of the service organization, and requires examination of controls specific to its services, as well as the IT controls, regulatory and contract requirements that sustain these services.

Accordingly, the service organization's definition of its control objectives, as well as the supporting control activities that permit the organization to meet its specified control objectives, determine the scope of the assessment.

THE AUDITOR EXAMINES CONTROLS BY:

- Obtaining management's written assertion on the service organization's description of controls;
- Requesting the service organization's description of controls;
- Inspecting the service organization's description of controls;
- Observing the service organization's controls; and
- Re-performance testing of the service organization's controls.

Once the above processes are complete, the auditor will offer opinion over management's assertion as to whether:

- The description of the controls provided by the service organization accurately depicts all material and relevant aspects of its controls that are designed and implemented during the period;

- The controls were adequately designed to provide reasonable assurance that their effective operation would achieve the specified control objectives; and,
- The tested controls operated effectively and offer reasonable assurance that the specified control objectives were met during the period.

DELIVERABLES

The SSAE 16/SOC 1 Exam report to provide to the service organization's clients

A management letter for internal use only containing detailed recommendations noted as a result of the audit

TYPE 2 REPORT CONTENTS

- Auditor's Opinion letter, also called the "Independent Service Auditor's Report"
- Descriptions of the controls and services provided by the organization that cover:
- Management's assertion
- General and application controls
- Risk assessment process
- Information and communication system overview
- Monitoring procedures
- Control environment
- User control considerations, so the user organization will be aware of the controls that it is accountable for as a user of the services
- Other relevant information supplied by the service organization's management, e.g., any exceptions to the controls testing